

Northfield Bancorp, Inc.
Form 10-Q
October 11, 2007

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

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the Quarterly Period ended June 30, 2007

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

**For transition period from _____ to _____
Commission File Number 1-33732**

**NORTHFIELD BANCORP, INC.
(Exact Name of Registrant as Specified in Charter)**

**United States of America
(State or Other Jurisdiction of Incorporation)**

**42-1572539
(I.R.S. Employer Identification No.)**

**1410 St. Georges Avenue, Avenel, New Jersey
(Address of principal executive offices)**

**07001
(Zip Code)**

**Registrant's telephone number, including area code: (732) 499-7200
Not Applicable**

(Former name or former address, if changed since last report)

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):
Large accelerated filer Accelerated filer Non-accelerated filer

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Zero shares of Common Stock, par value \$0.01 per share, were issued and outstanding as of September 30, 2007.

NORTHFIELD BANCORP, INC.
Form 10-Q Quarterly Report
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PART I**ITEM 1. FINANCIAL STATEMENTS**

NORTHFIELD BANCORP, INC.
(A NEW YORK CORPORATION)
CONSOLIDATED BALANCE SHEETS

June 30, 2007 and December 31, 2006

(In thousands, except share amounts)

	June 30, 2007 (Unaudited)	December 31, 2006
ASSETS		
Cash and due from banks	\$ 10,221	\$ 8,293
Interest-bearing deposits in other financial institutions	39,654	38,331
Federal funds sold	1,800	14,000
 Total cash and cash equivalents	 51,675	 60,624
 Certificates of deposit	 4,200	 5,200
Trading securities	3,463	2,667
Securities available-for-sale, at estimated market value	696,615	713,498
Securities held-to-maturity, at amortized cost (estimated market value of \$21,833 and \$25,519 in 2007 (unaudited) and 2006, respectively)	22,669	26,169
Loans held-for-sale	469	125
Loans held-for-investment, net	424,236	409,189
Allowance for loan losses	(4,731)	(5,030)
 Net loans held-for-investment	 419,505	 404,159
 Accrued interest receivable	 5,229	 5,624
Bank owned life insurance	40,687	32,866
Federal Home Loan Bank of New York stock, at cost	6,117	7,186
Premises and equipment, net	7,854	8,232
Goodwill	16,159	16,159
Other assets	12,918	12,238
 Total assets	 \$1,287,560	 \$1,294,747
 LIABILITIES AND STOCKHOLDER S EQUITY		
Liabilities		
Deposits	971,613	989,789
Securities sold under repurchase agreements	109,000	106,000
Other borrowings	22,479	22,534
Advance payments by borrowers for taxes and insurance	1,639	783
Accrued expenses and other liabilities	12,741	11,647
 Total liabilities	 1,117,472	 1,130,753

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Stockholder's equity		
Common stock, \$0.001 par value, shares authorized: 20,000,000; 100 shares issued and outstanding		
Additional paid-in capital	1,010	510
Retained earnings	184,691	177,731
Accumulated other comprehensive loss	(15,613)	(14,247)
Total stockholder's equity	170,088	163,994
Total liabilities and stockholder's equity	\$1,287,560	\$1,294,747

See accompanying notes to the unaudited consolidated financial statements.

NORTHFIELD BANCORP, INC.
(A NEW YORK CORPORATION)
CONSOLIDATED STATEMENTS OF INCOME

Three months and six months ended June 30, 2007 and 2006

(Unaudited)

(In thousands)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Interest income:				
Loans	\$ 7,133	\$ 6,905	\$14,046	\$13,346
Mortgage-backed securities	7,234	8,389	14,433	17,271
Other securities	388	556	1,063	933
Federal Home Loan Bank of New York dividends	128	147	268	306
Deposits in other financial institutions	761	332	1,336	578
Total interest income	15,644	16,329	31,146	32,434
Interest expense:				
Deposits	6,043	5,191	12,108	9,698
Borrowings	1,354	1,728	2,533	3,630
Total interest expense	7,397	6,919	14,641	13,328
Net interest income before provision for loan losses	8,247	9,410	16,505	19,106
Provision for loan losses	97	60	537	210
Net interest income after provision for loan losses	8,150	9,350	15,968	18,896
Non-interest income:				
Fees and service charges for customer services	652	690	1,367	1,349
Income on bank owned life insurance	432	309	821	618
Gain on securities transactions, net	180	(109)	244	(9)
Gain on sale of premises and equipment and deposit relationships			4,308	
Other	106	64	232	125
Total non-interest income	1,370	954	6,972	2,083
Non-interest expense:				
Compensation and employee benefits	3,227	2,821	6,524	5,936
Occupancy	818	786	1,705	1,587
Furniture and equipment	209	196	421	394
Data processing	521	626	1,155	1,221
Professional fees	268	320	450	494

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Other	954	904	1,768	1,666
Total non-interest expense	5,997	5,653	12,023	11,298
Income before income tax expense	3,523	4,651	10,917	9,681
Income tax expense	1,256	1,690	3,957	3,540
Net income	\$ 2,267	\$ 2,961	\$ 6,960	\$ 6,141

See accompanying notes to the unaudited consolidated financial statements.

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NORTHFIELD BANCORP, INC.
(A NEW YORK CORPORATION)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER S EQUITY

Six months ended June 30, 2007 and 2006

(Unaudited)

(Dollars in thousands)

	Common Stock		Additional		Accumulated		Total
	Shares	Par	Paid-in	Retained	Other	Comprehensive	Stockholder s
		value	Capital	Earnings	(Loss)		Equity
Balance at December 31, 2005	100	\$	\$ 510	\$166,889	\$ (15,640)		\$151,759
Comprehensive income:							
Net income				6,141			6,141
Change in other comprehensive loss, net of tax of \$5,553					(8,329)		(8,329)
Total comprehensive loss							(2,188)
Balance at June 30, 2006	100	\$	\$ 510	\$173,030	\$ (23,969)		\$149,571
Balance at December 31, 2006	100	\$	\$ 510	\$177,731	\$ (14,247)		\$163,994
Comprehensive income:							
Net income				6,960			6,960
Change in other comprehensive loss, net of tax of \$910					(1,366)		(1,366)
Total comprehensive income							5,594
Capital contribution from NSB Holding Corp.			500				500
Balance at June 30, 2007	100	\$	\$1,010	\$184,691	\$ (15,613)		\$170,088

See accompanying notes to the unaudited consolidated financial statements.

NORTHFIELD BANCORP, INC.
(A NEW YORK CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended June 30, 2007 and 2006

(Unaudited)

(In thousands)

	Six months ended June 30,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 6,960	\$ 6,141
Adjustments to reconcile to net income to net cash provided by operating activities		
Provision for loan losses	537	210
Depreciation and amortization	658	633
Amortization of premiums, net of accretion of discounts, and deferred loan fees	175	425
Amortization of mortgage servicing rights	84	106
Income on bank owned life insurance	(821)	(618)
Net gain on sale of loans	(27)	(16)
Proceeds from sale of loans	2,925	626
Origination of mortgage loans held-for-sale	(3,242)	(610)
Gain on securities transactions, net	(244)	9
Gain on sale of deposit relationships	(3,660)	
Gain on sale of premises and equipment, net	(648)	
Purchases of trading securities	(557)	(431)
Decrease (increase) in accrued interest receivable	395	(596)
Decrease (increase) in other assets	1,236	(981)
Deferred taxes	(111)	(234)
Increase (decrease) in accrued expenses and other liabilities	1,094	(3,761)
Amortization of core deposit intangible	189	179
Net cash provided by operating activities	4,943	1,082
Cash flows from investing activities:		
Net increase in loans receivable	(14,054)	(22,766)
Redemption of Federal Home Loan Bank of New York stock, net	1,069	1,598
Purchases of securities available-for-sale	(95,733)	(12,650)
Principal payments and maturities of securities available-for-sale	106,286	79,512
Principal payments and maturities of securities held-to-maturity	3,496	4,798
Proceeds from sale of securities available-for-sale	3,726	
Purchases of certificate of deposits	(26,000)	(20,000)
Proceeds from maturities of certificates of deposits	27,000	10
Purchase of bank owned life insurance	(7,000)	
Additions to premises and equipment	(280)	(692)
Proceeds from sale of premises and equipment	1,473	

Net cash (used in) provided by investing activities	(17)	29,810
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NORTHFIELD BANCORP, INC.
(A NEW YORK CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended June 30, 2007 and 2006

(Unaudited)

(In thousands)

	Six months ended June 30,	
	2007	2006
Cash flows from financing activities:		
Net increase (decrease) in deposits	4,809	(5,854)
Deposit relationships sold, net	(22,985)	
Increase in advance payments by borrowers for taxes and insurance	856	448
Repayment under capital lease obligations	(55)	(45)
Proceeds from securities sold under repurchase agreements	20,000	3,000
Repayments related to securities sold under repurchase agreements	(17,000)	(42,000)
Repayments of Federal Home Loan Bank of New York advances		(5,000)
Capital contribution from NSB Holding Corp.	500	
 Net cash used in financing activities	 (13,875)	 (49,451)
 Net decrease in cash and cash equivalents	 (8,949)	 (18,559)
 Cash and cash equivalents at beginning of period	 60,624	 38,368
 Cash and cash equivalents at end of period	 \$ 51,675	 \$ 19,809
 Supplemental cash flow information:		
Cash paid during the period for:		
Interest	\$ 14,703	\$ 13,438
Income taxes	2,891	6,204
See accompanying notes to the unaudited consolidated financial statements.		

NORTHFIELD BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Table dollar amounts in thousands)
(unaudited)

Note 1 Basis of Presentation

The consolidated financial statements are comprised of the accounts of Northfield Bancorp, Inc., a New York Corporation (the Parent) and its wholly owned subsidiary, Northfield Bank (the Bank) and the Bank's wholly-owned significant subsidiaries, NSB Services Corp. and NSB Realty Trust (collectively, the Company). All significant intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, all adjustments (consisting of normal and recurring adjustments) necessary for the fair presentation of the consolidated financial condition and the consolidated results of operations for the unaudited periods presented have been included. The results of operations and other data presented for the three-and- six month periods ended June 30, 2007 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2007.

Certain information and note disclosures usually included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for the preparation of interim financial statements. The consolidated financial statements presented should be read in conjunction with the audited consolidated financial statements and notes to consolidated financial statements included in the Registration Statement on Form S-1, as amended, of Northfield Bancorp, Inc. a federal corporation (the Registrant), as filed with the SEC.

Because the Registrant had not been organized as of June 30, 2007, the Registrant had no assets, liabilities, or shares of stock outstanding as of that date. Accordingly, information in this document as of June 30, 2007 relates solely to the Company.

Note 2 Stock Offering

On August 23, 2007, the Registrant commenced its initial public offering whereby the Registrant offered for sale up to 16,752,449 shares of its common stock, subject to adjustment to up to 19,265,316 shares of common stock, for a price of \$10.00 per share. The transaction is expected to close during the fourth quarter of 2007. The shares to be sold will represent 43.0% of the shares of the Registrant's common stock outstanding following the stock offering. The Registrant intends to also contribute \$3.0 million in cash and 2.0% of the Registrant's outstanding shares of common stock to a charitable foundation the Registrant will establish in connection with stock offering. Upon the completion of the stock offering Northfield Bancorp, MHC, the Registrant's federally chartered mutual holding company, will own 55.0% of the Company's outstanding common stock.

NORTHFIELD BANCORP, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (Table dollar amounts in thousands)
 (unaudited)

Note 3 Loans Held-for-Investment

Loans held-for-investment, net are as follows:

	June 30, 2007	December 31, 2006
Real estate loans		
Commercial mortgage	\$241,058	\$207,680
One -to- four family residential mortgage	98,803	107,572
Home equity and line of credit	12,273	13,922
Construction and land	45,435	52,124
Multifamily	13,088	13,276
Total real estate loans	410,657	394,574
Commercial and industrial loans	11,109	11,022
Other loans	2,464	3,597
Total commercial and industrial and other loans	13,573	14,619
Total loans held -for- investment	424,230	409,193
Deferred loan cost (fees), net	6	(4)
Loans held -for- investment, net	424,236	409,189
Allowance for loan losses	(4,731)	(5,030)
Net loans held -for- investment	\$419,505	\$404,159

Activity in the allowance for loan losses is as follows:

	At or for the six months ended June 30,	
	2007	2006
Beginning balance	\$5,030	\$4,795
Provision for loan losses	537	210
Charge-offs	(836)	
Recoveries		
Ending balance	\$4,731	\$5,005

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 principal amount of these nonaccrual loans (including impaired loans) was \$9,664,000 and \$6,342,000 at June 30, 2007 (unaudited) and December 31, 2006, respectively. Loans past due ninety days or more and still accruing interest were \$2,035,000 and \$773,000 at June 30, 2007 and

December 31, 2006, respectively, and are considered well secured and in the process of collection. The Company is under no commitment to lend additional funds to borrowers whose loans are on nonaccrual status or who are past due ninety days or more and still accruing interest.

NORTHFIELD BANCORP, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (Table dollar amounts in thousands)
 (unaudited)

Note 4 Deposits

Deposits are as follows:

	June 30, 2007	December 31, 2006
Non-interest-bearing demand	\$ 96,182	\$ 95,339
Interest-bearing NOW	49,302	40,852
Money market accounts	13,224	14,258
Savings	327,051	342,927
Certificates of deposit	485,854	496,413
	\$ 971,613	\$ 989,789

Interest expense on deposit accounts is summarized as follows for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Negotiable orders of withdrawal	\$ 200	\$ 60	\$ 350	\$ 104
Money market	25	31	51	67
Savings	560	686	1,128	1,393
Certificates of deposit	5,258	4,414	10,579	8,134
	\$ 6,043	\$ 5,191	\$ 12,108	\$ 9,698

Note 5 Other Postretirement Benefits

The following table sets forth the components of net periodic postretirement benefit costs:

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Service cost	\$ 1	\$ 1	\$ 2	\$ 2
Interest cost	17	22	34	43
Amortization of transition obligation	4	4	9	8
Amortization of prior service costs	4	4	8	8
Amortization of unrecognized (gain) loss	(4)	9	(8)	18
	\$ 22	\$ 40	\$ 45	\$ 79

Note 6 Income Taxes

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Effective January 1, 2007, the Company adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109, or FIN 48, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 109,

NORTHFIELD BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Table dollar amounts in thousands)
(unaudited)

Accounting for Income Taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. There was no change to the net amount of assets and liabilities recognized in the statement of financial condition as a result of the Company's adoption of FIN 48.

The following disclosures, which are generally not required in interim period financial statements, are included herein as a result of the Company's adoption of FIN 48 in the first quarter of 2007.

The Company files income tax returns in the United States federal jurisdiction and in New York State and City jurisdictions. The Company's subsidiary also files income tax returns in the State of New Jersey. With few exceptions, the Company is no longer subject to federal and local income tax examinations by tax authorities for years prior to 2003. However, the State of New York is currently examining the Company's tax returns filed from 1999 to 2002. Currently, the Company does not plan to extend the statute of limitations for the tax returns under examination; therefore it is reasonably possible that these tax returns under examination will be settled within the next twelve months.

At January 1, 2007, the Company had \$1.5 million of unrecognized tax benefits, all of which would affect our effective income tax rate if recognized. Accruals of interest and penalties related to unrecognized tax benefits are recognized in income tax expense. At January 1, 2007, the Company had \$934,000 of accrued interest payable. During the six months ended June 30, 2007, the Company accrued an additional \$189,000 of interest.

