NAVISTAR INTERNATIONAL CORP
Form 8-K
September 08, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 8, 2010

NAVISTAR INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**1-9618**	**36-3359573**
(State or other jurisdiction of incorporation or organization)	**(Commission File No.)**	**(I.R.S. Employer Identification No.)**

4201 Winfield Road, P.O. Box 1488, Warrenville, Illinois	**60555**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code (630) 753-5000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

In accordance with General Instruction B.2. to Form 8-K, the following information shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

The information regarding the results of operations and financial condition of Navistar International Corporation (the Company) responsive to this Item 2.02, and contained in Exhibit 99.1 filed herewith, is incorporated into this Item 2.02 by reference.

ITEM 7.01 REGULATION FD DISCLOSURE

In accordance with General Instruction B.2. to Form 8-K, the following information shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

On September 7, 2010, the Company filed its Quarterly Report on Form 10-Q for the period ended July 31, 2010 with the Securities and Exchange Commission. The Company s press release announcing the filing is attached as Exhibit 99.1 to this Current Report and is incorporated by reference herein.

Navistar International Corporation, the nation s largest combined commercial truck, school bus and mid-range diesel engine producer, previously announced that it will present via live web cast its fiscal 2010 third quarter financial results on Wednesday, September 8th. A live web cast is scheduled at approximately 9:00 AM ET. Speakers on the web cast will include Daniel C. Ustian, Chairman, President and Chief Executive Officer, A. J. Cederoth, Executive Vice President and Chief Financial Officer, and other Company leaders. Copies of the slides containing financial and operating information to be used as part of the web cast are attached as Exhibit 99.2 to this Current Report and are incorporated by reference herein.

The web cast can be accessed through a link on the investor relations page of the Company s web site at http://ir.navistar.com/events.cfm. Investors are advised to log on to the website at least 15 minutes prior to the start of the web cast to allow sufficient time for downloading any necessary software. The web cast will be available for replay at the same address approximately three hours following its conclusion, and will remain available for a period of 10 days.

Navistar International Corporation (NYSE: NAV) is a holding company whose subsidiaries and affiliates produce International® brand commercial and military trucks, MaxxForce® brand diesel engines, IC Bus brand school and commercial buses, Monaco RV brands of recreational vehicles, and Workhorse® brand chassis for motor homes and step vans. It also is a private-label designer and manufacturer of diesel engines for the pickup truck, van and SUV markets. The Company also provides truck and diesel engine service parts. Another affiliate offers financing services. Additional information is available at www.Navistar.com/newsroom.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS
(d) Exhibits

Exhibit No.	Description
99.1	Press Release
99.2	Slide Presentation for Third Quarter Financial Results Web Cast to be held on September 8th

Forward Looking Statements

Information provided and statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements only speak as of the date of this report and the Company assumes no obligation to update the information included in this report. Such forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as believe, expect, anticipate, intend, plan, estimate, or similar expressions. These statements are not guarantees of performance or results and they involve risks, uncertainties, and assumptions. For a further description of these factors, see Item 1A, Risk Factors, of our Form 10-K for the fiscal year ended October 31, 2009, which was filed on December 21, 2009. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. All future written and oral forward-looking statements by us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. Except for our ongoing obligations to disclose material information as required by the federal securities laws, we do not have any obligations or intention to release publicly any revisions to any forward-looking statements to reflect events or circumstances in the future or to reflect the occurrence of unanticipated events.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NAVISTAR INTERNATIONAL CORPORATION Registrant

Date: September 8, 2010

/s/ Andrew J. Cederoth
Andrew J. Cederoth
Executive Vice President and Chief Financial Officer

PAGE 4

style="vertical-align:bottom;">

2.85%

66%

30

V

30 Years
$
165,862

3.11%

45%

(1) At time of purchase
(2) Comprised of $153.2 million multifamily loans, $7.8 million commercial real estate loans, and $4.9 million one-to-four family residential loans
(3) Net of servicing fee retained by the originating bank
The properties securing the above loans are primarily located in New York State.

The following table provides the details of the one-to-four family residential real estate loans purchased during the year ended December 31, 2015 (dollars in thousands):

Amounts(1)	Weighted Average Interest Rate(2)	Weighted Average Loan-to-Value Ratio	Weighted Average Months to Next Rate Change	Amortization Term	Amortization Type
$49,345	2.49%	62%	44	30 Years	Fully amortizing
78,086	2.38%	59%	35	20 Years(3)	Delayed amortizing
$127,431	2.42%	60%			

(1) At time of purchase
(2) Net of servicing fee
(3) 20 years of amortization begins after an interest-only period for the first 10 years
The weighted average coupon of 2.42% noted in the above table is net of the servicing fee retained by the originating bank. Of the total loans purchased in the table above, $78.1 million, or 61%, are interest-only for the first 10 years and will re-price in less than five years at one month LIBOR plus a weighted average margin of 1.6%; a floor rate also is included in the terms. The remainders of the loan pools are scheduled to make principal and interest payments and will re-price in less than five years at one month LIBOR plus a weighted average margin of 1.9%, also with a floor rate included in the terms. The properties securing the loans are located (by state) as follows: 62.5% in New York, 22.2% in Massachusetts, and 15.3% in other states.

The multifamily loans purchased in 2015 had a weighted average interest rate of 3.37%, a weighted average loan-to-value ratio of 41.1%, and an amortization term of 10 to 15 years at time of purchase. The loans are secured by properties located in New York State.

Purchased credit-impaired (PCI) loans totaled $30.5 million at December 31, 2016, as compared to $33.1 million at December 31, 2015, and included $4.8 million of PCI loans acquired as part of the Hopewell Valley acquisition. The remaining $25.7 million of PCI loans were primarily acquired as part of a transaction with the Federal Deposit Insurance Corporation. The Company accreted interest income of $5.2 million for the year ended December 31, 2016, as compared to $4.5 million for the year ended December 31, 2015.

Cash and cash equivalents increased by $44.2 million, or 85.3%, to $96.1 million at December 31, 2016, from $51.9 million at December 31, 2015, due in part to $55.5 million of cash and cash equivalents acquired in the Hopewell transaction. Balances fluctuate based on the timing of receipt of security and loan repayments and the redeployment of cash into higher-yielding assets, or the funding of deposit or borrowing obligations.

Table of Contents

The securities available-for-sale portfolio totaled $498.9 million at December 31, 2016, compared to $541.6 million at December 31, 2015. At December 31, 2016, $448.8 million of the portfolio consisted of residential mortgage-backed securities issued or guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae. In addition, the Company held $45.2 million in corporate bonds, all of which were considered investment grade at December 31, 2016, and other securities of $4.9 million (including $1.2 million of equity investments in mutual funds). The effective duration of the securities portfolio at December 31, 2016 was 3.96 years.

Bank owned life insurance increased $15.3 million, or 11.5%, to $148.0 million at December 31, 2016, from $132.8 million at December 31, 2015. The increase was primarily due to $11.3 million of bank owned life insurance acquired from Hopewell Valley, as well as income earned on bank owned life insurance for the year ended December 31, 2016.

Goodwill increased $22.3 million, or 137.7%, to $38.4 million at December 31, 2016, from $16.2 million at December 31, 2015, due to goodwill arising on the Hopewell Valley acquisition.

Total liabilities increased $586.1 million, or 22.2%, to $3.23 billion at December 31, 2016, from $2.64 billion at December 31, 2015. The increase was primarily attributable to an increase in deposits of $660.7 million, partially offset by decreases in securities sold under agreements to repurchase of $55.0 million and other borrowings of $29.9 million due to a shift in our balance sheet funding strategy. The increase in deposits was primarily due to $456.2 million of deposits acquired from Hopewell Valley.

Deposits increased $660.7 million, or 32.2%, to $2.71 billion at December 31, 2016, from $2.05 billion at December 31, 2015. The increase was attributable to increases of $377.0 million in transaction accounts, $270.5 million in money market accounts, and $36.2 million in certificate of deposit accounts, partially offset by a decrease in savings accounts of $23.1 million.

Borrowings, consisting primarily of FHLB advances and repurchase agreements, decreased by $84.9 million, or 15.2%, to $473.2 million at December 31, 2016, from $558.1 million at December 31, 2015. Management utilizes borrowings to mitigate interest rate risk, for short-term liquidity to fund loan growth, and to a lesser extent as part of leverage strategies. The growth in deposits enabled the Company to reduce its borrowings in 2016.

Total stockholders' equity increased by $61.4 million to $621.2 million at December 31, 2016, from $559.8 million at December 31, 2015. This increase was primarily due to common stock issued in conjunction with the Hopewell Valley transaction, which resulted in a $41.7 million increase in equity, and net income of $26.1 million, partially offset by dividends payments of $14.1 million. To a lesser extent, the recognition of stock compensation expense associated with equity awards and the exercise of stock options, partially offset by an increase in unrealized losses on our securities-available-for sale portfolio, also contributed to the increase in equity.

Comparison of Operating Results for the Years Ended December 31, 2016 and 2015

Net Income. Net income was $26.1 million and $19.5 million for the years ended December 31, 2016 and 2015, respectively. Net income for the year ended December 31, 2016, included merger-related expenses of $4.0 million ($2.4 million, after tax), associated with the acquisition of Hopewell Valley. Net income for the year ended December 31, 2015, included merger-related expenses of $672,000 ($574,000, after tax), associated with the acquisition of Hopewell Valley and a tax charge of $795,000 related to the write-down of deferred tax assets as a result of New York City tax reforms enacted in April 2015. Other significant variances from the prior year are as follows: a $21.2 million increase in net interest income, a $2.2 million increase in non-interest income, a $14.8 million increase in non-interest expense, and a $1.7 million increase in income tax expense.

Interest Income. Interest income increased by $23.2 million, or 22.8%, to $125.0 million for the year ended December 31, 2016, as compared to $101.8 million for the year ended December 31, 2015, due to an increase in the average balance of interest-earning assets of $561.0 million, or 19.3%, and a 10 basis point increase in the yields earned to 3.61% from 3.51% for the prior year. The increase in the average balance of interest-earning assets was primarily attributable to an increase in average loans of $632.3 million, partially offset by a decrease in average mortgage-backed securities of $95.3 million. The increase in average loan balances was largely due to $342.6 million of loans added through the Hopewell Valley acquisition, $165.9 million in loan pool purchases of primarily multifamily loans, and, to a lesser extent, originated loan growth. The Company accreted interest income related to its PCI loans of $5.2 million for the year ended December 31, 2016, as compared to $4.5 million for the year ended December 31, 2015. Interest income for the year ended December 31, 2016, included loan prepayment income of $1.9 million, compared to $2.1 million for the year ended December 31, 2015.

55

Table of Contents

Interest Expense. Interest expense increased $2.0 million, or 10.1%, to $21.7 million for the year ended December 31, 2016, from $19.7 million for the year ended December 31, 2015. The increase was due to an increase of $3.9 million in interest expense on deposits, partially offset by a decrease of $1.9 million in interest expense on borrowings. The increase in interest expense on deposits was attributable to an increase in the average balance of interest-bearing deposits of $546.7 million, or 33.1%, to $2.20 billion for the year ended December 31, 2016, from $1.65 billion for the year ended December 31, 2015, and a two basis point increase in the cost of interest-bearing deposits to 0.65% from 0.63%. The decrease in interest expense on borrowings was attributable to a decrease in the average balance of borrowings of $103.1 million and a six basis point decrease in borrowing costs from 1.56% at December 31, 2015, to 1.50% at December 31, 2016.

Net Interest Income. Net interest income for the year ended December 31, 2016, increased $21.2 million, or 25.9%, to $103.3 million, from $82.1 million for the prior year, primarily due to a $561.0 million, or 19.3%, increase in our average interest-earning assets and a 15 basis point increase in our net interest margin to 2.98%. Yields earned on interest-earning assets increased 10 basis points to 3.61% for the year ended December 31, 2016, from 3.51% for the year ended December 31, 2015. The cost of interest-bearing liabilities decreased eight basis points to 0.80% for the year ended December 31, 2016, as compared to 0.88% for the prior year.

Provision for Loan Losses. The provision for loan losses increased $282,000 to $635,000 for the year ended December 31, 2016, from $353,000 for the year ended December 31, 2015, primarily due to growth of the originated loan portfolio, partially offset by an improvement in asset quality indicators, including declines in non-performing and delinquent loans, and lower net charge-offs. Acquired loans, including those acquired from Hopewell Valley, are valued at estimated fair value on the date of acquisition, with no related allowance for loan losses. Net charge-offs were $810,000 for the year ended December 31, 2016, compared to net charge-offs of $1.9 million for the year ended December 31, 2015.

Non-interest Income. Non-interest income increased $2.2 million, or 27.5%, to $10.1 million for the year ended December 31, 2016, from $7.9 million for the year ended December 31, 2015, primarily due to increases in fees and service charges for customer services of $989,000, income on bank owned life insurance of $231,000, and gains on securities transactions, net, of $1.2 million. These increases were partially offset by a decrease in other income of $198,000, primarily related to realized gains on sales of other real estate owned properties during 2015. Securities gains, net, in 2016 included gains of $507,000, net, related to the Company's trading portfolio, while 2015 results included losses of $396,000 related to the Company's trading portfolio. The trading portfolio is utilized to fund the Company's deferred compensation obligation to certain employees and directors of the Company's deferred compensation plan (the "Plan"). The participants of this Plan, at their election, defer a portion of their compensation. Gains and losses on trading securities have no effect on net income since participants benefit from, and bear the full risk of, changes in the trading securities market values. Therefore, the Company records an equal and offsetting amount in compensation expense, reflecting the change in the Company's obligations under the Plan.

Non-interest Expense. Non-interest expense increased $14.8 million, or 25.5%, to $72.9 million for the year ended December 31, 2016, from $58.1 million for the year ended December 31, 2015, primarily due to: (1) a $10.0 million increase in compensation and employee benefits largely driven by increased salary and benefit expense attributable to the addition of Hopewell Valley employees and general merit-related salary increases effective January 1, 2016, charges of $2.4 million related to severance, retention, and change-in-control compensation associated with the Hopewell Valley acquisition, and an increase in stock compensation expense related to the 2014 Equity Incentive Plan; (2) a $1.4 million increase in occupancy expense due to the addition of nine Hopewell Valley branches; (3) a $2.3 million increase in data processing costs, of which approximately $1.1 million was due to conversion costs associated with the Hopewell Valley acquisition; (4) an increase in professional fees of $424,000; and (5) an $832,000 increase in other expense, primarily due to increases in core deposit premium amortization, advertising costs, and general office expenses related to the Hopewell Valley acquisition.

Income Tax Expense. The Company recorded income tax expense of $13.7 million for the year ended December 31, 2016, compared to $12.0 million for the year ended December 31, 2015. The effective tax rate for the year ended December 31, 2016, was 34.3% compared to 38.0% for the year ended December 31, 2015. Income tax expense for the year ended December 31, 2016, included $211,000 in non-deductible merger related expenses. Income tax expense for the year ended December 31, 2015, included a deferred tax asset write-down of $795,000 related to New York City tax reforms enacted in April 2015 and $574,000 in non-deductible merger related expenses.

56

Table of Contents

Comparison of Operating Results for the Years Ended December 31, 2015 and 2014

Net Income. Net income was $19.5 million and $20.3 million for the years ended December 31, 2015 and 2014, respectively. Significant variances from the prior year are as follows: a $5.7 million increase in net interest income, a $292,000 decrease in the provision for loan losses, a $562,000 decrease in non-interest income, and a $6.1 million increase in non-interest expense.

Interest Income. Interest income increased by $10.1 million, or 11.0%, to $101.8 million for the year ended December 31, 2015, as compared to $91.7 million for the year ended December 31, 2014. The increase was primarily due to a $335.1 million, or 13.0%, increase in average interest-earning assets, partially offset by a six basis point decline in the yields earned to 3.51% from 3.57% for the prior year. The increase in average interest-earning assets was due primarily to an increase in average loans outstanding of $520.7 million, partially offset by a decrease in average mortgage-backed securities of $176.5 million. The decline in yields was primarily due to lower rates earned on loans. The year ended December 31, 2015 included loan prepayment income of $2.1 million compared to $1.2 million for the year ended December 31, 2014.

Interest Expense. Interest expense increased $4.3 million, or 28.2%, to $19.7 million for the year ended December 31, 2015, from $15.4 million for the year ended December 31, 2014. The increase was primarily attributable to an increase in interest expense on deposits, resulting from a $396.4 million, or 31.5%, increase in the average balance of interest bearing deposits and a 20 basis point increase in the cost of interest bearing deposits to 0.63% from 0.43% for the prior year, due to higher rates offered on our deposit products to remain competitive.

Net Interest Income. Net interest income increased $5.7 million, or 7.5%, to $82.1 million for the year ended December 31, 2015, from $76.3 million for the year ended December 31, 2014. The increase was driven by a $335.1 million, or 13.0%, increase in average interest-earning assets, partially offset by a 14 basis point decrease in our net interest margin to 2.83% from 2.97% for the prior year. Net interest income for the year ended December 31, 2015, also was affected by an increase in interest expense, driven by a $402.5 million, or 21.8%, increase in our average interest-bearing liabilities. The cost of interest-bearing liabilities increased five basis points to 0.88% from 0.83% for the prior year, resulting from an increase in the cost of interest-bearing deposits, partially offset by lower rates on borrowed funds.

Provision for Loan Losses. The provision for loan losses decreased $292,000, or 45.3%, to $353,000 for the year ended December 31, 2015, from $645,000 for the year ended December 31, 2014. While the loan portfolio has grown during the year, continued improvement in asset quality indicators, non-accrual trends, and general improvement in economic and business conditions, have helped lower the provision. Net charge-offs were $1.9 million for the year ended December 31, 2015, compared to net charge-offs of $390,000 for the year ended December 31, 2014. The increased level of charge-offs was primarily related to five previously impaired loans to one borrower that were restructured during the first quarter of 2015 and then subsequently sold in the fourth quarter of 2015. These loans had existing specific reserves associated with them that adequately covered the charge-offs, resulting in no significant effect on the provision for loan losses for the year ended December 31, 2015.

Non-interest Income. Non-interest income decreased $562,000, or 6.6%, to $7.9 million for the year ended December 31, 2015, from $8.5 million for the year ended December 31, 2014, due to decreases in fees and service charges for customer services of $128,000, income on bank owned life insurance of $135,000, and gains on securities transactions, net, of $566,000. These decreases were partially offset by an increase in other income of $267,000, primarily related to realized gains on sales of other real estate owned properties during the year ended December 31, 2015. Securities losses, net, in 2015 included losses of $396,000 related to the Company’s trading portfolio, while 2014 results included losses of $155,000 related to the Company’s trading portfolio. The trading portfolio is utilized to fund the Company’s deferred compensation obligation to certain employees and directors of the Company's deferred compensation plan (the Plan). The participants of this Plan, at their election, defer a portion of their compensation. Gains and losses on trading securities have no effect on net income since participants benefit from, and bear the full risk of, changes in the trading securities market values. Therefore, the Company records an equal and offsetting amount in compensation expense, reflecting the change in the Company's obligations under the Plan.

Non-interest Expense. Non-interest expense increased $6.1 million, or 11.7%, to $58.1 million for the year ended December 31, 2015, from $52.0 million for the year ended December 31, 2014. This was primarily due to a $3.6 million increase in compensation and employee benefits, primarily attributable to increased salary expense and equity compensation expense, related to equity awards issued in June 2014 and May 2015, a $423,000 increase in occupancy costs, attributable to higher rent and real estate taxes, a $579,000 increase in professional fees, primarily attributable to merger expenses associated with the Company's merger with Hopewell Valley, which was completed on January 8, 2016, and a $1.3

57

Table of Contents

million increase in other expenses, largely due to an increase in Directors' equity awards. By comparison, non-interest expense for the year ended December 31, 2014, was favorably affected by a pre-tax gain of $937,000 related to the settlement of the former Flatbush Federal Savings & Loan Association pension plan.

Income Tax Expense. The Company recorded income tax expense of $12.0 million for the year ended December 31, 2015, compared to $11.9 million for the year ended December 31, 2014. The effective tax rate for the year ended December 31, 2015, was 38.0% compared to 36.9% for the year ended December 31, 2014. Income tax expense for the year ended December 31, 2015, included a deferred tax asset write-down of $795,000 related to New York City tax reforms enacted in April 2015, whereas the prior year included a deferred tax asset write-down of $570,000 related to New York State tax reforms enacted in March 2014. The year ended December 31, 2015, also included $574,000 in non-deductible merger related expenses.

Average Balances and Yields

The following tables set forth average balance sheets, average yields and costs, and certain other information for the years indicated. No tax-equivalent yield adjustments have been made, as we had no tax-free interest-earning assets during the years. All average balances are daily average balances based upon amortized costs. Non-accrual loans are included in the computation of average balances. The yields set forth below include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or interest expense.

	For the Years Ended December 31,											
	2016				2015				2014			
	Average Outstanding Balance	Interest	Average Yield/ Rate		Average Outstanding Balance	Interest	Average Yield/ Rate		Average Outstanding Balance	Interest	Average Yield/ Rate	
	(Dollars in thousands)											
Interest-earning assets:												
Loans [1]	$2,781,336	$111,776	4.02	%	$2,149,011	$87,179	4.06	%	$1,628,325	$73,407	4.51	%
Mortgage-backed securities [2]	525,355	10,832	2.06	%	620,653	12,982	2.09	%	797,146	16,861	2.12	%
Other securities[2]	57,240	908	1.59	%	42,017	328	0.78	%	79,879	604	0.76	%
FHLB of New York stock	25,405	1,171	4.61	%	25,484	1,149	4.51	%	21,349	772	3.62	%
Interest-earning deposits	74,892	285	0.38	%	66,017	120	0.18	%	41,373	57	0.14	%
Total interest-earning assets	3,464,228	124,972	3.61	%	2,903,182	101,758	3.51	%	2,568,072	91,701	3.57	
Non-interest-earning assets	268,154				219,566				207,490			
Total assets	$3,732,382				$3,122,748				$2,775,562			
Interest-bearing liabilities:												
Savings, NOW, and money market accounts	$1,619,250	7,758	0.48	%	$1,140,508	4,957	0.43	%	$950,234	2,211	0.23	%
Certificates of deposit	580,973	6,529	1.12	%	512,977	5,466	1.07	%	306,803	3,180	1.04	%
Total interest-bearing deposits	2,200,223	14,287	0.65	%	1,653,485	10,423	0.63	%	1,257,037	5,391	0.43	%

Borrowings	491,802	7,381	1.50	%	594,926	9,265	1.56	%	588,890	9,961	1.69	%
Total interest-bearing liabilities	2,692,025	21,668	0.80	%	2,248,411	19,688	0.88	%	1,845,927	15,352	0.83	%
Non-interest-bearing deposits	372,946				262,318				236,425			
Accrued expenses and other liabilities	53,808				39,936				33,911			
Total liabilities	3,118,779				2,550,665				2,116,263			
Stockholders' equity	613,603				572,083				659,299			
Total liabilities and stockholders' equity	$3,732,382				$3,122,748				$2,775,562			
Net interest income		$103,304				$82,070				$76,349		
Net interest rate spread (3)			2.81	%			2.63	%			2.74	%
Net interest-earning assets (4)	$772,203				$654,771				$722,145			
Net interest margin (5)			2.98	%			2.83	%			2.97	%
Average interest-earning assets to interest-bearing liabilities			128.68	%			129.12	%			139.12	%

58

Table of Contents

(1) Includes non-accruing loans.

(2) Securities available-for-sale are reported at amortized cost.

(3) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average rate of interest-bearing liabilities.

(4) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.

(5) Net interest margin represents net interest income divided by average total interest-earning assets.

Rate/Volume Analysis

The following table presents the effects of changing rates and volumes on our net interest income for the years indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The total column represents the sum of the prior columns. For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately based on the changes due to rate and the changes due to volume.

	Year Ended December 31, 2016 vs. 2015		Year Ended December 31, 2015 vs. 2014	
	Increase (Decrease) Due	Total Increase	Increase (Decrease) Due to	Total Increase

	to Volume	Rate	(Decrease)	Volume	Rate	(Decrease)
	(Dollars in thousands)					
Interest-earning assets:						
Loans	$25,404	$(807)	$24,597	$20,051	$(6,279)	$13,772
Mortgage-backed securities	(1,967)	(183)	(2,150)	(3,694)	(185)	(3,879)
Other securities	151	429	580	(296)	20	(276)
FHLB of New York stock	(4)	26	22	166	211	377
Interest-earning deposits	18	147	165	41	22	63
Total interest-earning assets	23,602	(388)	23,214	16,268	(6,211)	10,057
Interest-bearing liabilities:						
Savings, NOW and money market accounts	2,252	549	2,801	504	2,242	2,746
Certificates of deposit	753	310	1,063	2,205	81	2,286
Total deposits	3,005	859	3,864	2,709	2,323	5,032
Borrowings	(1,558)	(326)	(1,884)	105	(801)	(696)
Total interest-bearing liabilities	1,447	533	1,980	2,814	1,522	4,336
Change in net interest income	$22,155	$(921)	$21,234	$13,454	$(7,733)	$5,721

Asset Quality

Purchased Credit-Impaired Loans

PCI loans are recorded at estimated fair value using discounted expected future cash flows deemed to be collectible on the date acquired. Based on its detailed review of PCI loans and experience in loan workouts, management believes it has a reasonable expectation about the amount and timing of future cash flows and accordingly has classified PCI loans ($30.5 million at December 31, 2016) as accruing, even though they may be contractually past due. At December 31, 2016, 6.6% of PCI loans were past due 30 to 89 days, and 19.3% were past due 90 days or more, as compared to 7.9% and 21.4%, respectively, at December 31, 2015.

Originated and Acquired Loan

The discussion that follows includes originated and acquired loans, both held-for-investment and held-for-sale.

59

Table of Contents

General. Maintaining loan quality historically has been, and will continue to be, a key element of our business strategy. We employ conservative underwriting standards for new loan originations and maintain sound credit administration practices while the loans are outstanding. In addition, substantially all of our loans are secured, predominantly by real estate. At December 31, 2016, our non-performing loans totaled $7.4 million, or 0.25%, of total loans held-for-investment. At the same time, net charge-offs have remained low at 0.03% of average loans outstanding for the year ended December 31, 2016, as compared to 0.09% for the year ended December 31, 2015, and 0.02% for the year ended December 31, 2014.

Non-performing Assets and Delinquent Loans. The following table details non-performing assets at December 31, 2016 and 2015 (in thousands):

	December 31,	
	2016	2015
Non-accrual loans:		
Held-for-investment(1)	$5,540	$4,456
Non-accruing loans subject to restructuring agreements:		
Held-for-investment	1,781	4,351
Total non-accruing loans	7,321	8,807
Loans 90 days or more past due and still accruing:		
Held-for-investment	60	15
Total non-performing loans	7,381	8,822
Other real estate owned	850	45
Total non-performing assets	$8,231	$8,867
Loans subject to restructuring agreements and still accruing	$20,628	$22,284
Accruing loans 30 to 89 days delinquent	$10,100	$21,620

The following table details non-performing loans by loan type at December 31, 2016 and 2015 (in thousands):

	December 31,	
	2016	2015
Non-accrual loans:		
Real estate loans:		
Commercial(1)	$5,513	$5,232
One-to-four family residential	1,629	2,574
Construction and land	—	113
Multifamily	43	559
Home equity and lines of credit	127	329
Commercial and industrial	9	—
Total non-accrual loans:	7,321	8,807
Loans delinquent 90 days or more and still accruing:		
Real estate loans:		
One-to-four family residential	52	—
Home equity and lines of credit	8	—
Commercial and industrial	—	15
Total loans delinquent 90 days or more and still accruing	60	15
Total non-performing loans	$7,381	$8,822

(1) Included in non-accrual commercial real estate loans is a loan with a balance of approximately $3.3 million at December 31, 2016, which was partially paid off in January 2017, from the sale of one of the properties collateralizing the loan, totaling approximately $3.1 million. No impairment reserve was required on this loan as of December 31, 2016.

Generally, loans, excluding PCI loans, are placed on non-accruing status when they become 90 days or more delinquent, and remain on non-accrual status until they are brought current, have six consecutive months of performance under the loan terms, and factors indicating reasonable doubt about the timely collection of payments no longer exist. Therefore, loans may be current in accordance with their loan terms, or may be less than 90 days delinquent and still be on a non-accruing status.

Table of Contents

The following table sets forth the total amounts of delinquencies for accruing loans that were 30 to 89 days past due by type and by amount at the dates indicated (in thousands):

	December 31,	
	2016	2015
Real estate loans:		
Commercial	$4,578	$13,957
One-to-four family residential	3,621	4,209
Multifamily	1,440	2,965
Home equity and lines of credit	263	374
Commercial and industrial loans	148	104
Other loans	50	11
	$10,100	$21,620

The decrease in the delinquent loans was due in part to one commercial real estate loan with a balance of $5.6 million at December 31, 2015, that was 31 days delinquent and became current during the first quarter of 2016. This loan had a balance of $5.5 million at December 31, 2016, is classified as an accruing TDR, and is adequately covered by collateral with a recent appraised value of $9.3 million.

Included in non-accruing loans are loans subject to restructuring agreements totaling $1.8 million and $4.4 million at December 31, 2016, and December 31, 2015, respectively. At December 31, 2016, $1.4 million, or 76.4%, of the $1.8 million of loans subject to restructuring agreements were not performing in accordance with their restructured terms as compared to $2.3 million, or 53.2%, of the $4.4 million at December 31, 2015. Three separate relationships account for the loans not performing in accordance with their restructured terms at December 31, 2016. These loans are primarily collateralized by real estate with an aggregate estimated fair value of $1.4 million.

The Company also holds loans subject to restructuring agreements that are on accrual status, which totaled $20.6 million and $22.3 million at December 31, 2016, and December 31, 2015, respectively. At December 31, 2016, all of the accruing TDR loans totaling $20.6 million were performing in accordance with their restructured terms as compared to $7.2 million, or 32.3% of the $22.3 million at December 31, 2015 which were not performing in accordance with their restructured terms. Generally, the types of concessions that we make to troubled borrowers include both temporary and permanent reductions to interest rates, extensions of payment terms, and, to a lesser extent, forgiveness of principal and interest.

The table below sets forth the amounts and categories of the TDRs as of December 31, 2016, and December 31, 2015 (in thousands):

	At December 31,			
	2016		2015	
	Non-Accruing	Accruing	Non-Accruing	Accruing
Real estate loans:				
Commercial	$1,000	$15,828	$2,657	$17,885
One-to-four family residential	783	2,835	1,694	2,053
Multifamily	—	1,527	—	1,876
Home equity and lines of credit	—	336	—	354
Commercial and industrial loans	—	102	—	116
	$1,783	$20,628	$4,351	$22,284

Allowance for loan losses. The allowance for loan losses to non-performing loans (held-for-investment) increased from 280.78% at December 31, 2015, to 333.23% at December 31, 2016. This increase was primarily attributable to a decrease in non-performing loans of $1.4 million, from $8.8 million at December 31, 2015, to $7.4 million at

December 31, 2016. All of the appraisals utilized for our impairment analysis at December 31, 2016, were completed within the last 12 months. Generally, non-performing loans are charged down to the appraised value of collateral less costs to sell, which reduces the ratio of the allowance for loan losses to non-performing loans. Downward adjustments to appraisal values, primarily to reflect “quick sale” discounts, are generally recorded as specific reserves within the allowance for loan losses.

Table of Contents

The allowance for loan losses to originated loans held-for-investment, net, decreased to 1.10% at December 31, 2016, from 1.24% at December 31, 2015. The decrease was primarily attributable to growth in the originated portfolio from $1.93 billion at December 31, 2015, to $2.14 billion at December 31, 2016, whereas the allowance for loan losses decreased slightly. The decrease in the Company's allowance for loan losses during the year was primarily attributable to continued improvement in asset quality indicators, including declines in non-performing and delinquent loans, lower net charge-offs and a decrease in the number of impaired loans. Net charge-offs were $810,000 and $1.9 million for the years ended December 31, 2016 and 2015, respectively, compared to a provision of $635,000 and $353,000 for the years ended December 31, 2016 and 2015, respectively.

Specific reserves on impaired loans decreased $561,000, or 63.1%, from $889,000, at December 31, 2015, to $328,000 at December 31, 2016. The decrease was primarily due to fewer impaired loans at December 31, 2016. At December 31, 2016, the Company had 36 loans classified as impaired and recorded $328,000 of specific reserves on 13 of the 36 impaired loans. At December 31, 2015, the Company had 42 loans classified as impaired and recorded $889,000 of specific reserves on 22 of the 42 impaired loans.

The following table sets forth activity in our allowance for loan losses, by loan type, at December 31, for the years indicated (in thousands):

	Real estate loans											
	Commercial	One-to-four Family Residential	Construction and Land	Multifamily	Home Equity and Lines of Credit	Commercial and Industrial	Insurance Premium Loans	Other	PCI	Acquired	Unallocated	Total Allowance for Loan Losses
2013	$ 12,619	$ 875	$ 205	$ 9,374	$ 860	$ 425	$ —	$ 67	$ 588	$ —	$ 1,024	$ 26,037
Provision for loan losses	(3,279)	134	(185)	2,817	530	543	—	26	(188)	62	185	645
Recoveries	72	—	246	35	—	8	—	41	—		—	402
Charge-offs	(103)	(58)	—	(7)	(489)	(135)	—	—	—		—	(792)
2014	9,309	951	266	12,219	901	841	—	134	400	62	1,209	26,292
Provision for loan losses	(774)	93	(5)	263	(33)	484	—	5	383	53	(116)	353
Recoveries	2	20	—	25	42	34	—	17	—	—	—	140
Charge-offs	(1,431)	(277)	—	(120)	(115)	(71)	—	(1)	—	—	—	(2,015)
2015	7,106	787	261	12,387	795	1,288	—	155	783	115	1,093	24,770
Provision for loan losses	(1,217)	(105)	(89)	2,843	(209)	494	—	(62)	113	(40)	(1,093)	635
Recoveries	181	2	—	—	2	4	—	5	—	—	—	194
Charge-offs	(638)	(20)	—	(278)	—	(66)	—	(2)	—	—	—	(1,004)
2016	$ 5,432	$ 664	$ 172	$ 14,952	$ 588	$ 1,720	$ —	$ 96	$ 896	$ 75	$ —	$ 24,595

During the year ended December 31, 2016, the Company recorded net charge-offs of $810,000, a decrease of $1.1 million, as compared to net charge-offs of $1.9 million for the year ended December 31, 2015. The decrease in net charge-offs was primarily attributable to a $972,000 decrease in net charge-offs related to commercial real estate loans and a $239,000 decrease in net charge-offs related to one-to-four family real estate loans. Net charge-offs in 2015 included $1.2 million for commercial real estate loans related to five previously impaired loans to one borrower that were restructured and subsequently sold during 2015. The allowance for loan losses related to multifamily real estate loans and commercial and industrial loans increased due to growth in the portfolios. In addition, as a result of continued improvement in asset quality indicators, including declines in non-performing and delinquent loans, and lower net charge-offs, the allowance for loan losses in most of the other loan categories decreased in 2016 as compared to 2015. The increase in the allowance for PCI loans was attributable to the annual recasting of PCI cash flows. Prior to December 31, 2016, we maintained an amount identified as the unallocated component within the allowance for loan losses related to indicators of loan losses not fully captured in other components of the allowance for loan losses methodology, as well as the inherent imprecision of the loss estimation process. During the fourth quarter of 2016, the Company enhanced the allowance for loan losses qualitative framework to more fully capture the risks related to certain loan loss factors. These enhancements are meant to increase the level of precision in the allowance for loan losses. As a result, the Company will no longer have an unallocated reserve in its allowance for loan losses, as the risks and uncertainties meant to be captured by the unallocated allowance have been included in the qualitative framework for the respective loan portfolios.

Table of Contents

Management of Market Risk

General. A majority of our assets and liabilities are monetary in nature. Consequently, our most significant form of market risk is interest rate risk. Our assets, consisting primarily of mortgage-related securities and loans, generally have longer maturities than our liabilities, which consist primarily of deposits and wholesale borrowings. As a result, a principal part of our business strategy involves managing interest rate risk and limiting the exposure of our net interest income to changes in market interest rates. Accordingly, our board of directors has established a management risk committee, comprised of our Chief Investment Officer, who chairs this Committee, our Chief Executive Officer, our President/Chief Operating Officer, our Chief Financial Officer, our Chief Lending Officer, and our Executive Vice President of Operations. This committee is responsible for, among other things, evaluating the interest rate risk inherent in our assets and liabilities, for recommending to the risk management committee of our board of directors the level of risk that is appropriate given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the guidelines approved by the board of directors.

We seek to manage our interest rate risk in order to minimize the exposure of our earnings and capital to changes in interest rates. As part of our ongoing asset-liability management, we currently use the following strategies to manage our interest rate risk:

- originating multifamily loans and commercial real estate loans that generally have shorter maturities than one-to-four family residential real estate loans and have higher interest rates that generally reset from five to ten years;
- investing in shorter-term investment grade corporate securities and mortgage-backed securities; and
- obtaining general financing through lower-cost core deposits and longer-term FHLB advances and repurchase agreements.

Shortening the average term of our interest-earning assets by increasing our investments in shorter-term assets, as well as originating loans with variable interest rates, helps to match the maturities and interest rates of our assets and liabilities better, thereby reducing the exposure of our net interest income to changes in market interest rates.

Net Portfolio Value Analysis. We compute amounts by which the net present value of our assets and liabilities (net portfolio value or “NPV”) would change in the event market interest rates changed over an assumed range of rates. Our simulation model uses a discounted cash flow analysis to measure the interest rate sensitivity of NPV. Depending on current market interest rates, we estimate the economic value of these assets and liabilities under the assumption that interest rates experience an instantaneous and sustained increase of 100, 200, 300, or 400 basis points, or a decrease of 100 and 200 basis points. A basis point equals one-hundredth of one percent, and 100 basis points equals one percent. An increase in interest rates from 3% to 4% would mean, for example, a 100 basis point increase in the “Change in Interest Rates” column below.

Net Interest Income Analysis. In addition to NPV calculations, we analyze our sensitivity to changes in interest rates through our net interest income model. Net interest income is the difference between the interest income we earn on our interest-earning assets, such as loans and securities, and the interest we pay on our interest-bearing liabilities, such as deposits and borrowings. In our model, we estimate what our net interest income would be for a twelve-month period. Depending on current market interest rates we then calculate what the net interest income would be for the same period under the assumption that interest rates experience an instantaneous and sustained increase or decrease of 100, 200, 300, or 400 basis points, or a decrease of 100 and 200 basis points.

The following table sets forth, as of December 31, 2016, our calculation of the estimated changes in our NPV, NPV ratio, and percent change in net interest income that would result from the designated instantaneous and sustained changes in interest rates (dollars in thousands). Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, loan prepayments and deposit repricing characteristics including decay rates, and correlations to movements in interest rates, and should not be relied on as indicative of actual results.

Table of Contents

Change in Interest Rates (basis points)	NPV at December 31, 2016 Estimated Present Value of Assets	Estimated Present Value of Liabilities	Estimated NPV	Estimated Change In NPV	Estimated Change in NPV %	Estimated NPV/Present Value of Assets Ratio	Net Interest Income Percent Change
400	$3,453,451	$2,884,031	$569,420	$(200,567)	(26.05)%	16.49 %	(15.85)%
300	3,551,355	2,936,326	615,029	(154,958)	(20.12)%	17.32 %	(11.67)%
200	3,657,218	2,990,913	666,305	(103,682)	(13.47)%	18.22 %	(7.53)%
100	3,765,179	3,047,933	717,246	(52,741)	(6.85)%	19.05 %	(3.68)%
—	3,877,525	3,107,538	769,987	—	— %	19.86 %	— %
(100)	4,011,261	3,171,899	839,362	69,375	9.01 %	20.93 %	1.10 %
(200)	4,179,973	3,227,571	952,402	182,415	23.69 %	22.78 %	(1.89)%

.

(1) Assumes an instantaneous and sustained uniform change in interest rates at all maturities.

(2) NPV includes non-interest earning assets and liabilities.

The table above indicates that at December 31, 2016, in the event of a 200 basis point decrease in interest rates, we would experience a 23.7% increase in estimated net portfolio value and a 1.9% decrease in net interest income. In the event of a 400 basis point increase in interest rates, we would experience a 26.0% decrease in net portfolio value and a 15.9% decrease in net interest income. Our policies provide that, in the event of a 200 basis point decrease or less in interest rates, our net present value ratio should decrease by no more than 300 basis points, or 10%, and in the event of a 400 basis point increase or less, our net present value should decrease by no more than 475 basis points, or 35%. In the event of a 200 basis point decrease or less, our projected net interest income should decrease by no more than 10% in year one, and in the event of a 400 basis point increase or less, our projected net interest income should decrease by no more than 30% in year one. However, when the federal funds rate is low and negative rate shocks do not produce meaningful results, management may temporarily suspend use of guidelines for negative rate shocks. At December 31, 2016, we were in compliance with all board approved policies with respect to interest rate risk management.

Certain shortcomings are inherent in the methodologies used in determining interest rate risk through changes in net portfolio value and net interest income. Our model requires us to make certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. However, we also apply consistent parallel yield curve shifts (in both directions) to determine possible changes in net interest income if the theoretical yield curve shifts occurred gradually. Net interest income analysis also adjusts the asset and liability repricing analysis based on changes in prepayment rates resulting from the parallel yield curve shifts. In addition, the net portfolio value and net interest income information presented assume that the composition of our interest-sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and assume that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although interest rate risk calculations provide an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on our net portfolio value or net interest income and will differ from actual results.

Liquidity and Capital Resources

Liquidity is the ability to fund assets and meet obligations as they come due. Our primary sources of funds consist of deposit inflows, loan repayments, borrowings through repurchase agreements and advances from money center banks and the FHLB of New York, and repayments, maturities and sales of securities. While maturities and scheduled amortization of loans and securities are reasonably predictable sources of funds, deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions, and competition. Our board risk committee is responsible for establishing and monitoring our liquidity targets and strategies in order to ensure that sufficient liquidity exists for meeting the borrowing needs and withdrawals of deposits by our customers as well as unanticipated contingencies. We seek to maintain a ratio of liquid assets (not subject to pledge or encumbered) as a percentage of deposits and borrowings of 35% or greater. At December 31, 2016, this ratio was 46.17%. We believe that we had sufficient sources of liquidity to satisfy our short- and long-term liquidity needs at December 31, 2016.

We regularly adjust our investments in liquid assets based on our assessment of:
- expected loan demand;

64

Table of Contents

- expected deposit flows;
- yields available on interest-earning deposits and securities; and
- the objectives of our asset/liability management program.

Our most liquid assets are cash and cash equivalents, corporate bonds, and unpledged mortgage-related securities issued or guaranteed by the U.S. Government, Fannie Mae, or Freddie Mac, that we can either borrow against or sell. We also have the ability to surrender bank-owned life insurance contracts. The surrender of these contracts would subject the Company to income taxes and penalties for increases in the cash surrender values over the original premium payments.

The Company had the following primary sources of liquidity at December 31, 2016 (in thousands):

Cash and cash equivalents	$96,085
Corporate bonds	45,159
Unpledged multifamily loans	798,600
Unpledged mortgage-backed securities (Issued or guaranteed by the U.S. Government, Fannie Mae, or Freddie Mac)	123,000

At December 31, 2016, we had $46.1 million in outstanding loan commitments. In addition, we had $78.8 million in unused lines of credit to borrowers. Certificates of deposit due within one year of December 31, 2016, totaled $237.7 million, or 8.8% of total deposits. If these deposits do not remain with us, we will be required to seek other sources of funds, including loan sales, securities sales, other deposit products, including replacement certificates of deposit, securities sold under agreements to repurchase (repurchase agreements), and advances from the FHLB of New York and other borrowing sources. Depending on market conditions, we may be required to pay higher rates on such deposits or other borrowings than we currently pay on the certificates of deposit due on December 31, 2016. Based on experience, we believe that a significant portion of such deposits will remain with us, and we have the ability to attract and retain deposits by adjusting the interest rates offered.

We have a detailed contingency funding plan that is reviewed and reported to the board risk committee at least quarterly. This plan includes monitoring cash on a daily basis to determine the liquidity needs of the Bank. Additionally, management performs a stress test on the Bank's retail deposits and wholesale funding sources in several scenarios on a quarterly basis. The stress scenarios include deposit attrition of up to 50%, and selling our securities available-for-sale portfolio at a discount of 20% to its current estimated fair value. The Bank continues to maintain significant liquidity under all stress scenarios.

Northfield Bancorp, Inc. is a separate legal entity from Northfield Bank and must provide for its own liquidity to fund dividend payments, stock repurchases, and other corporate risk factors. The Company's primary source of liquidity is the receipt of dividend payments from the Bank in accordance with applicable regulatory requirements. At December 31, 2016, Northfield Bancorp, Inc. (unconsolidated) had liquid assets of $9.0 million.

Northfield Bank is subject to various regulatory capital requirements, including a risk-based capital measure. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk-weighted assets by assigning assets and off-balance sheet items to broad risk categories. At December 31, 2016, Northfield Bank exceeded all regulatory capital requirements and is considered "well capitalized" under regulatory guidelines. See "Item 1. Business - Supervision and Regulation" and Note 13 of the Notes to the Consolidated Financial Statements.

During the first quarter of 2017, the Company enhanced its liquidity position by arranging for a municipal line of credit from the FHLB to be used, if needed, to collateralize our municipal deposits.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Commitments. As a financial services provider, we routinely are a party to various financial instruments with off-balance-sheet risks, such as commitments to extend credit, and unused lines of credit. While these contractual obligations represent our potential future cash requirements, a significant portion of commitments to extend credit may expire without being drawn upon. Such commitments are subject to the same credit policies and approval process applicable to loans we originate. In addition, we routinely enter into commitments to sell mortgage loans; such amounts are not significant to our operations. For additional information, see Note 12 of the Notes to the Consolidated Financial Statements.

Table of Contents

Contractual Obligations. In the ordinary course of our operations, we enter into certain contractual obligations. Such obligations include leases for premises and equipment, agreements with respect to borrowed funds and deposit liabilities, and agreements with respect to investments.

The following table summarizes our significant fixed and determinable contractual obligations and other funding needs by payment date at December 31, 2016 (in thousands). The payment amounts represent those amounts due to the recipient and do not include any unamortized premiums or discounts or other similar carrying amount adjustments.

	Payments Due by Period				
Contractual Obligations	Less Than One Year	One to Three Years	Three to Five Years	More Than Five Years	Total
Borrowings [1]	$165,742	$236,217	$60,000	$—	$461,959
Floating rate advances	11,463	—	—	—	11,463
Operating leases	4,682	8,247	7,477	30,069	50,475
Capitalized leases	254	306	—	—	560
Certificates of deposit	237,733	204,221	94,123	—	536,077
Total	$419,874	$448,991	$161,600	$30,069	$1,060,534
Commitments to extend credit [2]	$124,894	$—	$—	$—	$124,894

(1) Includes repurchase agreements, FHLB of New York advances, and accrued interest payable at December 31, 2016.

(2) Includes unused lines of credit which are assumed to be funded within the year.

Recent Accounting Standards and Interpretations

See Note 1(s) of the Notes to the Consolidated Financial Statements.

Impact of Inflation and Changing Prices

Our consolidated financial statements and related notes have been prepared in accordance with U.S. GAAP. U.S. GAAP generally requires the measurement of financial position and operating results in terms of historical dollars without consideration for changes in the relative purchasing power of money over time due to inflation. The effect of inflation is reflected in the increased cost of our operations. Unlike industrial companies, our assets and liabilities are primarily monetary in nature. As a result, changes in market interest rates have a greater effect on our performance than inflation.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

For information regarding market risk see “Item 7. Management’s Discussion and Analysis of Financial Conditions and Results of Operations - Management of Market Risk.”

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Northfield Bancorp, Inc. and subsidiaries:

We have audited the accompanying consolidated balance sheets of Northfield Bancorp, Inc., and subsidiaries (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three year period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northfield Bancorp, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 16, 2017, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Short Hills, New Jersey
March 16, 2017

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Northfield Bancorp, Inc.:

We have audited Northfield Bancorp, Inc.'s (the Company) internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Northfield Bancorp, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Northfield Bancorp, Inc. and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in stockholders’ equity, and cash flows for each of the years in the three-year period ended December 31, 2016, and our report dated March 16, 2017, expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Short Hills, New Jersey
March 16, 2017

Table of Contents

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	At December 31,	
	2016	2015
	(Dollars in thousands, except share data)	
ASSETS:		
Cash and due from banks	$18,412	$15,324
Interest-bearing deposits in other financial institutions	77,673	36,529
Total cash and cash equivalents	96,085	51,853
Trading securities	7,857	6,713
Securities available-for-sale, at estimated fair value (encumbered $11,786 at December 31, 2016, and $65,051 at December 31, 2015)	498,897	541,595
Securities held-to-maturity, (estimated fair value of $10,118 at December 31, 2016, and $10,369 at December 31, 2015) (encumbered $2,108 at December 31, 2016, and $5,619 at December 31, 2015)	10,148	10,346
Originated loans held-for-investment, net	2,144,346	1,931,585
Loans acquired	793,240	409,015
Purchased credit-impaired (PCI) loans held-for-investment	30,498	33,115
Loans held-for-investment, net	2,968,084	2,373,715
Allowance for loan losses	(24,595)	(24,770)
Net loans held-for-investment	2,943,489	2,348,945
Accrued interest receivable	9,714	8,263
Bank owned life insurance	148,047	132,782
Federal Home Loan Bank (FHLB) of New York stock, at cost	25,123	25,803
Premises and equipment, net	26,910	23,643
Goodwill	38,411	16,159
Other real estate owned	850	45
Other assets	44,563	36,437
Total assets	$3,850,094	$3,202,584
LIABILITIES AND STOCKHOLDERS’ EQUITY:		
LIABILITIES:		
Deposits	$2,713,587	$2,052,929
Securities sold under agreements to repurchase	8,000	63,000
Other borrowings	465,206	495,129
Advance payments by borrowers for taxes and insurance	12,331	10,862
Accrued expenses and other liabilities	29,774	20,885
Total liabilities	3,228,898	2,642,805
STOCKHOLDERS’ EQUITY:		
Preferred stock, $0.01 par value; 25,000,000 shares authorized, none issued or outstanding	—	—
Common stock, $0.01 par value: 150,000,000 shares authorized, 60,933,707 and 58,226,326 shares issued at December 31, 2016 and 2015, respectively, 48,526,658 and 45,565,540 outstanding at December 31, 2016 and 2015, respectively	609	582
Additional paid-in-capital	547,910	501,540
Unallocated common stock held by employee stock ownership plan	(23,466)	(24,664)
Retained earnings	268,226	256,170
Accumulated other comprehensive loss	(4,332)	(2,986)

Treasury stock at cost; 12,407,049 and 12,660,786 shares at December 31, 2016 and 2015, respectively	(167,751)	(170,863)
Total stockholders’ equity	621,196	559,779
Total liabilities and stockholders’ equity	$3,850,094	$3,202,584

See accompanying notes to consolidated financial statements.

69

Table of Contents

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

	Years ended December 31,		
	2016	2015	2014
	(Dollars in thousands, except share and per share data)		
Interest income:			
Loans	$111,776	$ 87,179	$ 73,407
Mortgage-backed securities	10,832	12,982	16,861
Other securities	908	328	604
FHLB of New York dividends	1,171	1,149	772
Deposits in other financial institutions	285	120	57
Total interest income	124,972	101,758	91,701
Interest expense:			
Deposits	14,287	10,423	5,391
Borrowings	7,381	9,265	9,961
Total interest expense	21,668	19,688	15,352
Net interest income	103,304	82,070	76,349
Provision for loan losses	635	353	645
Net interest income after provision for loan losses	102,669	81,717	75,704
Non-interest income:			
Fees and service charges for customer services	4,934	3,945	4,073
Income on bank owned life insurance	3,998	3,767	3,902
Gains/(losses) on securities transactions, net	813	(339)	227
Other	327	525	258
Total non-interest income	10,072	7,898	8,460
Non-interest expense:			
Compensation and employee benefits	39,780	29,760	26,195
Occupancy	11,411	10,039	9,616
Furniture and equipment	1,421	1,428	1,636
Data processing	6,054	3,802	3,680
Professional fees	3,461	3,037	2,458
Federal Deposit Insurance Corporation (FDIC) insurance	1,494	1,550	1,306
Other	9,325	8,493	7,151
Total non-interest expense	72,946	58,109	52,042
Income before income tax expense	39,795	31,506	32,122
Income tax expense	13,665	11,975	11,856
Net income	$26,130	$ 19,531	$ 20,266
Net income per common share:			
Basic	$0.59	$ 0.46	$ 0.41
Diluted	$0.57	$ 0.45	$ 0.41
Basic weighted average shares outstanding	44,374,389	42,285,712	49,006,129
Diluted weighted average shares outstanding	45,717,887	43,478,481	50,032,259

See accompanying notes to consolidated financial statements.

Table of Contents

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income - (Continued)

	Years ended December 31,		
	2016	2015	2014
	(Dollars in thousands)		
Net income	$26,130	$19,531	$20,266
Other comprehensive (loss) income:			
Unrealized (losses) gains on securities:			
Net unrealized holding (losses) gains on securities	(2,202)	(3,676)	8,535
Less: reclassification adjustment for net gains included in net income (included in gains (losses) on securities transactions, net)	(306)	(57)	(382)
Net unrealized (losses) gains	(2,508)	(3,733)	8,153
Post-retirement benefits adjustment	244	21	(1,689)
Other comprehensive (loss) income, before tax	(2,264)	(3,712)	6,464
Income tax benefit (expense) related to net unrealized holding (losses) gains on securities	894	1,476	(3,408)
Income tax expense related to reclassification adjustment for gains included in net income	122	23	153
Income tax (expense) benefit related to post retirement benefits adjustment	(98)	(8)	676
Other comprehensive (loss) income, net of tax	(1,346)	(2,221)	3,885
Comprehensive income	$24,784	$17,310	$24,151

See accompanying notes to consolidated financial statements.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
For the years ended December 31, 2016, 2015 and 2014

	Common Stock							
	Shares Outstanding	Par Value	Additional Paid-in Capital	Unallocated Common Stock Held by the Employee Stock Ownership Plan	Retained Earnings	Accumulated Other Comprehensive Income (loss) Net of tax	Treasury Stock	Total Stockholders' Equity
	(Dollars in thousands, except share and per share data)							
Balance at December 31, 2013	57,926,233	$ 582	$ 508,609	$ (26,985)	$ 242,180	$ (4,650)	$ (3,628)	$ 716,108
Net income					20,266			20,266
Other comprehensive income, net of tax						3,885		3,885
Employee Stock Ownership Plan (ESOP) shares allocated or committed to be released			645	1,203				1,848
Stock compensation expense			2,805					2,805
Additional tax benefit on equity awards			390					390
Issuance of restricted stock	991,200		(12,633)				12,633	—
Exercise of stock options	146,833		(210)		(654)		1,076	212
Cash dividends declared ($0.26 per common share)					(12,884)			(12,884)
Treasury stock (average cost of $13.00 per share)	(10,662,183)						(138,702)	(138,702)
Balance at December 31, 2014	48,402,083	582	499,606	(25,782)	248,908	(765)	(128,621)	593,928
Net income					19,531			19,531
Other comprehensive loss, net of tax						(2,221)		(2,221)
ESOP shares allocated or committed to be released			1,010	1,118				2,128
Stock compensation expense			6,763					6,763
			122					122

Additional tax benefit on equity awards								
Net issuance of restricted stock	387,280		(5,190)				5,190	—
Exercise of stock options, net	81,789		(771)		(85)		1,014	158
Cash dividends declared ($0.28 per common share)					(12,184)			(12,184)
Treasury stock (average cost of $14.66 per share)	(3,305,612)						(48,446)	(48,446)
Balance at December 31, 2015	45,565,540	582	501,540	(24,664)	256,170	(2,986)	(170,863)	559,779
Net income					26,130			26,130
Other comprehensive loss, net of tax						(1,346)		(1,346)
Acquisition of Hopewell Valley Community Bank	2,707,381	27	41,694					41,721
ESOP shares allocated or committed to be released			1,093	1,198				2,291
Stock compensation expense			7,264					7,264
Additional tax benefit on equity awards			1,512					1,512
Net issuance of restricted stock	7,720		(198)				198	—
Exercise of stock options, net	383,233		(4,995)		—		5,115	120
Cash dividends declared ($0.31 per common share)					(14,074)			(14,074)
Treasury stock (average cost of $16.04 per share)	(137,216)						(2,201)	(2,201)
Balance at December 31, 2016	48,526,658	$ 609	$ 547,910	$ (23,466)	$ 268,226	$ (4,332)	$ (167,751)	$ 621,196

See accompanying notes to consolidated financial statements.

72

Table of Contents

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2016	2015	2014
	(Dollars in thousands)		
Cash flows from operating activities:			
Net income	$26,130	$19,531	$20,266
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	635	353	645
ESOP and stock compensation expense	9,555	8,891	4,653
Depreciation	3,591	3,385	3,640
Amortization of premiums, and deferred loan costs, net of (accretion) of discounts, and deferred loan fees	2,226	1,800	1,695
Amortization of intangible assets	447	210	416
Income on bank owned life insurance	(3,998)	(3,767)	(3,902)
Gain on sale of premises and equipment and other real estate owned, net	—	(282)	—
Net gain on sale of loans held-for-sale	—	(4)	(79)
Proceeds from sale of loans held-for-sale	—	2,392	1,707
Origination of loans held-for-sale	—	(2,388)	(1,157)
(Gains) losses on securities transactions, net	(813)	339	(227)
Net purchases of trading securities	(637)	(687)	(579)
Decrease (increase) in accrued interest receivable	1	(248)	122
Decrease (increase) in other assets	3,052	3,359	(2,948)
Deferred taxes	(3,059)	(1,632)	(1,167)
Increase in accrued expenses and other liabilities	571	1,059	2,625
Net cash provided by operating activities	37,701	32,311	25,710
Cash flows from investing activities:			
Net increase in loans receivable	(87,514)	(246,562)	(267,912)
Purchase of loans	(167,345)	(186,876)	(186,475)
Purchase of FHLB of New York stock	(9,497)	(11,001)	(20,138)
Redemption of FHLB of New York stock	10,653	14,417	8,435
Purchases of securities available-for-sale	(105,860)	—	(436)
Principal payments and maturities on securities available-for-sale	162,594	173,923	161,650
Principal payments and maturities on securities held-to-maturity	181	870	442
Purchases of securities held-to-maturity	—	(7,657)	(4,066)
Proceeds from sale of securities available-for-sale	44,582	51,148	11,975
Proceeds from sale of premises and equipment and other real estate owned	45	918	418
Purchases and improvements of premises and equipment	(932)	(802)	(809)
Net cash acquired in business combinations	55,479	—	—
Net cash used in investing activities	(97,614)	(211,622)	(296,916)
Cash flows from financing activities:			
Net increase in deposits	204,455	432,264	127,976
Dividends paid	(14,074)	(12,184)	(12,884)
Exercise of stock options	120	158	212
Purchase of treasury stock	(2,201)	(48,446)	(138,702)
Additional tax benefit on equity awards	1,512	122	390
Increase in advance payments by borrowers for taxes and insurance	1,469	3,070	1,351
Repayments under capital lease obligations	(204)	(179)	(272)
Proceeds from securities sold under agreements to repurchase and other borrowings	228,978	250,314	821,373

Repayments related to securities sold under agreements to repurchase and other borrowings	(315,910)	(470,664)	(512,768)
Net cash provided by financing activities	104,145	154,455	286,676
Net increase (decrease) in cash and cash equivalents	44,232	(24,856)	15,470
Cash and cash equivalents at beginning of period	51,853	76,709	61,239
Cash and cash equivalents at end of period	$96,085	$51,853	$76,709

See accompanying notes to consolidated financial statements.

Table of Contents

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows - (Continued)

	Years Ended December 31,		
	2016	2015	2014
	(Dollars in thousands)		
Supplemental cash flow information:			
Cash paid during the period for:			
Interest	$22,037	$19,738	$15,002
Income taxes	14,415	10,800	16,696
Non-cash transactions:			
Loans charged-off, net	810	1,875	390
Transfers of loans to other real estate owned	850	—	860
Other real estate owned write-downs	—	71	305
Acquisition:			
Non-cash assets acquired, at fair value:			
Securities available-for-sale	61,633	—	—
Loans	342,566	—	—
Accrued interest receivable	1,452	—	—
Bank owned life insurance	11,269	—	—
Premises and equipment	5,926	—	—
Federal Home Loan Bank of New York stock	476	—	—
Goodwill and other intangible assets	24,265		
Other assets	5,389	—	—
Total non-cash assets acquired	452,976	—	—
Non-cash liabilities assumed, at fair value:			
Deposits	456,203	—	—
Borrowings	2,213	—	—
Other liabilities	8,318	—	—
Total non-cash liabilities assumed	466,734	—	—
Net non-cash assets acquired	(13,758)	—	—
Net cash and cash equivalents acquired	55,479	—	—
Common stock issued in acquisition	$41,721	$—	$—

See accompanying notes to consolidated financial statements.

Table of Contents

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

The following significant accounting and reporting policies of Northfield Bancorp, Inc. and subsidiaries (collectively, the "Company"), conform to U.S. generally accepted accounting principles ("U.S. GAAP"), and are used in preparing and presenting these consolidated financial statements.

(a) Plan of Conversion and Reorganization

On June 6, 2012, the Board of Trustees of Northfield Bancorp, MHC (MHC) and the Board of Directors of the Company adopted a Plan of Conversion and Reorganization (the Plan). Pursuant to the Plan, the MHC converted from the mutual holding company form of organization to the fully public form on January 24, 2013. The MHC merged into the Company, and the MHC no longer exists. The Company merged into a new Delaware corporation named Northfield Bancorp, Inc. As part of the conversion, the MHC's ownership interest of the Company was offered for sale in a public offering. The existing publicly held shares of the Company, which represented the remaining ownership interest in the Company, were exchanged for new shares of common stock of Northfield Bancorp, Inc., the new Delaware corporation. The exchange ratio ensured that immediately after the conversion and public offering, the public shareholders of the Company owned the same aggregate percentage of Northfield Bancorp., Inc. common stock that they owned immediately prior to that time (excluding shares purchased in the stock offering and cash received in lieu of fractional shares). When the conversion and public offering was completed, all of the capital stock of Northfield Bank was owned by Northfield Bancorp, Inc., the Delaware corporation.

The Plan provided for the establishment of special "liquidation accounts" for the benefit of certain depositors of Northfield Bank (the "Bank") in an amount equal to the greater of the MHC's ownership interest in the retained earnings of the Company as of the date of the latest balance sheet contained in the prospectus or the retained earnings of Northfield Bank at the time it reorganized into the MHC. Following the completion of the conversion, under the rules of the Board of Governors of the Federal Reserve System, Northfield Bank is not permitted to pay dividends on its capital stock to Northfield Bancorp, Inc., its sole shareholder, if Northfield Bank's shareholder's equity would be reduced below the amount of the liquidation accounts. The liquidation accounts will be reduced annually to the extent that eligible account holders have reduced their qualifying deposits. Subsequent increases in qualifying deposits will not restore an eligible account holder's interest in the liquidation accounts.

Direct costs of the conversion and public offering were deferred and reduced the proceeds from the shares sold in the public offering. Costs of $11.5 million were incurred related to the conversion.

(b) Basis of Presentation

The consolidated financial statements are comprised of the accounts of Northfield Bancorp, Inc. and its wholly owned subsidiaries, Northfield Investment, Inc. and the Bank, and the Bank's wholly-owned significant subsidiaries, NSB Services Corp. and NSB Realty Trust. All significant intercompany accounts and transactions have been eliminated in consolidation.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheets and revenues and expenses during the reporting periods. Actual results may differ significantly from those estimates and assumptions. A material estimate that is particularly susceptible to significant change in the near term is the allowance for loan losses. In connection with the determination of this allowance, management generally obtains independent appraisals for significant properties. In addition, judgments related to the amount and timing of expected cash flows from PCI loans, goodwill, securities valuation and impairment, and deferred income taxes, involve a higher degree of complexity and subjectivity and require estimates and assumptions about highly uncertain matters. Actual results may differ from the estimates and assumptions.

Certain prior years' amounts have been reclassified to conform to the current year presentation.

(c) Business

The Company, through its principal subsidiary, the Bank, provides a full range of banking services primarily to individuals and corporate customers in Richmond and Kings counties in New York, and Hunterdon, Mercer, Union and Middlesex counties in New Jersey. The Company is subject to competition from other financial institutions and to the regulations of certain federal and state agencies, and undergoes periodic examinations by those regulatory authorities.

(d) Cash Equivalents

Cash equivalents consist of cash on hand, due from banks, and interest-bearing deposits in other financial institutions with an original term of three months or less.

(e) Securities

Securities are classified at the time of purchase, based on management's intention, as securities held-to-maturity, securities available-for-sale, or trading account securities. Securities held-to-maturity are those that management has the positive intent and ability to hold until maturity. Securities held-to-maturity are carried at amortized cost, adjusted for amortization of premiums and accretion of discounts using the level-yield method over the contractual term of the securities, adjusted for actual prepayments. Securities available-for-sale represents all securities not classified as either held-to-maturity or trading. Securities available-for-sale are carried at estimated fair value with unrealized holding gains and losses (net of related tax effects) on such securities excluded from earnings, but included as a separate component of stockholders' equity, titled "Accumulated other comprehensive income (loss)." The cost of securities sold is determined using the specific-identification method. Security transactions are recorded on a trade-date basis. Trading securities are securities that are bought and may be held for the purpose of selling them in the near term. Trading securities are reported at estimated fair value, with unrealized holding gains and losses reported as a component of gain (loss) on securities transactions, net in non-interest income.

Our evaluation of other-than-temporary impairment considers our assessments of the reason for the decline in value, the duration and severity of the impairment, our intent and ability to hold the securities (as well as the likelihood of a near-term recovery), and our intent to sell the securities and whether it is more likely than not that we will be required to sell the securities before the recovery of their amortized cost basis. If a determination is made that a debt security is other-than-temporarily impaired, the Company will estimate the amount of the unrealized loss that is attributable to credit and all other non-credit related factors. If we intend to hold securities in an unrealized loss position until the loss is recovered, which may be at maturity, the credit related component will be recognized as an other-than-temporary impairment charge in non-interest income. The non-credit related component will be recorded as an adjustment to accumulated other comprehensive income (loss), net of tax. The estimated fair value of debt securities, including mortgage-backed securities and corporate debt obligations is furnished by an independent third-party pricing service. The third-party pricing service primarily utilizes pricing models and methodologies that incorporate observable market inputs, including among other things, benchmark yields, reported trades, and projected prepayment and default rates. Management reviews the data and assumptions used in pricing the securities by its third-party provider for reasonableness.

(f) Loans

The accounting and reporting for PCI loans and loans classified as held-for-sale differs substantially from those loans originated and classified by the Company as held-for-investment. For purposes of reporting, discussion and analysis, management has classified its loan portfolio into four categories: (1) loans originated by the Company and held-for-sale, which are carried at the lower of aggregate cost or estimated fair value, less costs to sell, and therefore have no associated allowance for loan losses, (2) PCI loans, which are held-for-investment, and initially valued at estimated fair value on the date of acquisition, with no initial related allowance for loan losses, (3) originated loans held-for-investment, which are carried at amortized cost, less net charge-offs and the allowance for loan losses, and (4) acquired loans with no evidence of credit deterioration, which are held-for-investment, and initially valued at an estimated fair value on the date of acquisition, with no initial related allowance for loan losses.

Originated and acquired net loans held-for-investment are stated at unpaid principal balance, adjusted by unamortized premiums and unearned discounts, deferred origination fees and certain direct origination costs, and the allowance for loan losses. Interest income on loans is accrued and credited to income as earned. Net loan origination fees/costs are deferred and accreted/amortized to interest income over the loan's contractual life using the level-yield method, adjusted for actual prepayments. Generally, loans held-for-sale are designated at time of origination and generally consist of newly originated fixed rate residential loans and are recorded at the lower of aggregate cost or estimated fair value in the aggregate. Transfers of loans from held-for-investment to held-for-sale are infrequent and occur at fair value less costs to sell, with any charge-off to allowance for loan losses. Gains are recognized on a settlement-date basis and are determined by the difference between the net sales proceeds and the carrying value of the loans, including any net deferred fees or costs.

Originated and acquired net loans held-for-investment are deemed impaired when it is probable, based on current information, that the Company will not collect all amounts due in accordance with the contractual terms of the loan agreement. The Company has defined the population of originated and acquired impaired loans to be all originated and acquired non-accrual loans held-for-investment with an outstanding balance of $500,000 or greater and all loans restructured in troubled debt restructurings (TDRs). Originated and acquired impaired loans held-for-investment are individually assessed to determine that the loan’s carrying value is not in excess of the expected future cash flows, discounted at the loan's original effective interest rate, or the fair value of the underlying collateral (less estimated costs to sell) if the loan is collateral dependent. Impairments, if any, are recognized through a charge to the allowance for loan losses for the amount that the loan’s carrying value exceeds the discounted cash flow analysis or estimated fair value of collateral (less estimated costs to sell) if the loan is collateral dependent. Such amounts are charged-off when considered appropriate.

The allowance for loan losses is increased by the provision for loan losses charged against income and is decreased by charge-offs, net of recoveries. Loan losses are charged-off in the period the loans, or portion thereof, are deemed uncollectible. Generally, the Company will record a loan charge-off (including a partial charge-off) to reduce a loan to the estimated fair value of the underlying collateral, less cost to sell, if it is determined that it is probable that recovery will come primarily from the sale or operation of such collateral. Specific reserves on impaired loans that are not considered collateral dependent are charged-off when such amounts are not considered to be collectible. The provision for loan losses is based on management’s evaluation of the adequacy of the allowance that considers, among other things, impaired loans held-for-investment, deterioration in PCI loans subsequent to acquisition, past loan loss experience, known and inherent risks in the portfolio, and existing adverse situations that may affect borrowers’ ability to repay. Additionally, management evaluates changes, if any, in underwriting standards, collection, charge-off and recovery practices, the nature or volume of the portfolio, lending staff, concentration of loans, as well as current economic conditions, and other relevant factors. Management believes the allowance for loan losses is adequate to provide for probable and reasonably estimable incurred losses at the date of the consolidated balance sheets. The Company also maintains an allowance for estimated losses on off-balance sheet credit risks related to loan commitments and standby letters of credit. Management utilizes a methodology similar to its allowance for loan loss adequacy methodology to estimate losses on these commitments. The allowance for estimated credit losses on off-balance sheet commitments is included in other liabilities and any changes to the allowance are recorded as a component of other non-interest expense.

While management uses available information to estimate probable and reasonably estimable incurred losses on loans, future additions may be necessary based on changes in conditions, including changes in economic conditions, particularly in Richmond and Kings counties in New York, and Hunterdon, Mercer, Union and Middlesex counties in New Jersey and to a lesser extent eastern Pennsylvania. Accordingly, as with most financial institutions in the market area, the ultimate collectability of a substantial portion of the Company’s loan portfolio is susceptible to changes in conditions in the Company’s marketplace. In addition, future changes in laws and regulations could make it more difficult for the Company to collect all contractual amounts due on its loans and mortgage-backed securities.

In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company’s allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination.

TDRs are loans where terms have been modified because of deterioration in the financial condition of the borrower. Modifications could include extension of the repayment terms of the loan, reduced interest rates, or forgiveness of accrued interest and/or principal. Once an obligation has been restructured because of such credit problems, it continues to be considered restructured until paid in full or, if the obligation yields a market rate (a rate equal to the rate the Company was willing to accept at the time of the restructuring for a new loan with comparable risk), until the year subsequent to the year in which the restructuring takes place, provided the borrower has performed under the modified terms for a six-month period. The Company records an impairment charge equal to the difference between the present value of estimated future cash flows under the restructured terms discounted at the original loan's effective interest rate, or the underlying collateral value less costs to sell, if the loan is collateral dependent. Changes in present values attributable to the passage of time are recorded as a component of the provision for loan losses.

A loan is considered past due when it is not paid in accordance with its contractual terms. The accrual of income on loans, including impaired loans held-for-investment, and other loans in the process of foreclosure, is generally discontinued when a loan becomes 90 days or more delinquent, or sooner when certain factors indicate that the ultimate collection of principal and interest is in doubt. Loans on which the accrual of income has been discontinued are designated as non-accrual loans. All previously accrued interest is reversed against interest income, and income is recognized subsequently only in the period that cash is received, provided no principal payments are due and the remaining principal balance outstanding is deemed collectible. A non-accrual loan is not returned to accrual status until both principal and interest payments are brought current and factors indicating doubtful collection no longer exist, including performance by the borrower under the loan terms for a consecutive six-month period.

The Company accounts for the PCI loans based on expected cash flows. In accordance with current accounting guidance, the Company will maintain the integrity of a pool of multiple loans accounted for as a single asset and evaluate the pools for impairment, and accrual status, based on variances from the expected cash flows.

(g) Federal Home Loan Bank Stock

The Bank, as a member of the Federal Home Loan Bank (FHLB) of New York, is required to hold shares of capital stock in the FHLB as a condition to both becoming a member and engaging in certain transactions with the FHLB. The minimum investment requirement is determined by a “membership” investment component and an “activity-based” investment component. The membership investment component is the greater of 0.20% of the Bank’s mortgage-related assets, as defined by the FHLB, or $1,000. The activity-based investment component is equal to 4.5% of the Bank’s outstanding advances with the FHLB. The activity-based investment component also considers other transactions, including assets originated for or sold to the FHLB, and delivery commitments issued by the FHLB. The Company currently does not enter into these other types of transactions with the FHLB.

On a quarterly basis, we perform our other-than-temporary impairment analysis of FHLB stock, we evaluate, among other things, (i) its earnings performance, including the significance of any decline in net assets of the FHLB as compared to the regulatory capital amount of the FHLB, (ii) the commitment by the FHLB to continue dividend payments, and (iii) the liquidity position of the FHLB. We did not consider our investment in FHLB stock to be other-than-temporarily impaired at December 31, 2016 and 2015.

(h) Premises and Equipment, Net

Premises and equipment, including leasehold improvements, are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization of premises and equipment, including capital leases, are computed on a straight-line basis over the estimated useful lives of the related assets. The estimated useful lives of significant classes of assets are generally as follows: buildings - forty years; furniture and equipment - five to seven years; and purchased computer software - three years. Leasehold improvements are amortized over the shorter of the term of the related lease or the estimated useful lives of the improvements. Major improvements are capitalized, while repairs and maintenance costs are charged to operations as incurred. Upon retirement or sale, any gain or loss is credited or charged to operations.

(i) Bank Owned Life Insurance

The Company has purchased bank owned life insurance contracts to help fund its obligations for certain employee benefit costs. The Company’s investment in such insurance contracts has been reported in the consolidated balance sheets at their cash surrender values. Changes in cash surrender values and death benefit proceeds received in excess of the related cash surrender values are recorded as non-interest income.

(j) Goodwill

Intangible assets resulting from acquisitions under the purchase method of accounting consist of goodwill and other intangible assets. Goodwill is not amortized and is subject to an annual assessment for impairment. The goodwill impairment analysis is generally a two-step test. However, under current accounting guidance, first we may assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under current accounting guidance, we are not required to calculate the fair value of a reporting unit if, based on a qualitative assessment, we determine that it was more likely than not that the unit's fair value was not less than its carrying amount. During 2016, we elected to perform step one of the two-step goodwill impairment test for our reporting unit, but we may choose to perform the optional quantitative assessment in future periods.

78

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

Goodwill is allocated to Northfield's reporting unit at the date goodwill is actually recorded. If the carrying value of a reporting unit exceeds its estimated fair value, a second step in the analysis is performed to determine the amount of impairment, if any. The second step compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying value of a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded equal to the excess amount in the current period earnings.

As of December 31, 2016, the carrying value of goodwill totaled $38.4 million. The Company performed its annual goodwill impairment test, as of December 31, 2016, and determined that the fair value of the Company's single reporting unit to be in excess of its carrying value. The Company will test goodwill for impairment between annual test dates if an event occurs or circumstances change that would indicate the fair value of the reporting unit is below its carrying amount. No events have occurred and no circumstances have changed since the annual impairment test date that would indicate the fair value of the reporting unit is below its carrying amount.

(k) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the year in which those temporary differences are expected to be recovered or settled. When applicable, deferred tax assets are reduced by a valuation allowance for any portions determined not likely to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Income tax benefits are recognized and measured based upon a two-step model: 1) a tax position must be more-likely-than-not to be sustained based solely on its technical merits in order to be recognized, and 2) the benefit is measured as the largest dollar amount of that position that is more-likely-than-not to be sustained upon settlement. The difference between the benefit recognized and the tax benefit claimed on a tax return is referred to as an unrecognized tax benefit. The Company records income tax-related interest and penalties, if applicable, within income tax expense.

(l) Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted (and without interest) net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(m) Securities Sold Under Agreements to Repurchase and Other Borrowings

The Company enters into sales of securities under agreements to repurchase (Repurchase Agreements) and collateral pledge agreements (Pledge Agreements) with selected dealers and banks. Such agreements are accounted for as secured financing transactions since the Company maintains effective control over the transferred or pledged securities and the transfer meets the other accounting and recognition criteria as required by the transfer and servicing topic of the Financial Accounting Standards Board (FASB) Accounting Standards. Obligations under these agreements are reflected as a liability in the consolidated balance sheets. Securities underlying the agreements are maintained at selected dealers and banks as collateral for each transaction executed and may be sold or pledged by the counterparty. Collateral underlying Repurchase Agreements that permit the counterparty to sell or pledge the underlying collateral is disclosed on the consolidated balance sheets as “encumbered.” The Company retains the right under all Repurchase Agreements and Pledge Agreements to substitute acceptable collateral throughout the terms of the agreement.

(n) Comprehensive Income (Loss)

Comprehensive income (loss) includes net income and the change in unrealized holding gains and losses on securities available-for-sale, change in actuarial gains and losses on other post retirement benefits, and change in service cost on other postretirement benefits, net of taxes. Comprehensive income (loss) is presented in the Consolidated Statements of Comprehensive Income.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

(o) Benefits

The Company sponsors a defined postretirement benefit plan that provides for medical and life insurance coverage to a limited number of retirees, as well as life insurance to all qualifying employees of the Company. The estimated cost of postretirement benefits earned is accrued during an individual's estimated service period to the Company. The Company recognizes in its balance sheet the over-funded or under-funded status of a defined benefit postretirement plan measured as the difference between the fair value of plan assets and the benefit obligation at the end of our calendar year. The actuarial gains and losses and the prior service costs and credits that arise during the period are recognized as a component of other comprehensive income (loss), net of tax.

Funds borrowed by the Employee Stock Ownership Plan (the "ESOP") from the Company to purchase the Company's common stock are being repaid from the Bank's contributions over a period of up to 30 years. The Company's common stock not yet allocated to participants is recorded as a reduction of stockholders' equity at cost. The Company records compensation expense related to the ESOP at an amount equal to the shares committed to be released by the ESOP multiplied by the average fair value of our common stock during the reporting period.

The Company recognizes the grant-date fair value of stock based awards issued to participants' as compensation cost in the consolidated statements of comprehensive income (loss). The fair value of common stock awards is based on the closing price of our common stock as reported on the NASDAQ Stock Market on the grant date. The expense related to stock options is based on the estimated fair value of the options at the date of the grant using the Black-Scholes pricing model. The awards are fixed in nature and compensation cost related to stock based awards is recognized on a straight-line basis over the requisite service periods.

The Bank has a 401(k) plan covering substantially all employees. Contributions to the plan are expensed as incurred.

(p) Segment Reporting

As a community-focused financial institution, substantially all of the Company's operations involve the delivery of loan and deposit products to customers. Management makes operating decisions and assesses performance based on an ongoing review of these community banking operations, which constitute the Company's only operating segment for financial reporting purposes.

(q) Net Income per Common Share

Net income per common share-basic is computed by dividing the net income available to common stockholders by the weighted average number of common shares outstanding, excluding unallocated ESOP shares and unearned common stock award shares. The weighted average common shares outstanding includes the average number of shares of common stock outstanding, including shares allocated or committed to be released ESOP shares.

Net income per common share-diluted is computed using the same method as basic earnings per share, but reflects the potential dilution that could occur if stock options and unvested shares of restricted stock were exercised and converted into common stock. These potentially dilutive shares are included in the weighted average number of shares outstanding for the period using the treasury stock method. When applying the treasury stock method, we add: (1) the assumed proceeds from option exercises; (2) the tax benefit, if any, that would be credited to additional paid-in capital assuming exercise of non-qualified stock options and vesting of shares of restricted stock; and (3) the average unamortized compensation costs related to unvested shares of restricted stock and stock options. We then divide this sum by our average stock price for the period to calculate assumed shares repurchased. The excess of the number of shares issuable over the number of shares assumed to be repurchased is added to basic weighted average common shares to calculate diluted earnings per share. At December 31, 2016, 2015, and 2014, there were 1,343,498, 1,192,769, and 1,026,130 dilutive shares outstanding, respectively.

(r) Other Real Estate Owned

Assets acquired through loan foreclosure, or deed-in-lieu of, are held for sale and are initially recorded at estimated fair value less estimated selling costs when acquired, thus establishing a new cost basis. Costs after acquisition are generally expensed. If the estimated fair value of the asset subsequently declines, a write-down is recorded through other non-interest expense.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

(s) Recent Accounting Developments

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which requires that entities include restricted cash and restricted cash equivalents with cash and cash equivalents in the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows. Prior to this pronouncement there was no guidance on how to present restricted cash and cash equivalents in the Statement of Cash Flows. ASU No. 2016-18 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, and is required to be applied retrospectively to all periods presented beginning in the year of adoption. The adoption of this pronouncement is not expected to have a material effect on the Company's consolidated financial statements.

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which provides guidance on the classification of certain cash receipts and payments within the statement of cash flows. ASU No. 2016-15 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, and is required to be applied retrospectively to all periods presented beginning in the year of adoption. Since the ASU only impacts classification on the statements of cash flows, adoption will not affect the Company's consolidated financial position, results of operations or its cash and cash equivalents.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model (referred to as the current expected credit loss (CECL) model). Under this model, entities will estimate credit losses over the entire contractual term of the instrument from the date of initial recognition of that instrument. Current US GAAP is based on an incurred loss model that delays recognition of credit losses until it is probable the loss has been incurred. Accordingly, it is anticipated that credit losses will be recognized earlier under the CECL model than under the incurred loss model. ASU 2016-13 is effective for interim and annual reporting periods beginning after December 15, 2019. The Company is currently evaluating the potential effect of adoption of this pronouncement on its consolidated financial statements, but the extent of the effect is indeterminable at this time as it will be dependent upon the nature and characteristics of the Company's loan portfolio at the adoption date, as well as economic conditions and forecasts at that date.

In March 2016, the FASB issued ASU No. 2016-09, Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, which includes provisions to simplify certain aspects related to the accounting for share-based awards and the related financial statement presentation. The ASU includes a requirement that the tax effect related to the settlement of share-based awards be recorded in income tax benefit or expense in the statements of earnings. This change is required to be adopted prospectively in the period of adoption. In addition, the ASU modifies the classification of certain share-based payment activities within the statements of cash flows and these changes are required to be applied retrospectively to all periods presented, or in certain cases prospectively, beginning in the period of adoption. ASU No. 2016-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period and the Company will adopt it in the first quarter of 2017. The impact of ASU No. 2016-09 on the Company's results of operations in future periods is dependent upon, among other things, the level of earnings and stock price of the Company, but assuming we continue to be in an excess tax benefit position, adoption will result in a reduction to tax expense due to the recognition of excess tax benefits as an income tax benefit rather than in additional paid-in capital.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which is intended to increase transparency and comparability of accounting for lease transactions. The ASU will require all leases to be recognized on the balance sheet as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. Lessor accounting is largely unchanged. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within that reporting period. The Company is currently evaluating the potential effect of adoption of this pronouncement on its consolidated financial statements.

In January 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The guidance primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The accounting for other financial instruments, such as loans, investments in debt securities, and financial liabilities is largely unchanged. ASU

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

No. 2016-01 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The adoption of this pronouncement is not expected to have a material effect on the Company's consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805) - Simplifying the Accounting for Measurement-Period Adjustments, which requires that adjustments to provisional amounts that are identified during the measurement period of a business combination be recognized in the reporting period in which the adjustment amounts are determined. Furthermore, the income statement effects of such adjustments, if any, must be calculated as if the accounting had been completed at the acquisition date. Under previous guidance, adjustments to provisional amounts identified during the measurement period were to be recognized retrospectively. ASU 2015-16 is effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. The adoption of this pronouncement is not expected to have a material effect on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will be effective for interim and annual periods beginning after December 15, 2017 and will replace most existing revenue recognition guidance in U.S. GAAP. The Company does not expect the guidance to have a material effect on its consolidated financial statements as the ASU is not applicable to financial instruments and, therefore, will not affect the majority of the Company's revenues.

In January 2014, the FASB issued ASU No. 2014-04, Receivables - Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure, which clarifies that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (i) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (ii) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the ASU requires interim and annual disclosure of both the amount of foreclosed residential real estate property held by the creditor and the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. ASU No. 2014-04 was effective for annual and interim periods beginning after December 15, 2014 and the adoption of this pronouncement did not have a material effect on the Company’s consolidated financial statements.

(2) Business Combination

On January 8, 2016, the Company completed its acquisition of Hopewell Valley Community Bank (“Hopewell Valley”), which, after purchase accounting adjustments, added $508.5 million to total assets, $342.6 million to loans, and $456.2 million to deposits, and nine branch offices in the Hunterdon and Mercer counties of New Jersey. Total consideration paid for Hopewell Valley was $55.4 million, consisting of $13.7 million in cash and 2,707,381 shares of common stock valued at $41.7 million based upon the $15.41 per share closing price of Northfield Bancorp, Inc.'s common stock on January 8, 2016.

The transaction was accounted for under the acquisition method of accounting. Under this method of accounting, the purchase price has been allocated to the respective assets acquired and liabilities assumed based upon their estimated fair values, net of tax. The excess of consideration paid over the fair value of the net assets acquired has been recorded as goodwill.

82

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The following table summarizes the estimated fair values of the assets acquired and the liabilities assumed at the date of acquisition for Hopewell Valley (in thousands):

ASSETS ACQUIRED:	January 8, 2016
Cash and cash equivalents, net	$55,479
Securities available for sale	61,633
Loans	342,566
Accrued interest receivable	1,452
Bank-owned life insurance	11,269
Premises and equipment	5,926
Federal Home Loan Bank of New York stock, at cost	476
Goodwill	22,252
Other intangible assets	2,013
Other assets	5,389
Total assets acquired	$508,455
LIABILITIES ASSUMED:	
Deposits	$456,203
Other borrowings	2,213
Other liabilities	8,318
Total liabilities assumed	$466,734
Net assets acquired	$41,721

Fair Value Measurement of Assets Assumed and Liabilities Assumed

The methods used to determine the fair value of the assets acquired and liabilities assumed in the Hopewell Valley acquisition were as follows:

Cash and cash equivalents

The estimated fair values of cash and cash equivalents approximate their stated face amounts, as these financial instruments are either due on demand or have short-term maturities.

Securities Available-for-Sale

The estimated fair values of the investment securities classified as available-for-sale were calculated utilizing Level 1 and Level 2 inputs. Management reviewed the data and assumptions used by its third party provider in pricing the securities to ensure the highest level of significant inputs is derived from observable market data. These prices were validated against other pricing sources and broker-dealer indications.

Loans
The acquired loan portfolio was valued based on current guidance which defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Level 3 inputs were utilized to value the portfolio and included the use of present value techniques employing cash flow estimates and the incorporated assumptions that marketplace participants would use in estimating fair values. In instances where reliable market information was not available, the Company used its own assumptions in an effort to determine reasonable fair value. Specifically, management utilized three separate fair value analyses which a market participant would employ in estimating the total fair value adjustment. The three separate fair valuation methodologies used were: 1) interest rate loan fair value analysis; 2) general credit fair value adjustment; and 3)

specific credit fair value adjustment.

To prepare the interest rate fair value analysis, loans were grouped by characteristics such as loan type, term, collateral and rate. Market rates for similar loans were obtained from various external data sources and reviewed by Company management for reasonableness. The average of these rates was used as the fair value interest rate a market participant would utilize. A present value approach was utilized to calculate the interest rate fair value adjustment.

The general credit fair value adjustment was calculated using a two part general credit fair value analysis: 1) expected lifetime losses; and 2) estimated fair value adjustment for qualitative factors. The expected lifetime losses were calculated using an average of historical losses of the Company, the acquired bank and peer banks. The adjustment related to qualitative factors was impacted by general economic conditions and the risk related to lack of familiarity with the originator's underwriting process.

To calculate the specific credit fair value adjustment, management reviewed the acquired loan portfolio for loans meeting the definition of an impaired loan with deteriorated credit quality. Loans meeting this definition were reviewed by comparing the contractual cash flows to expected collectible cash flows. The aggregate expected cash flows less the acquisition date fair value resulted in an accretable yield amount. The accretable yield amount will be recognized over the life of the loans on a level yield basis as an adjustment to yield.

Other intangible assets

Other intangible assets consisting of core deposit premium represents the value assigned to demand, interest checking, money market and savings accounts acquired as part of an acquisition. The core deposit premium value represents the future economic benefit, including the present value of future tax benefits, of the potential cost savings from acquiring core deposits as part of an acquisition compared to the cost of alternative funding sources. The core deposit premium is being amortized over an estimated useful life of 10 years to approximate the existing deposit relationships acquired.

Deposits

The fair values of deposit liabilities with no stated maturity (i.e., non-interest bearing demand accounts, interest-bearing negotiable orders of withdrawal (NOW), savings and money market accounts) are equal to the carrying amounts payable on demand. The fair values of certificates of deposit represent contractual cash flows, discounted to present value using interest rates currently offered on deposits with similar characteristics and remaining maturities.

Other borrowings

Other borrowings consist of securities sold under agreements to repurchase. The carrying amounts approximate their fair values because they frequently re-price to a market rate.

(3) Securities Available-for-Sale

The following is a comparative summary of mortgage-backed securities, debt securities and other securities available-for-sale at December 31, 2016 and 2015 (in thousands):

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

	2016			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Mortgage-backed securities:				
Pass-through certificates:				
Government sponsored enterprises (GSE)	$225,047	$ 2,800	$ 3,298	$224,549
Real estate mortgage investment conduits (REMICs):				
GSE	230,500	259	6,466	224,293
Non-GSE	280	—	10	270
	455,827	3,059	9,774	449,112
Debt securities:				
Municipal bonds	2,151	13	6	2,158
Corporate bonds	45,373	150	364	45,159
	47,524	163	370	47,317
Other securities				
Equity investments - mutual funds	1,233	—	15	1,218
Other	1,250	—	—	1,250
	2,483	—	15	2,468
Total securities available-for-sale	$505,834	$ 3,222	$ 10,159	$498,897

	2015			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Mortgage-backed securities:				
Pass-through certificates:				
GSE	$228,557	$ 4,673	$ 1,530	$231,700
REMICs:				
GSE	305,387	647	8,210	297,824
Non-GSE	597	—	18	579
	534,541	5,320	9,758	530,103
Debt securities:				
Corporate bonds	11,002	9	—	11,011
Other securities:				
Equity investments-mutual funds	481	—	—	481
Total securities available-for-sale	$546,024	$ 5,329	$ 9,758	$541,595

The following is a summary of the expected maturity distribution of debt securities available-for-sale other than mortgage-backed securities at December 31, 2016 (in thousands):

Available-for-sale	Amortized cost	Estimated fair value
Due in one year or less	$ 1,735	$ 1,730
Due after one year through five years	40,695	40,425
Due after five years through ten years	5,094	5,162
	$ 47,524	$ 47,317

Expected maturities on mortgage-backed securities will differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without penalties.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

Certain securities available-for-sale are pledged or encumbered to secure borrowings under Pledge Agreements and Repurchase Agreements and for other purposes required by law. At December 31, 2016, and December 31, 2015, securities available-for-sale with a carrying value of $108.8 million and $101.0 million, respectively, were pledged to secure repurchase agreements and deposits. See Note 8 for further discussion regarding securities pledged or encumbered for borrowings.

For the year ended December 31, 2016, the Company had gross proceeds of $44.6 million on sales of securities available-for-sale with gross realized gains of approximately $493,000 and gross realized losses of approximately $187,000. For the year ended December 31, 2015, the Company had gross proceeds of $51.1 million on sales of securities available-for-sale with gross realized gains and gross realized losses of approximately $60,000 and $3,000 gross realized losses. For the year ended December 31, 2014, the Company had gross proceeds of $12.0 million on sales of securities available-for-sale with gross realized gains of approximately $382,000 and no gross realized losses. The Company recognized net gains of $507,000 on its trading securities portfolio during the year ended December 31, 2016, and net losses of $396,000 and $155,000, for the years ended December 31, 2015 and 2014, respectively. The Company routinely sells securities when market pricing presents, in management’s assessment, an economic benefit that outweighs holding such security, and when smaller balance securities become cost prohibitive to carry.

The Company did not recognize any other-than-temporary impairment charges in earnings during the years ended December 31, 2016, 2015 and 2014.

Gross unrealized losses on mortgage-backed securities, debt securities and other securities available-for-sale, and the estimated fair value of the related securities, aggregated by security category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2016 and 2015, were as follows (in thousands):

	December 31, 2016					
	Less than 12 months		12 months or more		Total	
	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value
Mortgage-backed securities:						
Pass-through certificates:						
GSE	$2,703	$121,878	$595	$8,402	$3,298	$130,280
REMICs:						
GSE	1,622	75,586	4,844	97,726	6,466	173,312
Non-GSE	—	—	10	270	10	270
Debt securities:						
Municipal bonds	6	1,679	—	—	6	1,679
Corporate bonds	364	26,022	—	—	364	26,022
Other securities	15	947	—	—	15	947
Total	$4,710	$226,112	$5,449	$106,398	$10,159	$332,510

	December 31, 2015					
	Less than 12 months		12 months or more		Total	
	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value
Mortgage-backed securities:						
Pass-through certificates:						

GSE	$115	$ 14,424	$1,415	$52,120	$1,530	$66,544
REMICs:						
GSE	338	31,937	7,872	164,666	8,210	196,603
Non-GSE			18	579	18	579
Total	$453	$ 46,361	$9,305	$217,365	$9,758	$263,726

The Company held 19 pass-through mortgage-backed securities issued or guaranteed by GSEs, nine REMIC mortgage-backed securities issued or guaranteed by GSEs, and two REMIC mortgage-backed securities not issued or guaranteed by GSEs that were in a continuous unrealized loss position of greater than twelve months at December 31, 2016.

86

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

There were 22 pass-through mortgage-backed securities issued or guaranteed by GSEs, 10 REMIC mortgage-backed securities issued or guaranteed by GSEs, five corporate bonds, and two municipal bonds that were in an unrealized loss position of less than twelve months. All securities referred to above were rated investment grade at December 31, 2016. The declines in value relate to the general interest rate environment and are considered temporary. The securities cannot be prepaid in a manner that would result in the Company not receiving all of its amortized cost. The Company neither has an intent to sell, nor is it more likely than not that the Company will be required to sell, the securities before the recovery of their amortized cost basis or, if necessary, maturity.

The fair values of our investment securities could decline in the future if the underlying performance of the collateral for the collateralized mortgage obligations or other securities deteriorates and our credit enhancement levels do not provide sufficient protections to our contractual principal and interest. As a result, there is a risk that significant other-than-temporary impairments may occur in the future given the current economic environment.

(4) Securities Held-to-Maturity

The following is a summary of mortgage-backed securities held-to-maturity at December 31, 2016 and 2015 (in thousands):

	2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Mortgage-backed securities:				
Pass-through certificates:				
GSEs	$10,148	$ 29	$ 59	$ 10,118
Total securities held-to-maturity	$10,148	$ 29	$ 59	$ 10,118

	2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Mortgage-backed securities:				
Pass-through certificates:				
GSEs	$10,346	$ 53	$ 30	$ 10,369
Total securities held-to-maturity	$10,346	$ 53	$ 30	$ 10,369

Contractual maturities for mortgage-backed securities are not presented, as expected maturities on mortgage-backed securities will differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without penalties. There were no sales of held-to-maturity securities for the years ended December 31, 2016, 2015 or 2014. The Company did not recognize any other-than-temporary impairment charges in earnings on securities held-to-maturity during the years ended December 31, 2016, 2015 and 2014. At December 31, 2016, and December 31, 2015, securities held-to-maturity with a carrying value of $5.0 million and $5.6 million, respectively, were pledged to secure repurchase agreements and deposits.

Gross unrealized losses on mortgage-backed securities held-to-maturity, and the estimated fair value of the related securities, aggregated by security category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2016 and 2015, were as follows (in thousands):

December 31, 2016

	Less than 12 months	
	Unrealized Losses	Estimated Fair Value
Mortgage-backed securities:		
Pass-through certificates:		
GSEs	$ 59	$ 7,466
Total securities held-to-maturity	$ 59	$ 7,466

87

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

	December 31, 2015	
	Less than 12 months	
	Unrealized Losses	Estimated Fair Value
Mortgage-backed securities:		
Pass-through certificates:		
GSEs	$ 30	$ 3,901
Total securities held-to-maturity	$ 30	$ 3,901

The Company held four pass-through mortgage-backed securities held-to-maturity, issued or guaranteed by GSEs, that were in a continuous unrealized loss position of less than twelve months. Management evaluated these securities and concluded that the declines in value relate to the general interest rate environment and are considered temporary. The securities cannot be prepaid in a manner that would result in the Company not receiving all of its amortized cost. The Company neither has an intent to sell, nor is it more likely than not that the Company will be required to sell, the securities before the recovery of their amortized cost basis or, if necessary, maturity.

The fair values of our investment securities could decline in the future if the underlying performance of the collateral for the collateralized mortgage obligations or other securities deteriorates and our credit enhancement levels do not provide sufficient protections to our contractual principal and interest. As a result, there is a risk that significant other-than-temporary impairments may occur in the future given the current economic environment.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

(5) Loans

Loans held-for-investment, net, consists of the following (in thousands):

	December 31,	
	2016	2015
Real estate loans:		
Multifamily	$1,506,335	$1,318,461
Commercial mortgage	412,667	402,073
One-to-four family residential mortgage	105,968	98,332
Home equity and lines of credit	65,437	61,413
Construction and land	14,065	18,652
Total real estate loans	2,104,472	1,898,931
Commercial and industrial loans	31,906	25,554
Other loans	1,497	2,256
Total commercial and industrial and other loans	33,403	27,810
Deferred loan cost, net	6,471	4,844
Originated loans held-for-investment, net	2,144,346	1,931,585
PCI Loans	30,498	33,115
Loans acquired:		
One-to-four family residential mortgage	317,639	330,672
Multifamily	215,389	64,779
Commercial mortgage	188,001	11,160
Home equity and lines of credit	25,522	2,404
Construction and land	20,887	—
Total acquired real estate loans	767,438	409,015
Commercial and industrial loans	25,443	—
Other loans	359	—
Total loans acquired	793,240	409,015
Loans held for investment, net	2,968,084	2,373,715
Allowance for loan losses	(24,595)	(24,770)
Net loans held-for-investment	$2,943,489	$2,348,945

The Company had no loans held-for-sale at December 31, 2016, or December 31, 2015.

PCI loans totaled $30.5 million at December 31, 2016, as compared to $33.1 million at December 31, 2015, and included $4.8 million of loans acquired as part of the Hopewell Valley acquisition at December 31, 2016. The remaining balance of PCI loans is primarily attributable to those acquired as part of an FDIC-assisted transaction. The Company accounts for PCI loans utilizing U.S. GAAP applicable to loans acquired with deteriorated credit quality. At December 31, 2016, PCI loans consisted of approximately 30% commercial real estate loans and 48% commercial and industrial loans, with the remaining balance in residential and home equity loans. At December 31, 2015, PCI loans consisted of approximately 28% commercial real estate loans and 52% commercial and industrial loans, with the remaining balance in residential and home equity loans.

The following table sets forth information regarding the estimates of the contractually required payments, the cash flows expected to be collected, and the estimated fair value of the PCI loans acquired from Hopewell Valley at January 8, 2016 (in thousands):

January 8, 2016

Contractually required principal and interest at acquisition	$	16,580	
Contractual cash flows not expected to be collected (non-accretable discount)	(9,929		)
Expected cash flows to be collected at acquisition	6,651		
Interest component of expected cash flows (accretable discount)	(845		)
Fair value of acquired loans	$	5,806	

89

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The following details the accretable yield (in thousands):

	For The Year Ended December 31,	
	2016	2015
Balance at the beginning of year	$22,853	$27,943
Acquisition	845	—
Accretion into interest income	(5,225)	(4,525)
Net reclassification from/(to) non-accretable difference(1)	5,742	(565)
Balance at end of year	$24,215	$22,853

1) Due to re-casting of cash flows for loan pools acquired in the 2011 FDIC-assisted transaction. Reclassifications of the non-accretable difference to the accretable yield may occur subsequent to the loan acquisition dates due to increases in expected cash flows of the loans.

The Company does not have any lending programs commonly referred to as subprime lending. Subprime lending generally targets borrowers with weakened credit histories typically characterized by payment delinquencies, previous charge-offs, judgments, bankruptcies, or borrowers with questionable repayment capacity as evidenced by low credit scores or high debt-burden ratios.

We provide for loan losses based on the consistent application of our documented allowance for loan loss methodology. Loan losses are charged to the allowance for loans losses and recoveries are credited to it. Additions to the allowance for loan losses are provided by charges against income based on various factors which, in our judgment, deserve current recognition in estimating incurred losses. Loan losses are charged-off in the period the loans, or portion thereof, are deemed uncollectible. Generally, the Company will record a loan charge-off (including a partial charge-off) to reduce a loan to the estimated fair value of the underlying collateral, less cost to sell, for collateral dependent loans. We regularly review the loan portfolio in order to maintain the allowance for loan losses in accordance with U.S. GAAP. At December 31, 2016 and 2015, the allowance for loan losses related to loans held-for-investment (excluding PCI loans) consisted primarily of the following two components:

(1) Specific allowances are established for impaired loans (generally defined by the Company as non-accrual loans with an outstanding balance of $500,000 or greater and all loans restructured in troubled debt restructurings). The amount of impairment, if any, provided for as a specific reserve determined by the deficiency, if any, between the present value of expected future cash flows discounted at the original loan's effective interest rate or the underlying collateral value (less estimated costs to sell and discounts for quick sales,) if the loan is collateral dependent, and the carrying value of the loan. Impaired loans that have no impairment losses are not considered for general allowances described below. Generally, the Company charges down a loan to the estimated fair value of the underlying collateral, less costs to sell for collateral dependent loans and, if necessary, maintains a specific reserve in the allowance for loan losses related to cash flow dependent impaired loans where the present value of the expected future cash flows, discounted at the loan's original contractual interest rate, is less than the carrying value of the loan unless management determines that such shortfall should be charged off.

(2) General allowances are established for loan losses on a portfolio basis for loans that do not meet the definition of impaired. The portfolio is grouped into similar risk characteristics, primarily loan type, loan-to-value, if collateral dependent, and internal credit risk ratings. We apply an estimated loss rate to each loan group. The loss rates applied are based on our net loss experience (using appropriate look-back and loss emergence periods) as adjusted, if appropriate, for our qualitative assessment of factors which may not be fully captured in our historical quantitative net loss rates related to:

- changes in lending policies and procedures;
- changes in local, regional, national, and international economic and business conditions and developments that affect the collectability of our portfolio, including the condition of various market segments;
- changes in the nature and volume of our portfolio and in the terms of our loans;
- changes in the experience, ability and depth of lending management and other relevant staff;
- changes in the volume and severity of past due loans, the volume of non-accrual loans, and the volume and severity of adversely classified or graded loans;

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

- changes in the quality of our loan review system;
- changes in the value of underlying collateral for collateral-dependent loans;
- the existence and effect of any concentrations of credit, and changes in the level of such concentrations; and
- the effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in our existing portfolio.

The loss emergence period is the estimated time from the date of the loss event to the actual recognition of the loss (typically the first charge-off), and is determined based upon a study of the Company's past loss experience by loan groups. This evaluation is inherently subjective, as it requires material estimates that may be susceptible to significant revisions based upon changes in economic and real estate market conditions. Actual loan losses may be significantly more than the allowance for loan losses we have established, which could have a material negative effect on our financial results. Prior to December 31, 2016, we maintained an amount identified as the unallocated component within the allowance for loan losses related to indicators of loan losses not fully captured in other components of the allowance for loan losses methodology, as well as the inherent imprecision of the loss estimation process. During the fourth quarter of 2016, the Company enhanced the allowance for loan losses qualitative framework to more fully capture the risks related to certain loan loss factors. These enhancements are meant to increase the level of precision in the allowance for loan losses. As a result, the Company will no longer have an unallocated reserve in its allowance for loan losses, as the risks and uncertainties meant to be captured by the unallocated allowance have been included in the qualitative framework for the respective loan portfolios.

Held-for-investment loans acquired with no evidence of credit deterioration are initially valued at an estimated fair value on the date of acquisition, with no initial related allowance for loan losses. These loans are evaluated for impairment on a quarterly basis as part of our analysis of the allowance for loan losses.

In underwriting a loan secured by real property, we require an appraisal (or an automated valuation model) of the property by an independent licensed appraiser approved by the Company’s board of directors. The appraisal is subject to review by an independent third-party hired by the Company. We review and inspect properties before disbursement of funds during the term of a construction loan. Generally, management obtains updated appraisals when a loan is deemed impaired, or sooner if management deems it appropriate. These appraisals may be more limited than those prepared for the underwriting of a new loan. In addition, when the Company acquires other real estate owned, it generally obtains a current appraisal to substantiate the net carrying value of the asset.

We evaluate the allowance for loan losses based on the combined total of the impaired and general components for loans. Generally when the loan portfolio increases, absent other factors, our allowance for loan loss methodology results in a higher dollar amount of estimated incurred losses. Conversely, when the loan portfolio decreases, absent other factors, our allowance for loan loss methodology results in a lower dollar amount of estimated incurred losses.

Each quarter we evaluate the allowance for loan losses and adjust the allowance as appropriate through a provision for loan losses. While we use the best information available to make evaluations, future adjustments to the allowance may be necessary if conditions differ substantially from the information used in making the evaluations. In addition, as an integral part of their examination process, the Office of the Comptroller of the Currency (OCC) will periodically review the allowance for loan losses. The OCC may require us to adjust the allowance based on their analysis of information available to them at the time of their examination.

A summary of changes in the allowance for loan losses for the years ended December 31, 2016, 2015, and 2014 follows (in thousands):

	December 31,		
	2016	2015	2014

Balance at beginning of year	$24,770	$26,292	$26,037
Provision for loan losses	635	353	645
Recoveries	194	140	402
Charge-offs	(1,004)	(2,015)	(792)
Balance at end of year	$24,595	$24,770	$26,292

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The following table sets forth activity in our allowance for loan losses, by loan type, for the years ended December 31, 2016 and 2015. The following table also details the amount of loans receivable held-for-investment, net of deferred loan fees and costs, that are evaluated individually, and collectively, for impairment, and the related portion of allowance for loan losses that is allocated to each loan portfolio segment (in thousands):

	December 31, 2016										
	Real Estate										
	Commercial	One-to-Four Family	Construction and Land	Multifamily	Home Equity and Lines of Credit	Commercial and Industrial	Other	Unallocated	Originated Loans Total	PCI	Acq Loa
Allowance for loan losses:											
Beginning Balance	$7,106	$787	$261	$12,387	$795	$1,288	$155	$1,093	$23,872	$783	$11
Charge-offs	(638)	(20)	—	(278)	—	(66)	(2)	—	(1,004)	—	—
Recoveries	181	2	—	—	2	4	5	—	194	—	—
Provisions (credit)	(1,217)	(105)	(89)	2,843	(209)	494	(62)	(1,093)	562	113	(40
Ending Balance	$5,432	$664	$172	$14,952	$588	$1,720	$96	$—	$23,624	$896	$75
Ending balance: individually evaluated for impairment	$64	$66	$—	$95	$23	$5	$—	$—	$253	$—	$75
Ending balance: collectively evaluated for impairment	$5,368	$598	$172	$14,857	$565	$1,715	$96	$—	$23,371	$896	$—
Loans, net:											
Ending Balance	$413,352	$106,524	$14,092	$1,510,100	$66,767	$32,013	$1,498	$—	$2,144,346	$30,498	$79
Ending balance: individually evaluated for impairment	$20,710	$2,180	$—	$1,372	$336	$101	$—	$—	$24,699	$—	$1,5
Ending balance: collectively evaluated for	$392,642	$104,344	$14,092	$1,508,728	$66,431	$31,912	$1,498	$—	$2,119,647	$30,498	$79

impairment

	December 31, 2015 Real Estate										
	Commercial	One-to-Four Family	Construction and Land	Multifamily	Home Equity and Lines of Credit	Commercial and Industrial	Other	Unallocated	Originated Loans Total	PCI	Acqu Loan
Allowance for loan losses:											
Beginning Balance	$9,309	$951	$266	$12,219	$901	$841	$134	$1,209	$25,830	$400	$62
Charge-offs	(1,431)	(277)	—	(120)	(115)	(71)	(1)	—	(2,015)	—	—
Recoveries	2	20	—	25	42	34	17	—	140	—	—
Provisions (credit)	(774)	93	(5)	263	(33)	484	5	(116)	(83)	383	53
Ending Balance	$7,106	$787	$261	$12,387	$795	$1,288	$155	$1,093	$23,872	$783	$115
Ending balance: individually evaluated for impairment	$394	$167	$—	$158	$51	$4	$—	$—	$774	$—	$115
Ending balance: collectively evaluated for impairment	$6,712	$620	$261	$12,229	$744	$1,284	$155	$1,093	$23,098	$783	$—
Loans, net:											
Ending Balance	$402,714	$99,010	$18,677	$1,320,724	$62,594	$25,610	$2,256	$—	$1,931,585	$33,115	$409
Ending balance: individually evaluated for impairment	$20,465	$2,344	$—	$2,458	$354	$116	$—	$—	$25,737	$—	$3,2
Ending balance: collectively evaluated for impairment	$382,249	$96,666	$18,677	$1,318,266	$62,240	$25,494	$2,256	$—	$1,905,848	$33,115	$405

The Company monitors the credit quality of its loan portfolio on a regular basis. Credit quality is monitored by reviewing certain credit quality indicators. Management has determined that loan-to-value ratios (at period end) and internally assigned credit risk ratings by loan type are the key credit quality indicators that best measure the credit quality of the Company’s loan receivables. Loan-to-value (“LTV”) ratios used by management in monitoring credit quality are based on current period loan balances and original appraised values at time of origination (unless a current appraisal has been obtained as a result of the loan being deemed impaired). In calculating the provision for loan losses, based on past loan loss experience, management has determined that commercial real estate loans and multifamily loans having loan-to-value ratios, as described above, of less than 35%, and one-to-four family loans having loan-to-value ratios, as described above, of less than 60%, require less of a loss factor than those with higher loan to value ratios.

The Company maintains a credit risk rating system as part of the risk assessment of its loan portfolio. The Company’s lending officers are required to assign a credit risk rating to each loan in their portfolio at origination. This risk rating is reviewed periodically and adjusted if necessary. Monthly, management presents monitored assets to the loan committee. In addition, the Company engages a third-party independent loan reviewer that performs semi-annual reviews of a sample of loans, validating the credit risk ratings assigned to such loans. The credit risk ratings play an important role in the establishment of the loan loss provision and the allowance for loan losses for originated loans held-for-investment. After determining the general reserve loss factor for each originated portfolio segment held-for-investment, the originated portfolio segment held-for-investment balance collectively evaluated for impairment is multiplied by the general reserve loss factor for the respective portfolio segment in order to determine the general reserve.

When assigning a risk rating to a loan, management utilizes the Bank’s internal nine-point credit risk rating system.

1. Strong
2. Good
3. Acceptable
4. Adequate
5. Watch
6. Special Mention
7. Substandard
8. Doubtful
9. Loss

Loans rated 1 to 5 are considered pass ratings. An asset is classified substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard assets have well defined weaknesses based on objective evidence, and are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. Assets classified as doubtful have all of the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses present make collection or liquidation in full highly questionable and improbable based on current circumstances. Assets classified as loss are those considered uncollectible and of such little value that their continuance as assets is not warranted. Assets which do not currently expose the Company to sufficient risk to warrant classification in one of the aforementioned categories, but possess weaknesses, are required to be designated special mention.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The following table details the recorded investment of originated loans receivable held-for-investment, net of deferred fees and costs, by loan type and credit quality indicator at December 31, 2016 and 2015 (in thousands):

	At December 31, 2016										
	Real Estate										
	Multifamily		Commercial		One-to-Four Family		Construction and Land	Home Equity and Lines of Credit	Commercial and Industrial	Other	Total
	< 35% LTV	=> 35% LTV	< 35% LTV	=> 35% LTV	< 60% LTV	=> 60% LTV					
Internal Risk Rating											
Pass	$122,525	$1,381,231	$65,612	$323,842	$59,214	$43,316	$14,092	$66,489	$31,173	$1,498	$2,108
Special Mention	25	4,636	—	3,852	705	—	—	29	696	—	9,943
Substandard	40	1,643	1,179	18,867	1,807	1,482	—	249	144	—	25,411
Originated loans held-for-investment, net	$122,590	$1,387,510	$66,791	$346,561	$61,726	$44,798	$14,092	$66,767	$32,013	$1,498	$2,144

	At December 31, 2015										
	Real Estate										
	Multifamily		Commercial		One-to-Four Family		Construction and Land	Home Equity and Lines of Credit	Commercial and Industrial	Other	Total
	< 35% LTV	=> 35% LTV	< 35% LTV	=> 35% LTV	< 60% LTV	=> 60% LTV					
Internal Risk Rating											
Pass	$124,678	$1,188,916	$52,253	$319,733	$48,429	$46,578	$18,677	$61,935	$24,846	$2,256	$1,888
Special Mention	51	3,832	974	2,966	504	—	—	75	316	—	8,718
Substandard	775	2,472	1,233	25,555	2,112	1,387	—	584	448	—	34,566
Originated loans held-for-investment, net	$125,504	$1,195,220	$54,460	$348,254	$51,045	$47,965	$18,677	$62,594	$25,610	$2,256	$1,931

94

Included in loans receivable are loans for which the accrual of interest income has been discontinued due to deterioration in the financial condition of the borrowers. The recorded investment of these nonaccrual loans was $7.3 million and $8.8 million at December 31, 2016, and December 31, 2015, respectively. Generally, originated loans are placed on non-accruing status when they become 90 days or more delinquent, or sooner if considered appropriate by management, and remain on non-accrual status until they are brought current, have six consecutive months of performance under the loan terms, and factors indicating reasonable doubt about the timely collection of payments no longer exist. Therefore, loans may be current in accordance with their loan terms, or may be less than 90 days delinquent and still be on a non-accruing status.

Non-accrual amounts include loans deemed to be impaired of $5.7 million and $6.7 million at December 31, 2016, and December 31, 2015, respectively. Loans on non-accrual status with principal balances less than $500,000, and therefore not meeting the Company’s definition of an impaired loan, amounted to $1.7 million at December 31, 2016, and $2.1 million at December 31, 2015. There was no loans held-for-sale at December 31, 2016, and December 31, 2015. Loans past due ninety days or more and still accruing interest were $60,000 and $15,000 at December 31, 2016, and December 31, 2015, respectively, and consisted of loans that are well secured and in the process of collection.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The following table sets forth the detail, and delinquency status, of originated and acquired non-performing loans (non-accrual loans and loans past due ninety days or more and still accruing), net of deferred fees and costs, at December 31, 2016 and 2015 (in thousands), excluding PCI loans which have been segregated into pools. For PCI loans, each loan pool is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows.

	At December 31, 2016					
	Total Non-Performing Loans					
	Non-Accruing Loans					
	0-29 Days Past Due	30-89 Days Past Due	90 Days or More Past Due	Total	90 Days or More Past Due and Accruing	Total Non-Performing Loans
Loans held-for-investment:						
Real estate loans:						
Commercial						
LTV => 35%						
Substandard	$341	$—	$4,882	$5,223	$ —	$ 5,223
Total commercial	341	—	4,882	5,223	—	5,223
One-to-four family residential						
LTV < 60%						
Substandard	384	383	442	1,209	9	1,218
LTV => 60%						
Substandard	—	—	—	—	43	43
Total one-to-four family residential	384	383	442	1,209	52	1,261
Multifamily						
LTV => 35%						
Substandard	—	—	3	3	—	3
LTV < 35%						
Substandard	40	—	—	40	—	40
Total multifamily	40	—	3	43	—	43
Home equity and lines of credit						
Substandard	—	96	—	96	—	96
Total home equity and lines of credit	—	96	—	96	—	96
Total non-performing loans held-for-investment	765	479	5,327	6,571	52	6,623
Loans acquired:						
Real Estate Loans:						
Commercial						
LTV < 35%						
Substandard	—	—	231	231	—	231
LTV >= 35%						
Substandard	—	—	59	59	—	59
Total Commercial	—	—	290	290	—	290
One-to-four family residential						
LTV < 60%						
Substandard	420	—	—	420	—	420
Total one-to-four family residential	420	—	—	420	—	420

Home equity and lines of credit	—	—	31	31	8	39
Commercial and industrial	—	—	9	9	—	9
Total non-performing loans acquired	420	—	330	750	8	758
Total non-performing loans	$1,185	$479	$5,657	$7,321	$ 60	$ 7,381

96

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

	At December 31, 2015					
	Total Non-Performing Loans					
	Non-Accruing Loans					
	0-29 Days Past Due	30-89 Days Past Due	90 Days or More Past Due	Total	90 Days or More Past Due and Accruing	Total Non-Performing Loans
Loans held-for-investment:						
Real estate loans:						
Commercial						
LTV => 35%						
Substandard	$344	$372	$4,516	$5,232	$ —	$ 5,232
Total commercial	344	372	4,516	5,232	—	5,232
One-to-four family residential						
LTV < 60%						
Substandard	364	180	565	1,109	—	1,109
Total	364	180	565	1,109	—	1,109
LTV => 60%						
Substandard	901	135	—	1,036	—	1,036
Total	901	135	—	1,036	—	1,036
Total one-to-four family residential	1,265	315	565	2,145	—	2,145
Construction and land						
Pass	—	—	113	113	—	113
Total construction and land	—	—	113	113	—	113
Multifamily						
LTV => 35%						
Substandard	—	—	559	559	—	559
Total multifamily	—	—	559	559	—	559
Home equity and lines of credit						
Substandard	—	—	329	329	—	329
Total home equity and lines of credit	—	—	329	329	—	329
Commercial and industrial loans						
Pass	—	—	—	—	15	15
Total commercial and industrial loans	—	—	—	—	15	15
Total non-performing loans held-for-investment	1,609	687	6,082	8,378	15	8,393
Loans acquired:						
One-to-four family residential						
LTV < 60%						
Substandard	429	—	—	429	—	429
Total one-to-four family residential	429	—	—	429	—	429
Total non-performing loans acquired	429	—	—	429	—	429
Total non-performing loans	$2,038	$687	$6,082	$8,807	$ 15	$ 8,822

97

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The following table sets forth the detail and delinquency status of originated and acquired loans, net of deferred fees and costs, by performing and non-performing loans at December 31, 2016 and 2015 (in thousands):

	December 31, 2016				
	Performing (Accruing) Loans				
	0-29 Days Past Due	30-89 Days Past Due	Total	Non-Performing Loans	Total Loans Receivable, net
Loans held-for-investment:					
Real estate loans:					
Commercial					
LTV < 35%					
Pass	$65,189	$423	$ 65,612	$ —	$ 65,612
Substandard	1,179	—	1,179	—	1,179
Total	66,368	423	66,791	—	66,791
LTV => 35%					
Pass	322,307	1,535	323,842	—	323,842
Special Mention	3,852	—	3,852	—	3,852
Substandard	12,600	1,044	13,644	5,223	18,867
Total	338,759	2,579	341,338	5,223	346,561
Total commercial	405,127	3,002	408,129	5,223	413,352
One-to-four family residential					
LTV < 60%					
Pass	56,787	2,427	59,214	—	59,214
Special Mention	—	705	705	—	705
Substandard	589	—	589	1,218	1,807
Total	57,376	3,132	60,508	1,218	61,726
LTV => 60%					
Pass	43,316	—	43,316	—	43,316
Special Mention	—	—	—	—	—
Substandard	1,439	—	1,439	43	1,482
Total	44,755	—	44,755	43	44,798
Total one-to-four family residential	102,131	3,132	105,263	1,261	106,524
Construction and land					
Pass	14,092	—	14,092	—	14,092
Special Mention	—	—	—	—	—
Substandard	—	—	—	—	—
Total construction and land	14,092	—	14,092	—	14,092
Multifamily					
LTV < 35%					
Pass	122,525	—	122,525	—	122,525
Special Mention	25	—	25	—	25
Substandard	—	—	—	40	40
Total	122,550	—	122,550	40	122,590
LTV= > 35%					
Pass	1,380,331	900	1,381,231	—	1,381,231
Special Mention	4,636	—	4,636	—	4,636

Substandard	1,640	—	1,640	3	1,643
Total	1,386,607	900	1,387,507	3	1,387,510
Total multifamily	1,509,157	900	1,510,057	43	1,510,100
Home equity and lines of credit					
Pass	66,369	120	66,489	—	66,489
Special Mention	29	—	29	—	29
Substandard	153	—	153	96	249
Total home equity and lines of credit	66,551	120	66,671	96	66,767
Commercial and industrial loans					
Pass	31,040	133	31,173	—	31,173
Special Mention	696	—	696	—	696
Substandard	144	—	144	—	144
Total commercial and industrial loans	31,880	133	32,013	—	32,013
Other loans					
Pass	1,452	46	1,498	—	1,498
Total other loans	1,452	46	1,498	—	1,498

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

	December 31, 2016 Performing (Accruing) Loans				
	0-29 Days Past Due	30-89 Days Past Due	Total	Non-Performing Loans	Total Loans Receivable, net
Total originated loans held-for-investment	2,130,390	7,333	2,137,723	6,623	2,144,346
Acquired loans:					
One-to-four family residential					
LTV < 60%					
Pass	285,116	21	285,137	—	285,137
Special Mention	502	—	502	—	502
Substandard	654	261	915	420	1,335
Total	286,272	282	286,554	420	286,974
LTV => 60%					
Pass	30,199	—	30,199	—	30,199
Substandard	259	207	466	—	466
Total	30,458	207	30,665	—	30,665
Total one-to-four family residential	316,730	489	317,219	420	317,639
Commercial					
LTV < 35%					
Pass	61,646	7	61,653	—	61,653
Special Mention	286	—	286	—	286
Substandard	406	1,040	1,446	231	1,677
Total	62,338	1,047	63,385	231	63,616
LTV => 35%					
Pass	119,932	132	120,064	—	120,064
Special Mention	446	138	584	—	584
Substandard	3,419	259	3,678	59	3,737
Total	123,797	529	124,326	59	124,385
Total commercial	186,135	1,576	187,711	290	188,001
Construction and land					
Pass	20,887	—	20,887	—	20,887
Total construction and land	20,887	—	20,887	—	20,887
Multifamily					
LTV < 35%					
Pass	205,025	—	205,025	—	205,025
Special Mention	99	111	210	—	210
Substandard	156	—	156	—	156
Total	205,280	111	205,391	—	205,391
LTV => 35%					
Pass	9,569	—	9,569	—	9,569
Substandard	—	429	429	—	429
Total	9,569	429	9,998	—	9,998
Total multifamily	214,849	540	215,389	—	215,389
Commercial and industrial					

Pass	25,419	—	25,419	—	25,419
Substandard	—	15	15	9	24
Total commercial and industrial	25,419	15	25,434	9	25,443
Home equity and lines of credit					
Pass	25,340	45	25,385	—	25,385
Substandard	—	98	98	39	137
Total home equity and lines of credit	25,340	143	25,483	39	25,522
Other	355	4	359	—	359
Total loans acquired	789,715	2,767	792,482	758	793,240
	$2,920,105	$10,100	$2,930,205	$ 7,381	$2,937,586

99

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

	December 31, 2015 Performing (Accruing) Loans				
	0-29 Days Past Due	30-89 Days Past Due	Total	Non-Performing Loans	Total Loans Receivable, net
Loans held-for-investment:					
Real estate loans:					
Commercial					
LTV < 35%					
Pass	$50,974	$1,279	$52,253	$ —	$52,253
Special Mention	974	—	974	—	974
Substandard	1,233	—	1,233	—	1,233
Total	53,181	1,279	54,460	—	54,460
LTV => 35%					
Pass	319,411	322	319,733	—	319,733
Special Mention	2,966	—	2,966	—	2,966
Substandard	8,696	11,627	20,323	5,232	25,555
Total	331,073	11,949	343,022	5,232	348,254
Total commercial	384,254	13,228	397,482	5,232	402,714
One-to-four family residential					
LTV < 60%					
Pass	45,737	2,692	48,429	—	48,429
Special Mention	134	370	504	—	504
Substandard	696	307	1,003	1,109	2,112
Total	46,567	3,369	49,936	1,109	51,045
LTV => 60%					
Pass	46,578	—	46,578	—	46,578
Substandard	—	351	351	1,036	1,387
Total	46,578	351	46,929	1,036	47,965
Total one-to-four family residential	93,145	3,720	96,865	2,145	99,010
Construction and land					
Pass	18,564	—	18,564	113	18,677
Total construction and land	18,564	—	18,564	113	18,677
Multifamily					
LTV < 35%					
Pass	124,678	—	124,678	—	124,678
Special Mention	—	51	51	—	51
Substandard	775	—	775	—	775
Total	125,453	51	125,504	—	125,504
LTV => 35%					
Pass	1,187,147	1,769	1,188,916	—	1,188,916
Special Mention	2,687	1,145	3,832	—	3,832
Substandard	1,913	—	1,913	559	2,472
Total	1,191,747	2,914	1,194,661	559	1,195,220
Total multifamily	1,317,200	2,965	1,320,165	559	1,320,724
Home equity and lines of credit					

Pass	61,561	374	61,935	—	61,935
Special Mention	75	—	75	—	75
Substandard	255	—	255	329	584
Total home equity and lines of credit	61,891	374	62,265	329	62,594
Commercial and industrial loans					
Pass	24,780	51	24,831	15	24,846
Special Mention	316	—	316	—	316
Substandard	395	53	448	—	448
Total Commercial and industrial loans	25,491	104	25,595	15	25,610
Other loans					
Pass	2,245	11	2,256	—	2,256
Total other loans	2,245	11	2,256	—	2,256

100

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

	December 31, 2015				
	Performing (Accruing) Loans				
	0-29 Days Past Due	30-89 Days Past Due	Total	Non-Performing Loans	Total Loans Receivable, net
Total originated loans held-for-investment	1,902,790	20,402	1,923,192	8,393	1,931,585
Loans acquired:					
One-to-four family residential					
LTV < 60%					
Pass	313,425	312	313,737	—	313,737
Special Mention	549	—	549	—	549
Substandard	737	177	914	429	1,343
Total	314,711	489	315,200	429	315,629
LTV => 60%					
Pass	14,759	—	14,759	—	14,759
Substandard	284	—	284	—	284
Total	15,043	—	15,043	—	15,043
Total one-to-four family residential	329,754	489	330,243	429	330,672
Commercial					
LTV < 35%					
Pass	2,164	—	2,164	—	2,164
Substandard	—	729	729	—	729
Total	2,164	729	2,893	—	2,893
LTV => 35%					
Pass	5,536	—	5,536	—	5,536
Special Mention	883	—	883	—	883
Substandard	1,848	—	1,848	—	1,848
Total	8,267	—	8,267	—	8,267
Total commercial	10,431	729	11,160	—	11,160
Multifamily					
LTV < 35%					
Pass	4,695	—	4,695	—	4,695
Special Mention	138	—	138	—	138
Total	4,833	—	4,833	—	4,833
LTV => 35%					
Pass	59,632	—	59,632	—	59,632
Special Mention	314	—	314	—	314
Total	59,946	—	59,946	—	59,946
Total multifamily	64,779	—	64,779	—	64,779
Home equity and lines of credit					
Pass	2,404	—	2,404	—	2,404
Total home equity and lines of credit	2,404	—	2,404	—	2,404
Total loans acquired	407,368	1,218	408,586	429	409,015
	$2,310,158	$21,620	$2,331,778	$ 8,822	$2,340,600

101

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The following table summarizes originated and acquired (subsequent to acquisition) impaired loans as of December 31, 2016 and 2015 (in thousands):

	At December 31, 2016			December 31, 2015		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
With No Allowance Recorded:						
Real estate loans:						
Commercial						
Substandard	$—	$ 139	$ —	$—	$ 139	$ —
LTV => 35%						
Pass	3,911	4,047	—	4,051	4,188	—
Special Mention	—	—	—			
Substandard	14,780	16,868	—	13,371	14,748	—
One-to-four family residential						
LTV < 60%						
Pass	633	633	—	221	221	—
Substandard	184	184	—	234	234	—
LTV => 60%						
Substandard	620	848	—	150	167	
Multifamily						
LTV < 35%						
Substandard	156	156	—	—	—	—
LTV => 35%						
Pass	63	534	—	75	545	—
Substandard	—	—	—	1,012	1,012	—
Home Equity						
Pass	39	39	—	—	—	—
Commercial and industrial loans						
Substandard	75	75	—	87	87	—
With a Related Allowance Recorded:						
Real estate loans:						
Commercial						
LTV => 35%						
Substandard	2,019	2,019	(64)	4,891	5,430	(394)
One-to-four family residential						
LTV < 60%						
Pass	—	—	—	503	503	(33)
Substandard	1,522	1,522	(97)	1,604	1,604	(152)
LTV => 60%						
Pass	275	275	(3)			
Special Mention	—	—	—	1,034	1,081	(97)
Substandard	381	381	(41)	—	—	—
Multifamily						
LTV => 35%						
Pass	1,309	1,309	(95)	—	—	—
Substandard	—	—	—	1,371	1,371	(158)
Home equity and lines of credit						

Pass	258	258	(5)	269	269	(11)
Special Mention	—	—	—	44	44	(19)
Substandard	39	39	(18)	41	41	(21)
Commercial and industrial loans						
Special Mention	26	26	(5)	29	29	(4)
Total:						
Real estate loans:						
Commercial	20,710	23,073	(64)	22,313	24,505	(394)
One-to-four family residential	3,615	3,843	(141)	3,746	3,810	(282)
Multifamily	1,528	1,999	(95)	2,458	2,928	(158)
Home equity and lines of credit	336	336	(23)	354	354	(51)
Commercial and industrial loans	101	$ 101	(5)	116	116	(4)
	$26,290	$ 29,352	$ (328)	$28,987	$ 31,713	$ (889)

102

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

Included in the table above at December 31, 2016, are impaired loans with carrying balances of $11.5 million that were not written down by charge-offs or for which there are no specific reserves in our allowance for loan losses. Included in the impaired loans at December 31, 2015, are loans with carrying balances of $14.5 million that were not written down by charge-offs or for which there are no specific reserves in our allowance for loan losses. Loans not written down by charge-offs or specific reserves at December 31, 2016 and 2015, have sufficient collateral values, less costs to sell (including any discounts to facilitate a sale), or sufficient future cash flows to support the carrying balances of the loans.

The following table summarizes the average recorded investment in originated and acquired impaired loans (excluding PCI loans) and interest recognized on impaired loans as of, and for, the years ended December 31, 2016, and December 31, 2015 (in thousands):

	December 31, 2016		December 31, 2015	
	Average Recorded Investment	Interest Income	Average Recorded Investment	Interest Income
With No Allowance Recorded:				
Real estate loans:				
Commercial				
LTV < 35%				
Substandard	$ —	$ 39	$ —	$ —
LTV => 35%				
Pass	3,980	192	2,938	184
Special Mention	—	—	109	—
Substandard	13,853	450	12,593	884
One-to-four family residential				
LTV < 60%				
Pass	559	31	207	9
Special Mention	—	—	55	—
Substandard	213	21	188	22
One-to-four family residential				
LTV => 60%				
Substandard	339	26	101	3
Multifamily				
LTV < 35%				
Substandard	62	6	—	—
LTV => 35%				
Pass	69	17	80	17
Substandard	582	—	688	27
Home equity and lines of credit				
Pass	8	3		
Special Mention	—	—	29	—
Commercial and industrial loans				
Special Mention	—	—	59	—
Substandard	81	—	93	—
With a Related Allowance Recorded:				
Real estate loans:				

Commercial				
LTV => 35%				
Pass	—	—	668	—
Substandard	5,800	62	10,357	75
One-to-four family residential				
LTV < 60%				
Pass	137	—	263	19
Special Mention	—	—	127	—
Substandard	1,575	26	1,017	65
LTV => 60%				
Pass	110	6	—	—
Special Mention	—	—	207	—
Substandard	796	4	377	102

103

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

	December 31, 2016		December 31, 2015	
	Average Recorded Investment	Interest Income	Average Recorded Investment	Interest Income
Multifamily				
LTV => 35%				
Pass	794	50	—	—
Substandard	546	—	1,399	52
Home equity and lines of credit				
Pass	264	8	163	7
Special Mention	34	—	129	3
Substandard	40	1	25	2
Commercial and industrial loans				
Pass	—	—		
Special Mention	27	1	24	2
Substandard	—	—	82	—
Total:				
Real estate loans:				
Commercial	23,633	743	26,665	1,143
One-to-four family residential	3,729	114	2,542	220
Multifamily	2,053	73	2,167	96
Home equity and lines of credit	346	12	346	12
Commercial and industrial loans	108	1	258	2
	$29,869	$ 943	$31,978	$1,473

There were no loans modified as troubled debt restructurings (“TDRs”) during the year ended December 31, 2016. The following tables summarize loans that were modified in a troubled debt restructuring during the year ended December 31, 2015:

	Year Ended December 31, 2015		
	Number of Relationships	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
		(Dollars in thousands)	
Commercial real estate loans			
Substandard	3	$8,957	$ 8,457
One-to-four Family			
Pass	1	20	20
Substandard	8	1,889	1,889
Home equity and lines of credit			
Substandard	1	43	43
Total Troubled Debt Restructurings	13	$10,909	$ 10,409

One of the commercial real estate relationships in the table above, with a pre-modification outstanding recorded investment of $6.3 million, represents five loans to one borrower that were restructured into one loan, and then subsequently sold, during the year ended December 31, 2015. These loans were restructured to provide partial forgiveness of debt, after the borrower made a $500,000 principal payment. The remaining relationships in the table above were restructured to receive reduced interest rates. There were two loans modified as TDRs during the year ended December 31, 2015, that subsequently defaulted, consisting of two one-to-four family residential loans to one borrower, with a recorded investment of $361,000 at December 31, 2016, one of which totaling approximately $184,000, was paid off in full in February 2017.

At December 31, 2016 and 2015, we had TDRs of $22.4 million and $26.6 million, respectively.

Management classifies all troubled debt restructurings as impaired loans. Impaired loans are individually assessed to determine that the loan's carrying value is not in excess of the estimated fair value of the collateral (less cost to sell), if the loan is collateral dependent, or the present value of the expected future cash flows, if the loan is not collateral dependent. Management performs a detailed evaluation of each impaired loan and generally obtains updated appraisals as part of the

104

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

evaluation. In addition, management adjusts estimated fair values down to appropriately consider recent market conditions, our willingness to accept a lower sales price to effect a quick sale, and costs to dispose of any supporting collateral. Determining the estimated fair value of underlying collateral (and related costs to sell) can be difficult in illiquid real estate markets and is subject to significant assumptions and estimates. Management employs an independent third-party expert in appraisal preparation and review to ascertain the reasonableness of updated appraisals. Projecting the expected cash flows under troubled debt restructurings which are not collateral dependent is inherently subjective and requires, among other things, an evaluation of the borrower's current and projected financial condition. Actual results may be significantly different than our projections and our established allowance for loan losses on these loans, which could have a material effect on our financial results.

(6) Premises and Equipment, Net

At December 31, 2016 and 2015, premises and equipment, less accumulated depreciation and amortization, consists of the following (in thousands):

	December 31, 2016	December 31, 2015
At cost:		
Land	$4,018	$2,530
Buildings and improvements	8,856	6,695
Capital leases	2,600	2,600
Furniture, fixtures, and equipment	21,962	19,954
Leasehold improvements	27,398	26,197
	64,834	57,976
Accumulated depreciation and amortization	(37,924)	(34,333)
Premises and equipment, net	$26,910	$23,643

Depreciation expense for the years ended December 31, 2016, 2015, and 2014, was $3.6 million, $3.4 million, and $3.6 million, respectively.

There were no sales of premises and equipment in 2016, 2015, or 2014.

(7) Deposits

Deposit account balances are summarized as follows (dollars in thousands):

	As of December 31, 2016		As of December 31, 2015	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
Transaction:				
Negotiable orders of withdrawal	$467,440	0.34 %	$217,813	0.25 %
Non-interest bearing checking	390,484	— %	263,073	— %
Total transaction	857,924	0.19 %	480,886	0.11 %
Savings:				
Money market	818,660	0.67 %	548,132	0.62 %
Savings	500,926	0.24 %	524,043	0.47 %
Total savings	1,319,586	0.51 %	1,072,175	0.55 %
Certificates of deposit:				

Under $250,000	484,480	1.22 %	461,127	1.11 %
$250,000 or more	51,597	1.48 %	38,741	1.73 %
Total certificates of deposit	536,077	1.24 %	499,868	1.15 %
Total deposits	$2,713,587	0.55 %	$2,052,929	0.59 %

The Company had brokered deposits (included in certificates of deposit in the above table) of $98.8 million and $157.1 million at December 31, 2016 and 2015, respectively.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

Scheduled maturities of certificates of deposit are summarized as follows (in thousands):

	December 31, 2016
2017	$ 237,733
2018	109,599
2019	94,622
2020	78,344
2021	15,779
Thereafter	—
Total	$ 536,077

Interest expense on deposits is summarized as follows (in thousands):

	December 31,		
	2016	2015	2014
Negotiable order of withdrawal and money market	$5,634	$2,816	$1,766
Savings-passbook and statement	2,124	2,141	445
Certificates of deposit	6,529	5,466	3,180
	$14,287	$10,423	$5,391

(8) Borrowings

Borrowings consisted of securities sold under agreements to repurchase, FHLB advances, and obligations under capital leases and are summarized as follows (in thousands):

	December 31,	
	2016	2015
Repurchase agreements	$8,000	$63,000
Other borrowings:		
FHLB advances	453,220	487,130
Floating rate advances	11,463	7,272
Obligations under capital leases	523	727
	$473,206	$558,129

FHLB advances are secured by a blanket lien on unencumbered securities and the Company's FHLB capital stock.

Repurchase agreements and FHLB advances have contractual maturities as follows (in thousands):

	December 31, 2016	
	FHLB Advances	Repurchase Agreements
2017	$159,003	$ 6,000
2018	140,715	2,000
2019	93,502	—
2020	60,000	—
2021	—	—
	$453,220	$ 8,000

At December 31, 2016, repurchase agreements have a weighted average rate of 3.19%, with $4.0 million maturing in the first quarter of 2017 and $4.0 million maturing in more than 90 days. The repurchase agreements are secured primarily by mortgage-backed securities with an amortized cost of $13.7 million, and a fair value of $13.9 million, at December 31, 2016. At December 31, 2015, repurchase agreements had a weighted average rate of 2.77%, with $51.0 million maturing in the first quarter of 2016 and $12.0 million maturing in more than 90 days. The repurchase agreements were secured primarily by mortgage-backed securities with an amortized cost of $69.1 million, and a fair value of $70.7 million, at December 31, 2015.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The Company has the ability to obtain additional funding from the FHLB and Federal Reserve Bank discount window of approximately $837.8 million, utilizing unencumbered and unpledged securities of $123.0 million and multifamily loans of $798.6 million at December 31, 2016. The Company expects to have sufficient funds available to meet current commitments in the normal course of business.

Interest expense on borrowings is summarized as follows (in thousands):

	December 31,		
	2016	2015	2014
Repurchase agreements	$569	$2,446	$4,161
FHLB advances	6,743	6,742	5,717
Floating rate advances	27	17	3
Obligations under capital leases	42	60	80
	$7,381	$9,265	$9,961

(9) Income Taxes

Income tax expense (benefit) consists of the following (in thousands):

	December 31,		
	2016	2015	2014
Federal tax expense (benefit):			
Current	$14,218	$11,796	$11,195
Deferred	(1,260)	(2,305)	(1,675)
	12,958	9,491	9,520
State and local tax expense (benefit):			
Current	2,506	1,811	1,828
Deferred	(1,799)	673	508
	707	2,484	2,336
Total income tax expense	$13,665	$11,975	$11,856

Reconciliation between the amount of reported total income tax expense and the amount computed by multiplying the applicable statutory income tax rate for the years ended December 31, 2016, 2015, and 2014, is as follows (dollars in thousands):

	December 31,		
	2016	2015	2014
Tax expense at statutory rate of 35%	$13,928	$11,027	$11,242
Increase (decrease) in taxes resulting from:			
State tax, net of federal income tax	460	1,615	1,519
Bank owned life insurance	(1,399)	(1,319)	(1,366)
Merger related costs	74	201	—
Incentive stock options	299	210	134
Uncertain tax position	178	51	131
Other, net	125	190	196
Income tax expense	$13,665	$11,975	$11,856

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2016 and 2015, are as follows (in thousands):

	December 31,	
	2016	2015
Deferred tax assets:		
Allowance for loan losses	$9,470	$9,514
Capitalized leases	213	287
Deferred compensation	5,686	2,450
Accrued salaries	1,128	910
Postretirement benefits	576	555
Equity awards	5,005	4,707
Unrealized actuarial losses on post retirement benefits	124	217
Straight-line leases adjustment	1,219	1,099
Asset retirement obligation	89	97
Reserve for accrued interest receivable	1,116	775
Reserve for loan commitments	193	127
Employee Stock Ownership Plan	642	532
Other	366	358
Depreciation	2,509	2,123
Fair value adjustments of acquired loans	10,168	7,105
Fair value adjustments of pension benefit obligations	250	267
Unrealized losses on securities	2,775	1,780
Total gross deferred tax assets	41,529	32,903
Deferred tax liabilities:		
Fair value adjustments of acquired securities	82	9
Fair value adjustments of deposit liabilities	547	30
Deferred loan fees	1,910	1,777
Other	59	21
Total gross deferred tax liabilities	2,598	1,837
Net deferred tax asset	$38,931	$31,066

The Company recorded net deferred tax assets of approximately $3.9 million as a result of the Hopewell Valley acquisition.

The Company has determined that it is not required to establish a valuation reserve for the net deferred tax asset account since it is “more likely than not” that the net deferred tax assets will be realized through future reversals of existing taxable temporary differences, future taxable income and tax planning strategies. The conclusion that it is “more likely than not” that the net deferred tax assets will be realized is based on the history of earnings and the prospects for continued profitability. Management will continue to review the tax criteria related to the recognition of deferred tax assets.

As a savings institution, the Bank is subject to a special federal tax provision regarding its frozen tax bad debt reserve. At December 31, 2016, and December 31, 2015, the Bank’s federal tax bad debt base-year reserve was $5.9 million, with a related net deferred tax liability of $2.8 million, which has not been recognized since the Bank does not expect that this reserve will become taxable in the foreseeable future. Events that would result in taxation of this reserve include redemptions of the Bank’s stock or certain excess distributions by the Bank to the Company.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

A reconciliation of the Company's uncertain tax positions are as follows (in thousands):

	December 31,		
	2016	2015	2014
Beginning balance	$281	$230	$679
Settlements based on tax positions related to prior years	—	—	(580)
Additions based on tax positions related to prior years	178	51	131
Ending balance	$459	$281	$230

The Company recognizes interest and penalties on income taxes in income tax expense.

The following years are open for examination or under examination:

- Federal tax filings for 2013 through present.
- New York State tax filings 2013 through present. The 2010 through 2012 filings are currently under examination.
- New York City tax filings 2013 through present. The 2010 through 2012 filings are currently under examination.
- State of New Jersey 2013 through present.

(10) Retirement Benefits

The Company has a 401(k) plan for its employees, which grants eligible employees (those salaried employees with at least three months of service) the opportunity to invest from 2% to 15% of their base compensation in certain investment alternatives. The Company contributes an amount equal to 25% of employee contributions on the first 6% of base compensation contributed by eligible employees for the first three years of participation. Subsequent years of participation in excess of three years will increase the Company matching contribution from 25% to 50% of an employee's contributions, on the first 6% of base compensation contributed by eligible employees. A member becomes fully vested in the Company's contributions upon (a) completion of five years of service, or (b) normal retirement, early retirement, permanent disability, or death. The Company's contribution to this plan amounted to approximately $384,000, $321,000, and $292,000 for the years ended December 31, 2016, 2015, and 2014, respectively.

The Company also maintains a profit-sharing plan in which the Company can contribute to the participant's 401(k) account, at its discretion, up to the legal limit of the Internal Revenue Code. The Company did not contribute to the profit sharing plan during 2016, 2015, and 2014.

The Company maintains the Northfield Bank ESOP. The ESOP is a tax-qualified plan designed to invest primarily in the Company's common stock. The ESOP provides employees with the opportunity to receive a funded retirement benefit from the Bank, based primarily on the value of the Company's common stock. The ESOP purchased 2,463,884 shares of the Company's common stock in the Company's initial public offering at a price of $7.13 per share. This purchase was funded with a loan from Northfield Bancorp, Inc. to the ESOP. The outstanding balance at December 31, 2016 and 2015 was $12.1 million and $12.7 million, respectively. The shares of the Company's common stock purchased in the initial public offering are pledged as collateral for the loan. Shares are released for allocation to participants as loan payments are made. A total of 97,836 and 80,131 shares were released and allocated to participants of the ESOP for the years ended December 31, 2016 and 2015, respectively. Cash dividends on unallocated shares are utilized to satisfy required debt payments. Dividends on allocated shares are utilized to prepay debt which releases additional shares to participants.

Upon completion of the Company's second-step conversion, a second ESOP was established for employees in 2013, which purchased 1,422,357 shares of the Company's common stock at a price of $10.00 per share. The purchase was funded with a loan from Northfield Bancorp, Inc. to the second ESOP. The outstanding balance at December 31, 2016 and 2015 was $12.9 million and $13.3 million, respectively. The shares of the Company's common stock purchased in the second-step conversion are pledged as collateral for the loan. Shares are released for allocation to participants as loan payments are made. A total of 50,086 and 47,384 shares were released and allocated to participants of the second ESOP for the years ended December 31, 2016 and 2015, respectively. Cash dividends on unallocated shares are utilized to satisfy required debt payments. Dividends on allocated shares are utilized to prepay debt which releases additional shares to participants.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

ESOP compensation expense for both plans for the years ended December 31, 2016, 2015, and 2014 was $2.0 million, $1.9 million, and $1.7 million, respectively.

The Company maintains a Supplemental Employee Stock Ownership Plan (the "SESOP"), a non-qualified plan, that provides supplemental benefits to certain executives who are prevented from receiving the full benefits contemplated by the ESOP's benefit formula due to tax law limits for tax-qualified plans. The supplemental payments for the SESOP consist of cash payments representing the value of Company shares that cannot be allocated to participants under the ESOPs due to legal limitations imposed on tax-qualified plans. The Company's required contributions to the SESOP plan were $82,000, $82,000, and $7,000 for the years ended December 31, 2016, 2015, and 2014, respectively.

The Company provides post retirement medical and life insurance to a limited number of retired individuals. The Company also provides retiree life insurance benefits to all qualified employees, up to certain limits. The following tables set forth the funded status and components of postretirement benefit costs at December 31 measurement dates (in thousands):

	2016	2015	2014
Accumulated postretirement benefit obligation beginning of year	$1,950	$1,846	$1,294
Service cost	8	9	6
Interest cost	71	62	53
Actuarial (gain) loss	(214)	149	578
Benefits paid	(118)	(116)	(85)
Accumulated postretirement benefit obligation end of year	1,697	1,950	1,846
Accrued liability (included in accrued expenses and other liabilities)	$1,697	$1,950	$1,846

The following table sets forth the amounts recognized in accumulated other comprehensive income (loss) (in thousands):

	December 31,	
	2016	2015
Net loss	$310	$578
Transition obligation	—	—
Prior service cost	—	12
Loss recognized in accumulated other comprehensive income (loss)	$310	$590

The estimated net loss, prior service cost, and transition obligation, that will be amortized from accumulated other comprehensive income (loss) into net periodic cost in 2017, are $28,000, $0, and $0 respectively.

The following table sets forth the components of net periodic postretirement benefit costs for the years ended December 31, 2016, 2015, and 2014 (in thousands):

	December 31,		
	2016	2015	2014
Service cost	$8	$9	$6
Interest cost	71	62	53
Amortization of transition obligation	—	17	17
Amortization of prior service costs	12	38	24
Amortization of unrecognized loss (gain)	54	44	(11)
Net postretirement benefit cost included in compensation and employee benefits	$145	$170	$89

110

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The assumed discount rate related to plan obligations reflects the weighted average of published market rates for high-quality corporate bonds with terms similar to those of the plans expected benefit payments, rounded to the nearest quarter percentage point. The Company's discount rate and rate of compensation increase used in accounting for the plan are as follows:

	2016	2015	2014
Assumptions used to determine benefit obligation at period end:			
Discount rate	3.50%	3.75%	3.50%
Rate of increase in compensation	4.00%	4.00%	4.00%
Assumptions used to determine net periodic benefit cost for the year:			
Discount rate	3.75%	3.50%	4.25%
Rate of increase in compensation	4.00%	4.00%	4.00%

At December 31, 2016, a medical cost trend rate of 8.75% decreasing 0.50% per year thereafter until an ultimate rate of 4.75% is reached, was used in the plan's valuation. The Company's healthcare cost trend rates are based, among other things, on the Company's own experience and third-party analysis of recent and projected healthcare cost trends.

A one percentage-point change in assumed heath care cost trends would have the following effects (in thousands):

	One Percentage Point Increase		One Percentage Point Decrease	
	2016	2015	2016	2015
Effect on benefits earned and interest cost	$ 6	$ 6	$ (5)	$ (4)
Effect on accumulated postretirement benefit obligation	121	156	(108)	(139)

A one percentage-point change in assumed heath care cost trends would have the following effects (in thousands):

	One Percentage Point Increase			One Percentage Point Decrease		
	2016	2015	2014	2016	2015	2014
Aggregate of service and interest components of net periodic cost (benefit)	$ 6	$ 6	$ 4	$ (5)	$ (4)	$ (3)

Benefit payments of approximately $118,000, $116,000, and $85,000 were made in 2016, 2015, and 2014, respectively. The benefits expected to be paid under the postretirement health benefits plan for the next five years are as follows: $120,000 in 2017; $123,000 in 2018; $126,000 in 2019; $128,000 in 2020; and $129,000 in 2021. The benefit payments expected to be paid in the aggregate for the years 2022 through 2026 are $617,000. The expected benefits are based on the same assumptions used to measure the Company's benefit obligation at December 31, 2016, and include estimated future employee service.

The Company also maintained a defined benefit pension plan covering certain employees and individuals from the Flatbush Federal Savings and Loan Association Pension Plan (as part of the acquisition of Flatbush Federal Bancorp, Inc. and its wholly-owned subsidiary, Flatbush Federal Savings and Loan Association), which was terminated in February 2014, and resulted in the Company recognizing a pre-tax gain of $937,000.

The Company maintains a nonqualified plan to provide for the elective deferral of all or a portion of director fees by members of the board of directors, deferral of all or a portion of the compensation and/or annual incentive compensation payable to eligible employees of the Company, and to provide to certain officers of the Company benefits in excess of those permitted to be paid by the Company's savings plan, ESOP, and profit-sharing plan under the applicable Internal Revenue Code. The plan obligation was approximately $14.1 million and $6.9 million at December 31, 2016 and 2015, respectively, and is included in accrued expenses and other liabilities on the consolidated balance sheets. Income under this plan was $503,000, $392,000, and $153,000 for the years ended December 31, 2016, 2015, and 2014, respectively. The Company invests to fund this future obligation, in various mutual funds designated as trading securities. The securities are marked-to-market through current period earnings as a component of non-interest income. Accrued obligations under this plan are credited or charged with the return on the trading securities portfolio as a component of compensation and benefits expense.

The Company entered into a supplemental retirement agreement with its former president and director in 2006. The agreement provided for 120 monthly payments of $17,450. The present value of the obligation, of approximately $1.6 million,

111

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

was recorded in compensation and benefits expense in 2006. The payments were completed during 2016 and no obligation remains as of December 31, 2016. The present value of the obligation at December 31, 2015 was $154,000.

(11) Equity Incentive Plan

In November 2016, the Company granted to an employee 20,000 restricted shares, and 40,000 stock options to purchase Company stock. These shares and options were issued out of the 2008 Equity Incentive Plan (the "2008 EIP"), which allows the Company to grant common stock or options to purchase common stock at specific prices to directors and employees of the Company. The 2008 EIP provides for the issuance or delivery of up to 4,311,796 shares of Northfield Bancorp, Inc. common stock subject to certain plan limitations. As of December 31, 2016, 40,085 restricted shares and 111,445 stock options remain available for issuance under the 2008 EIP. All stock options and restricted stock granted to date vest in equal installments over a five-year period beginning one year from the date of grant. The vesting of options and restricted stock awards may accelerate in accordance with terms of the 2008 EIP. Stock options were granted at an exercise price equal to the fair value of the Company's common stock on the grant date based on quoted market prices and all have an expiration period of ten years. The fair value of stock options granted on November 16, 2016, was estimated utilizing the Black-Scholes option pricing model using the following assumptions: an expected life of 6.5 years utilizing the simplified method, risk-free rate of return of 1.80%, volatility of 30.07% and a dividend yield of 1.74%. The fair value of stock options granted on July 26, 2013, was estimated utilizing the Black-Scholes option pricing model using the following assumptions: an expected life of 6.5 years utilizing the simplified method, risk-free rate of return of 1.39%, volatility of 35.33% and a dividend yield of 1.98%. The fair value of stock options granted on January 30, 2010, was estimated utilizing the Black-Scholes option pricing model using the following assumptions: an expected life of 6.5 years utilizing the simplified method, risk-free rate of return of 2.90%, volatility of 38.29% and a dividend yield of 1.81%. The fair value of stock options granted on May 29, 2009, was estimated utilizing the Black-Scholes option pricing model using the following assumptions: an expected life of 6.5 years utilizing the simplified method, risk-free rate of return of 2.88%, volatility of 38.39% and a dividend yield of 1.50%. The fair value of stock options granted on January 30, 2009, was estimated utilizing the Black-Scholes option pricing model using the following assumptions: an expected life of 6.5 years utilizing the simplified method, risk-free rate of return of 2.17%, volatility of 35.33% and a dividend yield of 1.61%. The Company is expensing the grant date fair value of all employee and director share-based compensation over the requisite service periods on a straight-line basis.

In May 2015, the Company granted to directors and employees 419,000 restricted shares, and 1,090,000 stock options to purchase Company stock. These shares and options were issued out of the 2014 Equity Incentive Plan (the "2014 EIP"), which allows the Company to grant common stock or options to purchase common stock at specific prices to directors and employees of the Company. The 2014 EIP provides for the issuance or delivery of up to 4,978,249 shares (1,422,357 restricted shares and 3,555,892 stock options) of Northfield Bancorp, Inc. common stock subject to certain plan limitations. All stock options and restricted stock granted to date vest in equal installments over a five-year period beginning one year from the date of grant. The vesting of options and restricted stock awards may accelerate in accordance with terms of the 2014 EIP. Stock options were granted at an exercise price equal to the fair value of the Company's common stock on the grant date based on quoted market prices and all have an expiration period of ten years. The fair value of stock options granted on May 27, 2015, was estimated utilizing the Black-Scholes option pricing model using the following assumptions: an expected life of 6.5 years, risk-free rate of return of 1.67%, volatility of 32.06% and a dividend yield of 1.90%. As of December 31, 2016, 56,157 restricted shares and 86,852 stock options remain available for issuance under the 2014 EIP.

In 2014, the Company granted to directors and employees 1,001,200 restricted shares, and 2,502,600 stock options to purchase Company stock. These shares and options were issued out of the 2014 EIP. All stock options and restricted stock granted to date vest in equal installments over a five-year period beginning one year from the date of grant. The vesting of options and restricted stock awards may accelerate in accordance with terms of the 2014 EIP. Stock options were granted at an exercise price equal to the fair value of the Company's common stock on the grant date based on quoted market prices and all have an expiration period of ten years. The fair value of stock options granted on June 11, 2014, was estimated utilizing the Black-Scholes option pricing model using the following assumptions: an expected life of 6.5 years, risk-free rate of return of 1.92%, volatility of 33.83% and a dividend yield of 1.83%. The fair value of stock options granted on December 8, 2014, was estimated utilizing the Black-Scholes option pricing model using the following assumptions: an expected life of 6.5 years, risk-free rate of return of 1.81%, volatility of 32.92% and a dividend yield of 1.68%.

During the years ended December 31, 2016, 2015, and 2014, the Company recorded, $7.3 million, $6.8 million, and $2.8 million of stock-based compensation.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The following table is a summary of the Company's non-vested stock options as of December 31, 2016, and changes therein during the year then ended:

	Number of Stock Options	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Outstanding- December 31, 2014	5,138,072	$ 3.08	$ 10.04	7.44
Granted	1,090,000	4.07	14.76	9.41
Forfeited	(73,040)	3.91	13.13	—
Exercised	(143,171)	2.33	7.22	—
Outstanding- December 31, 2015	6,011,861	3.30	10.93	6.41
Granted	40,000	4.94	18.44	9.88
Forfeited	(32,520)	4.00	13.78	—
Exercised	(690,671)	2.52	7.84	—
Outstanding- December 31, 2016	5,328,670	3.41	11.36	5.78
Exercisable- December 31, 2016	2,985,272	$ 2.92	$ 9.44	4.15

Expected future stock option expense related to the non-vested options outstanding as of December 31, 2016, is $7.0 million over an average period of 2.9 years.

The following is a summary of the status of the Company's restricted shares as of December 31, 2016, and changes therein during the year then ended:

	Number of Shares Awarded	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2014	1,003,074	$ 13.11
Granted	419,000	14.76
Vested	(196,492)	13.09
Forfeited	(31,720)	13.13
Non-vested at December 31, 2015	1,193,862	13.70
Granted	20,000	18.44
Vested	(277,580)	13.61
Forfeited	(12,280)	13.87
Non-vested at December 31, 2016	924,002	$ 13.82

Expected future stock award expense related to the non-vested restricted awards as of December 31, 2016, is $9.8 million over an average period of 2.9 years.

Upon the exercise of stock options, management expects to utilize treasury stock as the source of issuance for these shares.

(12) Commitments and Contingencies

The Company, in the normal course of business, is party to commitments that involve, to varying degrees, elements of risk in excess of the amounts recognized in the consolidated financial statements. These commitments include unused lines of credit and commitments to extend credit.

At December 31, 2016 and 2015, the following commitment and contingent liabilities existed that are not reflected in the accompanying consolidated financial statements (in thousands):

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

	December 31,	
	2016	2015
Commitments to extend credit	$46,069	$18,400
Unused lines of credit	78,825	69,414
Standby letters of credit	7,463	471

The Company's maximum exposure to credit losses in the event of nonperformance by the other party to these commitments is represented by the contractual amount. The Company uses the same credit policies in granting commitments and conditional obligations as it does for amounts recorded in the consolidated balance sheets. These commitments and obligations do not necessarily represent future cash flow requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's assessment of risk. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third-party. The guarantees generally extend for a term of up to one year and are fully collateralized. For each guarantee issued, if the customer defaults on a payment to the third-party, the Company would have to perform under the guarantee. The unamortized fee on standby letters of credit approximates their fair value; such fees were insignificant at December 31, 2016, and at December 31, 2015. The Company maintains an allowance for estimated losses on commitments to extend credit in other liabilities. At December 31, 2016 and 2015, the allowance was $475,000 and $318,000, respectively, and changes to the allowance are recorded as a component of other non-interest expense.

At December 31, 2016, the Company was obligated under non-cancelable operating leases and capitalized leases on property used for banking purposes. Most leases contain escalation clauses and renewal options which provide for increased rentals as well as for increases in certain property costs including real estate taxes, common area maintenance, and insurance.

The projected minimum annual rental payments and receipts under the capitalized leases and operating leases are as follows (in thousands):

	Rental Payments Capitalized Leases	Rental Payments Operating Leases
Year ending December 31:		
2017	$ 254	$ 4,682
2018	262	4,290
2019	44	3,957
2020	—	3,956
2021	—	3,521
Thereafter	—	30,069
Total minimum lease payments	$ 560	$ 50,475

Net rental expense included in occupancy expense was approximately $5.2 million, $4.6 million, and $4.3 million for the years ended December 31, 2016, 2015, and 2014, respectively.

In the normal course of business, the Company may be a party to various outstanding legal proceedings and claims. In the opinion of management, the consolidated financial statements will not be materially affected by the outcome of such legal proceedings and claims.

The Bank has entered into employment agreements with its Chief Executive Officer and the other executive officers of the Bank to ensure the continuity of executive leadership, to clarify the roles and responsibilities of executives, and to make explicit the terms and conditions of executive employment. These agreements are for a term of three years subject to review and annual renewal, and provide for certain levels of base annual salary and in the event of a change in control, as defined, or in the event of termination, as defined, certain levels of base salary, bonus payments, and benefits for a period of up to three years.

(13) Regulatory Requirements

Federal regulations require federally insured depository institutions to meet several minimum capital standards: a common equity Tier 1 capital to risk-based assets ratio of 4.5%, a Tier 1 capital to risk-based assets ratio of 6.0%, a total capital to risk-based assets of 8.0%, and a 4.0% Tier 1 capital to total assets leverage ratio. These capital requirements were effective

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

January 1, 2015, and are the result of a final rule implementing recommendations of the Basel Committee on Banking Supervision and certain requirements of the Dodd-Frank Act.

Under prompt corrective action regulations, the OCC is required to take certain supervisory actions (and may take additional discretionary actions) with respect to an undercapitalized institution. Such actions could have a direct material effect on the institution's financial statements. The regulations establish a framework for the classification of savings institutions into five categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Generally, an institution is considered well capitalized if it has a leverage (Tier 1) ratio of 5.0% or greater, a common equity Tier 1 ratio of 6.5% or greater, a Tier 1 risk-based capital ratio of 8.0% or greater, and a total risk-based capital ratio of 10.0% or greater.

The foregoing capital ratios are based in part on specific quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classifications also are subject to qualitative judgments by the regulators about capital components, risk weighting, and other factors.

On January 1, 2015, a final rule issued by the federal bank regulatory agencies became effective which revised their leverage and risk-based capital requirements and the method for calculating risk-weighted assets to make them consistent with agreements that were reached by the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. Among other things, the new rule establishes a new common equity Tier 1 minimum capital requirement (4.5% of risk-weighted assets), increases the minimum Tier 1 capital to risk-based assets requirement (from 4% to 6% of risk-weighted assets) and assigns a higher risk weight (150%) to exposures that are more than 90 days past due or are on non-accrual status, and to certain commercial real estate facilities that finance the acquisition, development, or construction of real property. The final rule also requires unrealized gains and losses on certain "available-for-sale" securities holdings to be included for purposes of calculating regulatory capital requirements unless a one-time opt-in or opt-out election is exercised. The rule limits a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital to risk-weighted assets in addition to the amount necessary to meet its minimum risk-based capital requirements. The capital conservation buffer requirement was phased in beginning January 1, 2016, and will be fully phased by January 1, 2019. The final rule also implemented consolidated capital requirements for savings and loan holding companies, such as the Company, effective January 1, 2015.

Management believes that as of December 31, 2016, and December 31, 2015, the Bank exceeded all capital adequacy requirements to which it is subject. Further, the most recent OCC notification categorized the Bank as a well-capitalized institution under the prompt corrective action regulations. There have been no conditions or events since that notification that management believes have changed the Bank's classification.

The following is a summary of Northfield Bank's regulatory capital amounts and ratios compared to the regulatory requirements as of December 31, 2016 and 2015, for classification as a well-capitalized institution and minimum capital (dollars in thousands):

	Actual		For Capital Adequacy Purposes		For Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2016:						
Common Equity Tier 1 Capital (to risk-weighted assets)	$553,715	17.75%	$140,371	4.50%	$202,758	6.50 %
Tier 1 Leverage	553,715	14.55	152,213	4.00	190,267	5.00

Tier I capital (to risk-weighted assets)	553,715	17.75	187,161	6.00	249,548	8.00
Total capital (to risk-weighted assets)	578,828	18.56	249,548	8.00	311,935	10.00
As of December 31, 2015:						
Common Equity Tier 1 Capital (to risk-weighted assets)	$498,067	20.19%	$111,025	4.50%	$160,369	6.50 %
Tier 1 Leverage	498,067	15.72	126,744	4.00	158,429	5.00
Tier I capital (to risk-weighted assets)	498,067	20.19	148,033	6.00	197,378	8.00
Total capital (to risk-weighted assets)	523,223	21.21	197,378	8.00	246,722	10.00%

115

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The following is a summary of the Company's regulatory capital amounts and ratios compared to the regulatory requirements as of December 31, 2016 and 2015, for classification as a well-capitalized institution and minimum capital (dollars in thousands).

	Actual Amount	Actual Ratio	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Ratio	For Well Capitalized Under Prompt Corrective Action Provisions Amount	For Well Capitalized Under Prompt Corrective Action Provisions Ratio
As of December 31, 2016:						
Common Equity Tier 1 Capital (to risk-weighted assets)	$586,055	18.79%	$140,329	4.50%	$202,698	6.50 %
Tier 1 Leverage	586,055	15.40	152,213	4.00	190,267	5.00
Tier I capital (to risk-weighted assets)	586,055	18.79	187,106	6.00	249,474	8.00
Total capital (to risk-weighted assets)	611,168	19.60	249,474	8.00	380,533	10.00
As of December 31, 2015:						
Common Equity Tier 1 Capital (to risk-weighted assets)	$546,564	22.15%	$111,025	4.50%	$160,369	6.50 %
Tier 1 Leverage	546,564	17.25	126,764	4.00	158,455	5.00
Tier I capital (to risk-weighted assets)	546,564	22.15	148,033	6.00	197,378	8.00
Total capital (to risk-weighted assets)	571,720	23.17	197,378	8.00	246,722	10.00

(14) Fair Value of Measurement

The following table presents the assets reported on the consolidated balance sheet at their estimated fair value as of December 31, 2016 and 2015, by level within the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. Financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example, interest rates, volatilities, prepayment speeds, loss severities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlations or other means.
- Level 3 Inputs – Significant unobservable inputs that reflect the Company's own assumptions that market participants would use in pricing the assets or liabilities.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The following tables summarize financial assets and financial liabilities measured at fair value as of December 31, 2016 and 2015, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (in thousands):

	Fair Value Measurements at December 31, 2016 Using:			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Measured on a recurring basis:				
Assets:				
Investment securities:				
Available-for-sale:				
Mortgage-backed securities				
GSE	$448,842	$ —	$ 448,842	$ —
Non-GSE	270	—	270	—
Debt securities				
Municipal bonds	2,158	—	2,158	
Corporate bonds	45,159	—	45,159	—
Other securities				
Equity investments - mutual funds	1,218	271	947	—
Other	1,250	—	1,250	—
Total available-for-sale	498,897	271	498,626	—
Trading securities	7,857	7,857	—	—
Total	$506,754	$ 8,128	$ 498,626	$ —
Measured on a non-recurring basis:				
Assets:				
Impaired loans:				
Real estate loans:				
Commercial real estate	$10,730	$ —	$ —	$ 10,730
One-to-four family residential mortgage	2,177	—	—	2,177
Multifamily	1,276	—	—	1,276
Home equity and lines of credit	274	—	—	274
Total impaired real estate loans	14,457	—	—	14,457
Commercial and industrial loans	21	—	—	21
Other real estate owned	850	—	—	850
Total	$15,328	$ —	$ —	$ 15,328

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

	Fair Value Measurements at December 31, 2015 Using:			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Measured on a recurring basis:				
Assets:				
Investment securities:				
Available-for-sale:				
Mortgage-backed securities				
GSE	$529,524	$ —	$ 529,524	$ —
Non-GSE	579	—	579	—
Debt securities				
Corporate bonds	11,011	—	11,011	—
Other securities				
Equities	481	481	—	—
Total available-for-sale	541,595	481	541,114	—
Trading securities	6,713	6,713	—	—
Total	$548,308	$ 7,194	$ 541,114	$ —
Measured on a non-recurring basis:				
Assets:				
Impaired loans:				
Real estate loans:				
Commercial real estate	$9,091	$ —	$ —	$ 9,091
One-to-four family residential mortgage	2,873	—	—	2,873
Multifamily	1,288	—	—	1,288
Home equity and lines of credit	303	—	—	303
Total impaired real estate loans	13,555	—	—	13,555
Commercial and industrial loans	25	—	—	25
Other real estate owned	45	—	—	45
Total	$13,625	$ —	$ —	$ 13,625

The following table presents qualitative information for Level 3 assets measured at fair value on a non-recurring basis at December 31, 2016:

	Fair Value (in thousands)	Valuation Methodology	Unobservable Inputs	Range of Inputs
Impaired loans	$ 14,478	Appraisals	Discount for costs to sell	7.0%
			Discount for quick sale	10%
		Discounted cash flows	Interest rates	4.75% - 7.5%
Other real estate owned	$ 850	Appraisals	Discount for costs to sell	7.0%

The following table presents qualitative information for Level 3 assets measured at fair value on a non-recurring basis at December 31, 2015:

	Fair Value (in thousands)	Valuation Methodology	Unobservable Inputs	Range of Inputs
Impaired loans	$ 13,580	Appraisals	Discount for costs to sell	7.0%
			Discount for quick sale	10.0%
		Discounted cash flows	Interest rates	4.75% - 7.5%
Other real estate owned	$ 45	Appraisals	Discount for costs to sell	7.0%

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

Available-for-Sale Securities: The estimated fair values for mortgage-backed securities, GSE bonds, and corporate securities are obtained from a nationally recognized third-party pricing service. The estimated fair values are derived primarily from cash flow models, which include assumptions for interest rates, credit losses, and prepayment speeds. Broker/dealer quotes are utilized as well when such quotes are available and deemed representative of the market. The significant inputs utilized in the cash flow models are based on market data obtained from sources independent of the Company (observable inputs,) and are therefore classified as Level 2 within the fair value hierarchy. The estimated fair value of equity securities classified as Level 1, are derived from quoted market prices in active markets. Equity securities consist primarily of money market mutual funds. There were no transfers of securities between Level 1 and Level 2 during the year ended December 31, 2016.

Trading Securities: Fair values are derived from quoted market prices in active markets. The assets consist of publicly traded mutual funds.

Impaired Loans: At December 31, 2016, and December 31, 2015, the Company had originated impaired loans held-for-investment with outstanding principal balances of $17.7 million and $17.0 million that were recorded at their estimated fair value of $14.5 million and $13.6 million, respectively. The Company recorded a net decrease in the specific reserve for impaired loans of $562,000 and $725,000 for the years ended December 31, 2016 and 2015, respectively, and net charge-offs of $810,000 and $1.9 million for the years ended December 31, 2016 and 2015, respectively, utilizing Level 3 inputs. For purposes of estimating fair value of impaired loans, management utilizes independent appraisals, if the loan is collateral dependent, adjusted downward by management, as necessary, for changes in relevant valuation factors subsequent to the appraisal date, or the present value of expected future cash flows for non-collateral dependent loans and troubled debt restructurings.

Other Real Estate Owned: At December 31, 2016 and 2015, the Company had assets acquired through foreclosure of $850,000 and $45,000, respectively, recorded at estimated fair value, less estimated selling costs when acquired, thus establishing a new cost basis. Estimated fair value is generally based on independent appraisals. These appraisals include adjustments to comparable assets based on the appraisers' market knowledge and experience, and are considered Level 3 inputs. When an asset is acquired, the excess of the loan balance over fair value, less estimated selling costs, is charged to the allowance for loan losses. If the estimated fair value of the asset declines, a write-down is recorded through non-interest expense. The valuation of foreclosed assets is subjective in nature and may be adjusted in the future because of changes in the economic conditions.

In addition, the Company may be required, from time to time, to measure the fair value of certain other financial assets on a nonrecurring basis in accordance with U.S. GAAP. The adjustments to fair value usually result from the application of lower-of-cost-or-market accounting or write downs of individual assets.

Fair Value of Financial Instruments

The FASB Accounting Standards Topic for Financial Instruments requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring or non-recurring basis. The methodologies for estimating the fair value of financial assets and financial liabilities that are measured at fair value on a recurring or non-recurring basis are discussed above. The following methods and assumptions were used to estimate the fair value of other financial assets and financial liabilities not already discussed above:

(a) Cash, Cash Equivalents, and Certificates of Deposit

Cash and cash equivalents are short-term in nature with original maturities of three months or less; the carrying amount approximates fair value. Certificates of deposits having original terms of six-months or less; carrying value generally approximates fair value. Certificate of deposits with an original maturity of six months or greater the fair value is derived from discounted cash flows.

(b) Securities (Held-to-Maturity)

The estimated fair values for substantially all of our securities are obtained from an independent nationally recognized pricing service. The independent pricing service utilizes market prices of same or similar securities whenever such prices are available. Prices involving distressed sellers are not utilized in determining fair value. Where necessary, the independent third-party pricing service estimates fair value using models employing techniques such as discounted cash flow analyses. The

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

assumptions used in these models typically include assumptions for interest rates, credit losses, and prepayments, utilizing market observable data where available.

(c) Federal Home Loan Bank of New York Stock

The fair value for FHLB of New York stock is its carrying value, since this is the amount for which it could be redeemed and there is no active market for this stock.

(d) Loans (Held-for-Investment)

Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as originated and purchased, and further segregated by residential mortgage, construction, land, multifamily, commercial and consumer. Each loan category is further segmented into amortizing and non-amortizing and fixed and adjustable rate interest terms and by performing and non-performing categories. The fair value of loans is estimated by discounting the future cash flows using current prepayment assumptions and current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. This method of estimating fair value does not incorporate the exit price concept of fair value prescribed by the FASB ASC Topic for Fair Value Measurements and Disclosures, which would also consider adjustments for other factors such as liquidity and credit quality. The fair value would be affected significantly by these other factors.

(e) Loans (Held-for-Sale)

Held-for-sale loans are carried at the lower of aggregate cost or estimated fair value, less costs to sell, and therefore fair value is equal to carrying value.

(f) Deposits

The fair value of deposits with no stated maturity, such as non-interest-bearing demand deposits, savings, NOW and money market accounts, is equal to the amount payable on demand. The fair value of certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities.

(g) Commitments to Extend Credit and Standby Letters of Credit

The fair value of commitments to extend credit and standby letters of credit are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of off-balance-sheet commitments is insignificant and therefore not included in the following table.

(h) Borrowings

The fair value of borrowings is estimated by discounting future cash flows based on rates currently available for debt with similar terms and remaining maturity.

(i) Advance Payments by Borrowers for Taxes and Insurance

Advance payments by borrowers for taxes and insurance have no stated maturity; the fair value is equal to the amount currently payable.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

The estimated fair values of the Company's significant financial instruments at December 31, 2016 and 2015, are presented in the following table (in thousands):

	December 31, 2016				
		Estimated Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	$96,085	$96,085	$—	$ —	$96,085
Trading securities	7,857	7,857	—	—	7,857
Securities available-for-sale	498,897	271	498,626	—	498,897
Securities held-to-maturity	10,148	—	10,118	—	10,118
FHLB of New York stock, at cost	25,123	—	25,123	—	25,123
Net loans held-for-investment	2,943,489	—	—	2,970,438	2,970,438
Financial liabilities:					
Deposits	$2,713,587	$—	$2,720,176	$ —	$2,720,176
Repurchase agreements and other borrowings	473,206	—	472,387	—	472,387
Advance payments by borrowers	12,331	—	12,331	—	12,331

	December 31, 2015				
		Estimated Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	$51,853	$51,853	$—	$ —	$51,853
Trading securities	6,713	6,713	—	—	6,713
Securities available-for-sale	541,595	481	541,114	—	541,595
Securities held-to-maturity	10,346	—	10,369	—	10,369
FHLB of New York stock, at cost	25,803	—	25,803	—	25,803
Net loans held-for-investment	2,348,945	—	—	2,375,028	2,375,028
Financial liabilities:					
Deposits	$2,052,929	$—	$2,058,894	$ —	$2,058,894
Repurchase agreements and other borrowings	558,129	—	557,537	—	557,537
Advance payments by borrowers	10,862	—	10,862	—	10,862

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with a high degree of precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

(15) Stock Repurchase Program

All of the Company's share repurchase programs permit shares to be repurchased in open market or private transactions, through block trades, and pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities and Exchange Commission. The number of shares remaining to be purchased is calculated utilizing the remaining approved repurchase amount divided by the closing price of the stock on that day. There were no shares remaining to be purchased at December 31, 2016 or 2015.

On May 27, 2015, the Company’s Board of Directors authorized an increase to its stock repurchase plan in the amount of up to $15.0 million.

During 2014, the Company's Board of Directors authorized the repurchase of up to $170.0 million of the Company's common stock.

(16) Earnings Per Share

The following is a summary of the Company’s earnings per share calculations and reconciliation of basic to diluted earnings per share for the periods indicated (in thousands, except share data):

	December 31,		
	2016	2015	2014
Net income available to common stockholders	$26,130	$ 19,531	$ 20,266
Weighted average shares outstanding-basic	44,374,389	42,285,712	49,006,129
Effect of non-vested restricted stock and stock options outstanding	1,343,498	1,192,769	1,026,130
Weighted average shares outstanding-diluted	45,717,887	43,478,481	50,032,259
Earnings per share-basic	$0.59	$ 0.46	$ 0.41
Earnings per share-diluted	$0.57	$ 0.45	$ 0.41
Anti-dilutive shares	777,733	2,679,507	1,471,303

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

(17) Parent-only Financial Information

The following condensed parent company only financial information reflects Northfield Bancorp, Inc.'s investment in its wholly-owned consolidated subsidiary, Northfield Bank, using the equity method of accounting.

Northfield Bancorp, Inc.
Condensed Balance Sheets

	December 31, 2016	December 31, 2015
	(in thousands)	
Assets		
Cash in Northfield Bank	$8,953	$22,504
Interest-earning deposits in other financial institutions	21	21
Investment in Northfield Bank	588,856	511,283
ESOP loan receivable	25,043	26,012
Other assets	118	516
Total assets	$622,991	$560,336
Liabilities and Stockholders' Equity		
Total liabilities	$1,795	$557
Total stockholders' equity	621,196	559,779
Total liabilities and stockholders' equity	$622,991	$560,336

Northfield Bancorp, Inc.
Condensed Statements of Comprehensive Income (Loss)

	Years Ended December 31, 2016	2015	2014
	(in thousands)		
Interest on ESOP loan	$913	$875	$903
Interest income on deposit in Northfield Bank	31	51	251
Gain (loss) on securities transactions, net	4	(4)	(2)
Undistributed earnings of Northfield Bank	26,303	19,718	20,331
Total income	27,251	20,640	21,483
Other expenses	936	891	956
Income tax expense	185	218	261
Total expense	1,121	1,109	1,217
Net income	$26,130	$19,531	$20,266
Comprehensive income:			
Net income	$26,130	$19,531	$20,266
Other comprehensive (loss) income, net of tax	(1,346)	(2,221)	3,885
Comprehensive income	$24,784	$17,310	$24,151

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

Northfield Bancorp, Inc.
Condensed Statements of Cash Flows

	December 31,		
	2016	2015	2014
	(in thousands)		
Cash flows from operating activities			
Net income	$26,130	$19,531	$20,266
Adjustments to reconcile net income to net cash provided by operating activities:			
Increase in other assets	(1,998)	(453)	(969)
Increase (decrease) in other liabilities	1,238	377	(362)
Undistributed earnings of Northfield Bank	(26,303)	(19,718)	(20,329)
Net cash used in operating activities	(933)	(263)	(1,394)
Cash flows from investing activities			
Cash consideration paid for business acquisition	(13,644)	—	—
Dividends from Northfield Bank	14,700	25,900	66,274
Net cash provided by investing activities	1,056	25,900	66,274
Cash flows from financing activities			
Principal payments on ESOP loan receivable	969	922	865
Purchase of treasury stock	(2,201)	(48,446)	(138,702)
Dividends paid	(14,074)	(12,184)	(12,884)
Exercise of stock options	120	158	212
Additional tax benefit on stock awards	1,512	122	390
Net cash used in financing activities	(13,674)	(59,428)	(150,119)
Net decrease in cash and cash equivalents	(13,551)	(33,791)	(85,239)
Cash and cash equivalents at beginning of year	22,525	56,316	141,555
Cash and cash equivalents at end of year	$8,974	$22,525	$56,316

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements - (Continued)

(18) Selected Quarterly Financial Data (Unaudited)

The following tables are a summary of certain quarterly financial data for the years ended December 31, 2016 and 2015:

	2016 Quarter Ended			
	March 31	June 30	September 30	December 31
	(Dollars in thousands, except per share data)			
Selected Operating Data:				
Interest income	$30,169	$31,168	$ 31,525	$32,110
Interest expense	5,441	5,527	5,274	5,426
Net interest income	24,728	25,641	26,251	26,684
Provision (recoveries) for loan losses	(131)	14	472	280
Net interest income after provision for loan losses	24,859	25,627	25,779	26,404
Other income	2,229	2,533	2,667	2,643
Other expenses	21,499	17,494	17,377	16,576
Income before income tax expense	5,589	10,666	11,069	12,471
Income tax expense	1,929	3,681	3,782	4,273
Net income	$3,660	$6,985	$ 7,287	$8,198
Net income per basic common share	$0.08	$0.16	$ 0.16	$0.18
Net income per diluted common share	$0.08	$0.15	$ 0.16	$0.18

	2015 Quarter Ended			
	March 31	June 30	September 30	December 31
	(Dollars in thousands, except per share data)			
Selected Operating Data:				
Interest income	$24,753	$25,037	$ 25,570	$26,398
Interest expense	4,769	4,752	4,997	5,170
Net interest income	19,984	20,285	20,573	21,228
Provision (recoveries) for loan losses	200	72	200	(119)
Net interest income after provision for loan losses	19,784	20,213	20,373	21,347
Other income	2,104	2,006	1,666	2,122
Other expenses	14,300	14,514	14,847	14,448
Income before income tax expense	7,588	7,705	7,192	9,021
Income tax expense	2,586	3,410	2,515	3,464
Net income	$5,002	$4,295	$ 4,677	$5,557
Net income per basic common share	$0.11	$0.10	$ 0.11	$0.13
Net income per diluted common share	$0.11	$0.10	$ 0.11	$0.13

Table of Contents

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

John W. Alexander, our Chairman and Chief Executive Officer, and William R. Jacobs, our Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) or (the Exchange Act) as of December 31, 2016. Based upon their evaluation, they each found that our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fourth quarter of 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting and we identified no material weaknesses requiring corrective action with respect to those controls.

Management Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company’s internal control system is a process designed to provide reasonable assurance to the Company’s management and board of directors regarding the preparation and fair presentation of published financial statements.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on our financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company’s management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2016. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013). Based on our assessment we believe that, as of December 31, 2016, the Company’s internal control over financial reporting is effective based on those criteria.

The Company’s independent registered public accounting firm that audited the consolidated financial statements has issued an audit report on the effectiveness of the Company’s internal control over financial reporting as of

December 31, 2016, and it is included in Item 8, under Part II of this Annual Report on Form 10-K. This report appears on page 70 of this document.

ITEM 9B. OTHER INFORMATION

None

Table of Contents

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The sections of the Company's definitive proxy statement for the Company's 2017 Annual Meeting of the Stockholders (the "2017 Proxy Statement") entitled "Proposal I-Election of Directors," "Corporate Governance and Board Matters-Director and Director Nominee Evaluation Process," "Executive Officers who are not Directors" "Other Information-Section 16(a) Beneficial Ownership Reporting Compliance," "Corporate Governance and Board Matters - Codes of Conduct and Ethics," "Stockholder Communications," and "Board of Directors, Leadership Structure, Role in Risk Oversight, Meetings and Standing Committees-Audit Committee" are incorporated herein by reference.

A copy of the Code of Conduct and Ethics for Employees, Officers, and Directors and the Code of Conduct and Ethics for Senior Financial Officers is available to shareholders under the investor relations tab on the Company's website at www.enorthfield.com.

ITEM 11. EXECUTIVE COMPENSATION

The sections of the Company's 2017 Proxy Statement entitled "Corporate Governance and Board Matters-Director Compensation" and "Executive Compensation" are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The section of the Company's 2017 Proxy Statement entitled "Voting Securities and Principal Holders Thereof", is incorporated herein by reference.

Set forth below is information as of December 31, 2016, with respect to compensation plans (other than our employee stock ownership plan) under which equity securities of the Company are authorized for issuance:

	Equity Compensation Plan Information		
	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights(1)	Number of Securities Remaining Available for Future Issuance Under Stock-Based Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by security holders	5,328,670	$ 11.36	294,539
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	5,328,670	$ 11.36	294,539

(1) Represents the weighted average exercise price of outstanding options at December 31, 2016.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The sections of the Company's 2017 Proxy Statement entitled "Corporate Governance and Board Matters-Transactions with Certain Related Persons" and "Board of Directors, Leadership Structure, Role in Oversight, Meetings and Standing Committees - Board of Directors" are incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The sections of the Company's 2017 Proxy Statement entitled "Audit-Related Matters-Policy for Approval of Audit and Permitted Non-audit Services" and "Auditor Fees and Services" are incorporated herein by reference.

Table of Contents

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The following documents are filed as part of this Form 10-K.

(A) Reports of Independent Registered Public Accounting Firm
(B) Consolidated Balance Sheets - at December 31, 2016, and 2015
(C) Consolidated Statements of Comprehensive Income - Years ended December 31, 2016, 2015, and 2014
(D) Consolidated Statements of Changes in Stockholders' Equity - Years ended December 31, 2016, 2015, and 2014
(E) Consolidated Statements of Cash Flows - Years ended December 31, 2016, 2015, and 2014
(F) Notes to Consolidated Financial Statements.

(a)(2) Exhibits

3.1	Certificate of Incorporation of Northfield Bancorp, Inc. (4)
3.2	Bylaws of Northfield Bancorp, Inc. (4)
4	Form of Common Stock Certificate of Northfield Bancorp, Inc.(4)
10.1	Amended Employment Agreement with Kenneth J. Doherty (10) †
10.2	Amended Employment Agreement with Steven M. Klein (10) †
10.3	Supplemental Executive Retirement Agreement with Albert J. Regen (1) †
10.4	Northfield Bank 2015 Management Cash Incentive Compensation Plan (10) †
10.5	Short Term Disability and Long Term Disability for Senior Management (1) †
10.6	Northfield Bank Non-Qualified Deferred Compensation Plan (3) †
10.7	Northfield Bank Non-Qualified Supplemental Employee Stock Ownership Plan (3) †
10.8	Amended Employment Agreement with John W. Alexander (2) †
10.9	Amended Employment Agreement with Michael J. Widmer (2) †
10.10	Amendment to Northfield Bank Non-Qualified Deferred Compensation Plan (6) †
10.11	Amendment to Northfield Bank Non-Qualified Supplemental Employee Stock Ownership Plan (6) †
10.12	Northfield Bancorp, Inc. 2008 Equity Incentive Plan (5) †
10.13	Form of Director Non-Statutory Stock Option Award Agreement under the 2008 Equity Incentive Plan (6) †
10.14	Form of Director Restricted Stock Award Agreement under the 2008 Equity Incentive Plan (6) †
10.15	Form of Employee Non-Statutory Stock Option Award Agreement under the 2008 Equity Incentive Plan (6) †
10.16	Form of Employee Incentive Stock Option Award Agreement under the 2008 Equity Incentive Plan (6) †
10.17	Form of Employee Restricted Stock Award Agreement under the 2008 Equity Incentive Plan (6) †
10.18	Northfield Bancorp, Inc. Management Cash Incentive Plan (7) †
10.19	Group Term Replacement Plan (9) †
10.20	Intentionally omitted
10.21	Amended Employment Agreement with William R. Jacobs (10) †
10.22	Northfield Bancorp, Inc. 2014 Equity Incentive Plan (12) †
10.23	Form of Employee Stock Option Award Agreement under the 2014 Equity Incentive Plan with the Exception of John W. Alexander and Steven M. Klein (13) †

10.24	Form of Employee Stock Option Award Agreement under the 2014 Equity Incentive Plan with John W. Alexander and Steven M. Klein (13) †
10.25	Form of Director Non-Statutory Stock Option Award Agreement under the 2014 Equity Incentive Plan (13) †
10.26	Form of Employee Restricted Stock Award Agreement under the 2014 Equity Incentive Plan with the exception of John W. Alexander and Steven M. Klein (13) †

10.27	Form of Employee Restricted Stock Award Agreement under the 2014 Equity Incentive Plan with John W. Alexander and Steven M. Klein (13) †
10.28	Form of Director Restricted Stock Award Agreement under the 2014 Equity Incentive Plan (13) †
10.29	Form of amendment to restricted stock award and stock option agreements to participants of the 2014 Equity Incentive Plan (2) †
10.30	Form of Employee Stock Option Award Agreement under the 2014 Equity Incentive Plan with the Exception of John W. Alexander and Steven M. Klein (14) †
10.31	Form of Employee Stock Option Award Agreement under the 2014 Equity Incentive Plan with John W. Alexander and Steven M. Klein (14) †
10.32	Form of Director Non-Statutory Stock Option Award Agreement under the 2014 Equity Incentive Plan (14) †
10.33	Form of Employee Restricted Stock Award Agreement under the 2014 Equity Incentive Plan with the exception of John W. Alexander and Steven M. Klein (14) †
10.34	Form of Employee Restricted Stock Award Agreement under the 2014 Equity Incentive Plan with John W. Alexander and Steven M. Klein (14) †
10.35	Form of Director Restricted Stock Award Agreement under the 2014 Equity Incentive Plan (14) †
10.36	Consulting Agreement between Northfield Bank and Patrick L. Ryan (15) †
10.37	Northfield Bancorp, Inc. 2016 Management Cash Incentive Plan, Amended January 27, 2016 †(16)
10.38	Form of Amendment to Employment Agreement effective January 1, 2016, with John W. Alexander, Steven M. Klein, Kenneth J. Doherty, William R. Jacobs, and Michael J. Widmer † (16)
10.39	Northfield Bancorp, Inc. 2017 Management Cash Incentive Plan, Amended January 25, 2017 † (17)
21	Subsidiaries of Registrant (1)
23	Consent of KPMG LLP *
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101	The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2016, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Statements of Changes in Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to Consolidated Financial Statements.

---

† Management contract or compensation plan or arrangement.

* Filed herewith.

(1) Incorporated by reference to the Registration Statement on Form S-1 of Northfield Bancorp, Inc. (File No. 333-143643), originally filed with the Securities and Exchange Commission on June 11, 2007.

(2) Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K, dated December 17, 2014, filed with the Securities and Exchange Commission on December 23, 2014 (File Number 001-35791).

(3) Incorporated by reference to Northfield Bancorp Inc.'s Annual Report on Form 10-K, dated December 31, 2007, filed with the Securities and Exchange Commission on March 31, 2008 (File Number 001-33732).

(4) Incorporated by reference to the Registration Statement on Form S-1 of Northfield Bancorp, Inc. (File No. 333-181995), originally filed with the Securities and Exchange Commission on June 8, 2012.

(5) Incorporated by reference to Northfield Bancorp Inc.'s Proxy Statement Pursuant to Section 14(a) filed with the Securities and Exchange Commission on November 12, 2008 (File Number 001-33732).

(6) Incorporated by reference to Northfield Bancorp Inc.’s Annual Report on Form 10-K, dated December 31, 2008, filed with the Securities and Exchange Commission on March 16, 2009 (File Number 001-33732).

(7) Incorporated by reference to Appendix B of Northfield Bancorp Inc.’s Definitive Proxy Statement for the 2014 Annual Meeting of Stockholders (File No. 001-35791) as filed with the Securities and Exchange Commission on April 25, 2014.

Table of Contents

(8) Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K, dated March 25, 2009, filed with the Securities and Exchange Commission on March 27, 2009 (File Number 001-33732).

(9) Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K, dated April 28, 2010, filed with the Securities and Exchange Commission on April 29, 2010 (File Number 001-33732).

(10) Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K, dated January 28, 2015, filed with the Securities and Exchange Commission on February 2, 2015 (File Number 001-35791).

(11) Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K, dated March 15, 2012, filed with the Securities and Exchange Commission on March 15, 2012 (File Number 001-33732).

(12) Incorporated by reference to Appendix A of Northfield Bancorp Inc.'s Definitive Proxy Statement for the 2014 Annual Meeting of Stockholders (File No. 001-35791) as filed with the Securities and Exchange Commission on April 25, 2014.

(13) Incorporated by reference to Northfield Bancorp Inc.'s Quarterly Report on Form 10-Q, dated June 30, 2014, filed with the Securities and Exchange Commission on August 11, 2014 (File Number 001-35791).

(14) Incorporated by reference to Northfield Bancorp Inc.'s Quarterly Report on Form 10-Q, dated June 30, 2015, filed with the Securities and Exchange Commission on August 10, 2015 (File Number 001-35791).

(15) Incorporated by reference to Northfield Bancorp Inc.'s Registration Statement on Form S-4/A, filed with the Securities and Exchange Commission on October 23, 2015 (File Number 333-207291)

(16) Incorporated by reference to Northfield Bancorp Inc.'s Annual Report on Form 10-K dated December 31, 2015, filed with the Securities and Exchange Commission on March 15, 2016 (File Number 001-35791).

(17) Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K dated January 25, 2017, filed with the Securities and Exchange Commission on January 30, 2017 (File Number 001-35791).

ITEM 16. FOR 10-K SUMMARY

Not Applicable

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORTHFIELD BANCORP, INC.

Date:	March 16, 2017 By:	/s/ John W. Alexander John W. Alexander Chairman and Chief Executive Officer (Duly Authorized Representative)

Pursuant to the requirements of the Securities Exchange of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ John W. Alexander John W. Alexander	Chairman and Chief Executive Officer (Principal Executive Officer)	March 16, 2017
/s/ William R. Jacobs William R. Jacobs	Chief Financial Officer (Principal Financial and Accounting Officer)	March 16, 2017
/s/ Annette Catino Annette Catino	Director	March 16, 2017
/s/ Gil Chapman Gil Chapman	Director	March 16, 2017
/s/ John P. Connors, Jr John P. Connors, Jr.	Director	March 16, 2017
/s/ Timothy C. Harrison Timothy C. Harrison	Director	March 16, 2017
/s/ Karen J. Kessler Karen J. Kessler	Director	March 16, 2017
/s/ Steven M. Klein Steven M. Klein	Director	March 16, 2017
/s/ Susan Lamberti Susan Lamberti	Director	March 16, 2017

/s/ Patrick L. Ryan Patrick Ryan	Director	March 16, 2017
/s/ Frank P. Patafio Frank P. Patafio	Director	March 16, 2017
/s/ Patrick E. Scura, Jr. Patrick E. Scura, Jr.	Director	March 16, 2017