

Northfield Bancorp, Inc.
Form 10-Q
November 14, 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 September 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)

26-1384892
(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. 44,803,061 shares of Common Stock, par value \$0.01 per share, were issued and outstanding as of November 12, 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
September 30, 2007 and December 31, 2006
(In thousands, except share amounts)

	September 30, 2007 (Unaudited)	December 31, 2006
ASSETS:		
Cash and due from banks	\$ 6,006	8,293
Interest-bearing deposits in other financial institutions	195,084	38,331
Federal funds sold	49,800	14,000
 Total cash and cash equivalents	 250,890	 60,624
Certificates of deposit	18,200	5,200
Trading securities	3,589	2,667
Securities available-for-sale, at estimated market value	775,692	713,498
Securities held-to-maturity, at amortized cost (estimated market value of \$20,664 and \$25,519 in 2007 (unaudited) and 2006, respectively)	21,098	26,169
Loans held-for-sale	470	125
Loans held-for-investment, net	426,633	409,189
Allowance for loan losses	(4,931)	(5,030)
 Net loans held-for-investment	 421,702	 404,159
 Accrued interest receivable	 5,494	 5,624
Bank owned life insurance	41,121	32,866
Federal Home Loan Bank of New York stock, at cost	6,117	7,186
Premises and equipment, net	7,658	8,232
Goodwill	16,159	16,159
Other assets	8,597	12,238
 Total assets	 \$ 1,576,787	 1,294,747
 LIABILITIES AND STOCKHOLDER S EQUITY:		
LIABILITIES:		
Deposits and subscription proceeds	\$ 1,270,728	989,789
Securities sold under agreements to repurchase	89,000	106,000
Other borrowings	22,450	22,534
Advance payments by borrowers for taxes and insurance	1,809	783
Accrued expenses and other liabilities	13,194	11,647
 Total liabilities	 1,397,181	 1,130,753

STOCKHOLDER S EQUITY:

Common stock, \$0.001 par value; 20,000,000 shares authorized, 100 shares issued and outstanding

Additional paid-in capital	1,010	510
Retained earnings	187,756	177,731
Accumulated other comprehensive loss	(9,160)	(14,247)
Total stockholder s equity	179,606	163,994
Total liabilities and stockholder s equity	\$1,576,787	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 nine months ended September 30, 2007 and 2006

(Unaudited)

(In thousands)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Interest income:				
Loans	\$ 7,283	7,128	21,329	20,474
Mortgage-backed securities	7,915	7,959	22,348	25,230
Other securities	389	673	1,452	1,606
Federal Home Loan Bank of New York dividends	119	148	387	454
Deposits in other financial institutions	931	334	2,267	912
 Total interest income	 16,637	 16,242	 47,783	 48,676
Interest expense:				
Deposits and stock subscription proceeds	6,072	5,961	18,180	15,659
Borrowings	1,406	1,488	3,939	5,118
 Total interest expense	 7,478	 7,449	 22,119	 20,777
 Net interest income before provision for loan losses	 9,159	 8,793	 25,664	 27,899
Provision for loan losses	200	343	737	553
 Net interest income after provision for loan losses	 8,959	 8,450	 24,927	 27,346
Non-interest income:				
Fees and service charges for customer services	684	762	2,051	2,111
Income on bank owned life insurance	434	304	1,255	922
Gain on securities transactions, net	96	164	340	155
Gain on sale of premises, equipment and deposit relationships			4,308	
Other	74	61	306	186
 Total non-interest income	 1,288	 1,291	 8,260	 3,374
Non-interest expense:				
Compensation and employee benefits	2,797	4,653	9,321	10,589
Occupancy	793	782	2,498	2,369
Furniture and equipment	213	196	634	590
Data processing	621	546	1,776	1,767

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Professional fees	234	390	684	884
Other	669	661	2,437	2,327
Total non-interest expense	5,327	7,228	17,350	18,526
Income before income tax expense	4,920	2,513	15,837	12,194
Income tax expense	1,855	872	5,812	4,412
Net income	\$ 3,065	1,641	10,025	7,782

See accompanying notes to the unaudited consolidated financial statements.

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

Nine months ended September 30, 2007 and 2006

(Unaudited)

(Dollars in thousands)

	Common Stock Shares	Par value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders Equity
Balance at December 31, 2005	100	\$	510	166,889	(15,640)	151,759
Comprehensive income:						
Net income				7,782		7,782
Change in other comprehensive loss, net of tax of \$345					518	518
Total comprehensive income						8,300
Balance at September 30, 2006	100	\$	510	174,671	(15,122)	160,059
Balance at December 31, 2006	100	\$	510	177,731	(14,247)	163,994
Comprehensive income:						
Net income				10,025		10,025
Change in other comprehensive loss, net of tax of \$3,391					5,087	5,087
Total comprehensive income						15,112
Capital contribution from NSB Holding Corp.			500			500
Balance at September 30, 2007	100	\$	1,010	187,756	(9,160)	179,606

See accompanying notes to the unaudited consolidated financial statements.

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

Nine months ended September 30, 2007 and 2006

(Unaudited)

(In thousands)

	Nine months ended	
	September 30,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 10,025	7,782
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	737	553
Depreciation	986	954
Amortization of premiums, net of accretion of discounts, and deferred loan fees	(76)	586
Amortization of mortgage servicing rights	132	161
Income on bank owned life insurance	(1,255)	(922)
Net gain on sale of loans	(39)	(56)
Proceeds from sale of loans	4,496	1,177
Origination of loans held-for-sale	(4,802)	(1,121)
Gain on securities transactions, net	(340)	(155)
Gain on sale of deposit relationships	(3,660)	
Gain on sale of premises and equipment, net	(648)	
Purchases of trading securities	(591)	(171)
Decrease in accrued interest receivable	130	347
Decrease (increase) in other assets	129	(273)
Deferred taxes	(199)	(451)
Increase (decrease) in accrued expenses and other liabilities	1,547	(734)
Amortization of core deposit intangible	284	274
Net cash provided by operating activities	6,856	7,951
Cash flows from investing activities:		
Net increase in loans receivable	\$ (18,059)	(27,560)
Redemptions of Federal Home Loan Bank of New York stock, net	1,069	3,218
Purchases of securities available-for-sale	(230,022)	(26,072)
Principal payments and maturities on securities available-for-sale	172,441	115,050
Principal payments and maturities on securities held-to-maturity	5,084	6,873
Proceeds from sale of securities available-for-sale	3,726	20,100
Purchases of certificates of deposit	(44,000)	(20,000)
Proceeds from maturities of certificates of deposit	31,000	20,000
Purchase of bank owned life insurance	(7,000)	
Additions to premises and equipment	(488)	(865)
Proceeds from sale of premises and equipment	1,473	

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Net cash (used in) provided by investing activities	(84,776)	90,744
Cash flows from financing activities:		
Net increase in deposits	307,584	2,432
Deposit relationships sold, net	(22,985)	
Increase in advance payments by borrowers for taxes and insurance	1,026	704
Repayments under capital lease obligations	(84)	(70)
Proceeds from securities sold under agreements to repurchase	45,000	3,000
Repayments related to securities sold under agreements to repurchase	(62,000)	(78,000)
Net decrease in short-term borrowings		(5,000)
Stock issuance costs	(855)	
Contribution from NSB Holding Corp.	500	
Net cash provided by (used in) financing activities	268,186	(76,934)
Net increase in cash and cash equivalents	190,266	21,761
Cash and cash equivalents at beginning of period	60,624	38,368
Cash and cash equivalents at end of period	\$ 250,890	60,129
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	\$ 22,084	21,084
Income taxes	4,279	7,310
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- nine month periods ended September 30, 2007 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2007. Certain prior year balances have been reclassified to conform to the current year presentation.

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 September 30, 2007, the Registrant had no assets, liabilities, or shares of stock outstanding as of that date. Accordingly, information in this document as of September 30, 2007 relates solely to the Company.

Note 2 Stock Offering

On August 23, 2007, Northfield Bancorp, Inc., a federal corporation (the Registrant), commenced an offering for sale of 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 in its initial public offering. The transaction closed on November 7, 2007. The shares sold represent 43.0% of the shares of the Registrant s common stock outstanding following the stock offering. The Registrant contributed \$3.0 million in cash and 2.0% of the Registrant s outstanding shares of common stock to the Northfield Bank Foundation, a charitable organization. At the completion of the stock offering Northfield Bancorp, MHC, the Registrant s federally chartered mutual holding company, owned 55.0% of the Registrant s outstanding common stock.

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

Note 3 Net Loans Held-for-Investment

Net loans held-for-investment, are as follows:

	September 30, 2007	December 31, 2006
Real estate loans:		
Commercial mortgage	\$ 239,073	207,680
One- to four- family residential mortgage	98,781	107,572
Home equity and lines of credit	11,816	13,922
Construction and land	49,177	52,124
Multifamily	15,476	13,276
Total real estate loans	414,323	394,574
Commercial and industrial loans	10,352	11,022
Other loans	1,908	3,597
Total commercial and industrial and other loans	12,260	14,619
Total loans held -for- investment	426,583	409,193
Deferred loan cost (fees), net	50	(4)
Loans held -for- investment, net	426,633	409,189
Allowance for loan losses	(4,931)	(5,030)
Net loans held -for- investment	\$ 421,702	404,159

Activity in the allowance for loan losses is as follows:

	At or for the nine months ended September 30,	
	2007	2006
Beginning balance	\$ 5,030	4,795
Provision for loan losses	737	553
Charge-offs	(836)	
Recoveries		
Ending balance	\$ 4,931	5,348

Included in loans held-for-investment, net 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

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(including impaired loans) was \$9,396,000 and \$6,342,000 at September 30, 2007 (unaudited) and December 31, 2006, respectively. Loans past due ninety days or more and still accruing interest were \$972,000 and \$773,000 at September 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:

	September 30, 2007	December 31, 2006
Non-interest-bearing demand	\$ 103,895	95,339
Interest-bearing Negotiable Orders of Withdrawal (NOW)	61,112	40,852
Savings-money market accounts	12,889	14,258
Savings- passbook and statement	350,785	342,927
Savings-stock subscriptions (excludes holds for subscription orders)	272,332	
Certificates of deposit	469,715	496,413
	\$1,270,728	989,789

In conjunction with the closing of the Registrant's initial public offering on November 7, 2007, the Company refunded approximately \$216.7 million in subscription cash proceeds.

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

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
NOW	\$ 250	109	600	213
Savings-money market	24	29	75	95
Savings-passbook, statement and stock subscriptions	658	649	1,786	2,043
Certificates of deposit	5,140	5,174	15,719	13,308
	\$6,072	5,961	18,180	15,659

Note 5 Other Postretirement Benefits

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

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
Service cost	\$ 1	1	3	3
Interest cost	17	21	51	64
Amortization of transition obligation	4	4	12	12
Amortization of prior service costs	4	4	12	12
Amortization of unrecognized (gain) loss	(4)	9	(12)	27

Note 6 Income Taxes

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, 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 balance sheet as a result of the Company s adoption of FIN 48.

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

The following disclosures, which generally are 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 2004. However, the State of New York is currently examining the Company's tax returns filed from 1999 to 2005. Currently, the Company does not plan to further 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 12 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 nine months ended September 30, 2007, the Company accrued an additional \$305,000 of interest and \$127,000 of unrecognized tax benefits.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement Regarding Forward-Looking Information

Forward Looking Statements

This Quarterly Report contains forward-looking statements, which can be identified by the use of such words as estimate, project, believe, intend, anticipate, plan, seek and similar expressions. These forward looking statements include:

statements of our goals, intentions and expectations;

statements regarding our business plans and prospects and growth and operating strategies;

statements regarding the asset quality of our loan and investment portfolios; and

estimates of our risks and future costs and benefits.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including, among other things, the following important factors that could affect the actual outcome of future events:

significantly increased competition among depository and other financial institutions;

inflation and changes in the interest rate environment that reduce our interest margins or reduce the fair value of financial instruments;

general economic conditions, either nationally or in our market areas, that are worse than expected;

adverse changes in the securities markets;

legislative or regulatory changes that adversely affect our business;

our ability to enter new markets successfully and take advantage of growth opportunities, and the possible dilutive effect of potential acquisitions or *de novo* branches, if any;

changes in consumer spending, borrowing and savings habits;

changes in accounting policies and practices, as may be adopted by bank regulatory agencies and the Financial Accounting Standards Board and other promulgating authorities;

inability of third-party providers to perform their obligations to us; and

changes in our organization, compensation and benefit plans.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements.

Critical Accounting Policies

Note 1 to the Company's Audited Consolidated Financial Statements for the year ended December 31, 2006 included in the Registrant's Registration Statement on Form S-1, as amended, as supplemented by this report, contains a summary of significant accounting policies. Various elements of these accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. Certain assets are carried in the consolidated Balance Sheets at fair value or the lower of cost or fair value. Policies with respect to the methodologies used to determine the allowance for loan losses and judgments regarding impairment of intangible assets and securities as well as the valuation allowance against deferred tax assets are the most critical accounting policies because they are important to the presentation of the Company's financial condition and results of operations,

involve a higher degree of complexity, and require management to make difficult and subjective judgments which often require assumptions or estimates about highly uncertain matters. The use of different judgments, assumptions and estimates could result in material differences in the results of operations or financial condition. These critical accounting policies and their application are reviewed periodically and, at least annually, with the Audit Committee of the Board of Directors.

Overview

Total assets increased \$282.0 million to \$1.577 billion at September 30, 2007 from \$1.295 billion at December 31, 2006. The increase was primarily attributable to an increase in cash and cash equivalents of \$190.3 million, an increase in securities available -for- sale of \$62.2 million, an increase in bank owned life insurance of \$8.3 million, and an increase in net loans held -for- investment of \$17.5 million. These increases we