

Northfield Bancorp, Inc.
Form 10-Q
May 10, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2018

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 001-35791

NORTHFIELD BANCORP, INC.
(Exact name of registrant as specified in its charter)

Delaware 80-0882592
(State or other jurisdiction of incorporation) (I.R.S. Employer Identification No.)
581 Main Street, Woodbridge, New Jersey 07095
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (732) 499-7200

Not Applicable
(Former name, former address, and former fiscal year, 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for shorter period that the registrant was required and post such files). Yes No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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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.

49,132,059 shares of Common Stock, par value \$0.01 per share, were issued and outstanding as of April 30, 2018.

NORTHFIELD BANCORP, INC.
Form 10-Q Quarterly Report
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PART I

ITEM 1. FINANCIAL STATEMENTS

NORTHFIELD BANCORP, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited) (In thousands, except share amounts)

	March 31, 2018	December 31, 2017
ASSETS:		
Cash and due from banks	\$ 16,269	\$ 17,446
Interest-bearing deposits in other financial institutions	36,305	40,393
Total cash and cash equivalents	52,574	57,839
Trading securities	9,822	9,597
Debt securities available-for-sale, at estimated fair value	592,574	513,782
Debt securities held-to-maturity, at amortized cost (estimated fair value of \$9,636 at March 31, 2018, and \$9,892 at December 31, 2017)	9,873	9,931
Equity securities	1,194	1,339
Originated loans held-for-investment, net	2,427,755	2,425,275
Loans acquired	696,695	692,803
Purchased credit-impaired ("PCI") loans held-for-investment	22,084	22,741
Loans held-for-investment, net	3,146,534	3,140,819
Allowance for loan losses	(26,172)	(26,160)
Net loans held-for-investment	3,120,362	3,114,659
Accrued interest receivable	11,125	10,713
Bank owned life insurance	151,386	150,604
Federal Home Loan Bank of New York stock, at cost	24,433	25,046
Premises and equipment, net	25,285	25,746
Goodwill	38,411	38,411
Other real estate owned	850	850
Other assets	31,320	32,900
Total assets	\$4,069,209	\$ 3,991,417
LIABILITIES AND STOCKHOLDERS' EQUITY:		
LIABILITIES:		
Deposits	\$2,905,076	\$ 2,836,979
Borrowed funds	456,272	471,549
Advance payments by borrowers for taxes and insurance	18,206	14,798
Accrued expenses and other liabilities	46,837	29,214
Total liabilities	3,426,391	3,352,540
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 shares issued at March 31, 2018 and December 31, 2017, 49,126,879 and 48,803,885 outstanding at March 31, 2018, and December 31, 2017, respectively	609	609
Additional paid-in-capital	546,844	548,864
Unallocated common stock held by employee stock ownership plan	(21,992)	(22,244)
Retained earnings	286,942	281,138

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Accumulated other comprehensive loss	(9,915)	(5,451)
Treasury stock at cost; 11,806,828 and 12,129,822 shares at March 31, 2018, and December 31, 2017, respectively	(159,670)	(164,039)
Total stockholders' equity	642,818		638,877	
Total liabilities and stockholders' equity	\$4,069,209		\$3,991,417	

See accompanying notes to unaudited consolidated financial statements.

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NORTHFIELD BANCORP, INC.
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited) (In thousands, except per share data)

	Three Months Ended March 31,	
	2018	2017
Interest income:		
Loans	\$30,787	\$29,008
Mortgage-backed securities	2,726	2,356
Other securities	502	252
Federal Home Loan Bank of New York dividends	414	371
Deposits in other financial institutions	253	82
Total interest income	34,682	32,069
Interest expense:		
Deposits	5,211	3,620
Borrowings	1,927	1,772
Total interest expense	7,138	5,392
Net interest income	27,544	26,677
Provision for loan losses	34	372
Net interest income after provision for loan losses	27,510	26,305
Non-interest income:		
Fees and service charges for customer services	1,214	1,218
Income on bank owned life insurance	954	2,458
Gains on securities transactions, net	161	408
Other	76	63
Total non-interest income	2,405	4,147
Non-interest expense:		
Compensation and employee benefits	9,117	9,972
Occupancy	3,096	2,957
Furniture and equipment	256	305
Data processing	1,224	1,161
Professional fees	763	870
FDIC insurance	297	258
Other	2,373	2,021
Total non-interest expense	17,126	17,544
Income before income tax expense	12,789	12,908
Income tax expense	2,344	2,960
Net income	\$10,445	\$9,948
Net income per common share:		
Basic	\$0.23	\$0.22
Diluted	\$0.22	\$0.21

See accompanying notes to unaudited consolidated financial statements.

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NORTHFIELD BANCORP, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME - (Continued)

(Unaudited) (In thousands)

	Three Months Ended March 31,	
	2018	2017
Net Income	\$10,445	\$9,948
Other comprehensive (loss) income:		
Unrealized gains (losses) on securities:		
Net unrealized holding (losses) gains on securities	(6,153)	979
Less: reclassification adjustment for net gains included in net income (included in gains on securities transactions, net)	(55)	—
Net unrealized (losses) gains	(6,208)	979
Amortization related to post retirement benefit obligation	—	27
Other comprehensive (loss) income, before tax	(6,208)	1,006
Income tax benefit (expense) related to net unrealized holding (losses) gains on securities	1,729	(391)
Income tax benefit (expense) related to reclassification adjustment for (losses) gains included in net income	15	—
Income tax expense related to post retirement benefit adjustment	—	(11)
Other comprehensive (loss) income, net of tax	(4,464)	604
Comprehensive income	\$5,981	\$10,552

See accompanying notes to unaudited consolidated financial statements.

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NORTHFIELD BANCORP, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Three Months Ended March 31, 2018 and 2017

(Unaudited) (In thousands, except share data)

	Common Stock			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
	Shares Outstanding	Par Value	Additional Paid-in Capital					
Balance at December 31, 2016	48,526,658	\$ 609	\$547,910	\$ (23,466)	\$268,226	\$ (4,332)	\$(167,751)	\$ 621,196
Net income					9,948			9,948
Other comprehensive income, net of tax						604		604
Cumulative effect of change in accounting principle - adoption of ASU No. 2016-09			(2,898)		2,898			—
ESOP shares allocated or committed to be released			317	254				571
Stock compensation expense			1,636					1,636
Exercise of stock options, net	317,221		(4,113)				4,205	92
Cash dividends declared (\$0.08 per common share)					(3,666)			(3,666)
Balance at March 31, 2017	48,843,879	\$ 609	\$542,852	\$ (23,212)	\$277,406	\$ (3,728)	\$(163,546)	\$ 630,381
Balance at December 31, 2017	48,803,885	\$ 609	\$548,864	\$ (22,244)	\$281,138	\$ (5,451)	\$(164,039)	\$ 638,877
Net income					10,445			10,445
Other comprehensive loss, net of tax						(4,464)		(4,464)
ESOP shares allocated or committed to be released			251	252				503
Stock compensation expense			1,373					1,373
Forfeitures of restricted stock	(600)		8				(8)	—

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Exercise of stock options, net	323,594		(3,652)				4,377	725
Cash dividends declared (\$0.10 per common share)			(4,641)					(4,641)
Balance at March 31, 2018	49,126,879	\$ 609	\$546,844	\$(21,992)	\$286,942	\$ (9,915)	\$(159,670)	\$ 642,818

See accompanying notes to unaudited consolidated financial statements.

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NORTHFIELD BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In thousands)

	Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net income	\$10,445	\$9,948
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	34	372
ESOP and stock compensation expense	1,876	2,207
Depreciation	768	838
Amortization of premiums, and deferred loan costs, net of (accretion) of discounts, and deferred loan fees	616	500
Amortization of intangible assets	84	98
Income on bank owned life insurance	(954)	(2,458)
Gains on securities transactions, net	(161)	(408)
Net purchases of trading securities	(119)	(131)
Increase in accrued interest receivable	(412)	(80)
Decrease in other assets	3,410	2,130
Decrease in accrued expenses and other liabilities	(1,985)	(3,221)
Net cash provided by operating activities	13,602	9,795
Cash flows from investing activities:		
Net decrease (increase) in loans receivable	31,471	(66,192)
Purchase of loans	(37,593)	—
Purchases of Federal Home Loan Bank of New York stock	6,463	(5,400)
Redemptions of Federal Home Loan Bank of New York stock	(5,850)	4,230
Purchases of debt securities available-for-sale	(111,726)	(4)
Principal payments and maturities on debt securities available-for-sale	26,801	28,527
Principal payments and maturities on debt securities held-to-maturity	54	52
Proceeds from sale of debt securities available-for-sale	19,508	—
Purchases and improvements of premises and equipment	(307)	(111)
Net cash used in investing activities	(71,179)	(38,898)
Cash flows from financing activities:		
Net increase in deposits	68,097	(37,317)
Dividends paid	(4,641)	(3,666)
Exercise of stock options	725	92
Increase in advance payments by borrowers for taxes and insurance	3,408	2,978
Repayments under capital lease obligations	(60)	(54)
Proceeds from securities sold under agreements to repurchase and other borrowings	275,418	98,294
Repayments related to securities sold under agreements to repurchase and other borrowings	(290,635)	(76,003)
Net cash provided by (used in) financing activities	52,312	(15,676)
Net decrease in cash and cash equivalents	(5,265)	(44,779)
Cash and cash equivalents at beginning of period	57,839	96,085
Cash and cash equivalents at end of period	\$52,574	\$51,306

See accompanying notes to unaudited consolidated financial statements.

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NORTHFIELD BANCORP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)

(Unaudited) (In thousands)

	Three Months Ended March 31,	
	2018	2017
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	\$6,895	\$5,506
Income taxes	667	2,900
Non-cash transactions:		
Loans charged-off/(recoveries), net	22	(316)
Increase in accrued expenses and other liabilities for purchases of debt securities available-for-sale	19,608	—

See accompanying notes to unaudited consolidated financial statements.

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements

Note 1 – Basis of Presentation

The consolidated financial statements are comprised of the accounts of Northfield Bancorp, Inc. (the “Company”) and its wholly owned subsidiaries, Northfield Investments, Inc. and Northfield Bank (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 the opinion of management, all adjustments (consisting solely 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 months ended March 31, 2018, are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2018 or for any other period. Whenever necessary, certain prior year amounts are reclassified to conform to the current year presentation.

In preparing the unaudited consolidated financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP), management has made estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated statements of financial condition and results of operations for the periods indicated. Material estimates that are particularly susceptible to change are: the allowance for loan losses, the evaluation of goodwill and other intangible assets, impairment on investment securities, fair value measurements of assets and liabilities, and income taxes. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are deemed necessary. While management uses its best judgment, actual amounts or results could differ significantly from those estimates.

Certain information and note disclosures usually included in financial statements prepared in accordance with U.S. GAAP 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 Annual Report on Form 10-K for the year ended December 31, 2017, of the Company as filed with the SEC.

Note 2 – Debt Securities Available-for-Sale

The following is a comparative summary of mortgage-backed and other debt securities available-for-sale at March 31, 2018, and December 31, 2017 (in thousands):

	March 31, 2018			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Mortgage-backed securities:				
Pass-through certificates:				
Government sponsored enterprises (GSE)	\$215,952	\$ 670	\$ 4,396	\$212,226
Real estate mortgage investment conduits (REMICs):				
GSE	272,524	68	9,620	262,972
Non-GSE	78	—	1	77
	488,554	738	14,017	475,275
Other debt securities:				
Municipal bonds	326	5	—	331
Corporate bonds	117,291	461	784	116,968
	117,617	466	784	117,299
Total debt securities available-for-sale	\$606,171	\$ 1,204	\$ 14,801	\$592,574

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

	December 31, 2017			
	Amortized	Gross	Gross	Estimated
	cost	gains	losses	fair
				value
Mortgage-backed securities:				
Pass-through certificates:				
GSE	\$ 179,320	\$ 1,429	\$ 2,454	\$ 178,295
REMICs:				
GSE	273,501	287	6,859	266,929
Non-GSE	80	—	1	79
	452,901	1,716	9,314	445,303
Other debt securities:				
Municipal bonds	343	6	—	349
Corporate bonds	67,927	401	198	68,130
	68,270	407	198	68,479
Total debt securities available-for-sale	\$ 521,171	\$ 2,123	\$ 9,512	\$ 513,782

The following is a summary of the expected maturity distribution of debt securities available-for-sale, other than mortgage-backed securities, at March 31, 2018 (in thousands):

Available-for-sale	Amortized	Estimated
	cost	fair value
Due after one year through five years	\$ 107,732	\$ 107,425
Due after five years through ten years	9,885	9,874
	\$ 117,617	\$ 117,299

Contractual maturities for mortgage-backed securities are not included above, as expected maturities on mortgage-backed securities may differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without penalties.

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 March 31, 2018, the fair value of securities available-for-sale that were pledged to secure borrowings and deposits was \$361.9 million.

For the three months ended March 31, 2018, the Company had gross proceeds of \$19.5 million on sales of debt securities available-for-sale, with gross realized gains of \$60,000 and gross realized losses of \$5,000. There were no sales of debt securities available-for-sale for the three months ended March 31, 2017. The Company recognized net gains of \$106,000 and \$408,000, on its trading securities portfolio during the three months ended March 31, 2018, and March 31, 2017, respectively. The Company did not recognize any other-than-temporary impairment charges during the three months ended March 31, 2018, or March 31, 2017.

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

Gross unrealized losses on mortgage-backed and other debt 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 March 31, 2018, and December 31, 2017, were as follows (in thousands):

	March 31, 2018					
	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	\$1,098	\$83,938	\$3,298	\$79,205	\$4,396	\$163,143
REMICs:						
GSE	2,257	123,851	7,363	122,544	9,620	246,395
Non-GSE	—	—	1	77	1	77
Other debt securities:						
Corporate bonds	383	40,441	401	14,800	784	55,241
Total	\$3,738	\$248,230	\$11,063	\$216,626	\$14,801	\$464,856
	December 31, 2017					
	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	\$439	\$48,931	\$2,015	\$76,113	\$2,454	\$125,044
REMICs:						
GSE	933	103,644	5,926	139,830	6,859	243,474
Non-GSE	—	—	1	79	1	79
Other debt securities:						
Corporate bonds	61	11,006	137	15,084	198	26,090
Total	\$1,433	\$163,581	\$8,079	\$231,106	\$9,512	\$394,687

The Company held 33 pass-through mortgage-backed securities issued or guaranteed by GSEs, 16 REMIC mortgage-backed securities issued or guaranteed by GSEs, one REMIC mortgage-backed security not issued or guaranteed by a GSE, and three corporate bonds that were in a continuous unrealized loss position of twelve months or greater at March 31, 2018. There were 36 pass-through mortgage-backed securities issued or guaranteed by GSEs, 38 REMIC mortgage-backed securities issued or guaranteed by a GSE, and eight corporate bonds that were in an unrealized loss position of less than twelve months at March 31, 2018. All securities referred to above were rated investment grade at March 31, 2018. 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 substantially 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, which may result in other-than-temporary

impairment in the future.

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

Note 3 – Debt Securities Held-to-Maturity

The following is a summary of debt securities held-to-maturity at March 31, 2018, and December 31, 2017 (in thousands):

	March 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Mortgage-backed securities:				
Pass-through certificates:				
GSEs	\$9,873	\$	—\$ 237	\$ 9,636
Total securities held-to-maturity	\$9,873	\$	—\$ 237	\$ 9,636
	December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Mortgage-backed securities:				
Pass-through certificates:				
GSEs	\$9,931	\$ 17	\$ 56	\$ 9,892
Total securities held-to-maturity	\$9,931	\$ 17	\$ 56	\$ 9,892

Contractual maturities for mortgage-backed securities are not presented, as expected maturities on mortgage backed securities may 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 three months ended March 31, 2018, or March 31, 2017. The Company did not recognize any other-than-temporary impairment charges in earnings on securities held-to-maturity during the three months ended March 31, 2018, or March 31, 2017.

At March 31, 2018, debt securities held-to-maturity with a carrying value of \$9.9 million were pledged to secure borrowings 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 March 31, 2018 and December 31, 2017, were as follows (in thousands):

	March 31, 2018					
	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:						
GSEs	\$113	\$ 5,998	\$124	\$ 3,638	\$237	\$ 9,636
Total securities held-to-maturity	\$113	\$ 5,998	\$124	\$ 3,638	\$237	\$ 9,636
	December 31, 2017					
	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:

GSEs	\$7	\$ 3,922	\$49	\$ 3,735	\$56	\$ 7,657
Total securities held-to-maturity	\$7	\$ 3,922	\$49	\$ 3,735	\$56	\$ 7,657

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

The Company held two pass-through mortgage-backed securities held-to-maturity, issued or guaranteed by GSE's that were in a continuous unrealized loss position of greater than twelve months at March 31, 2018, and four pass-through mortgage-backed securities held-to-maturity, issued or guaranteed by GSE's that were in a continuous unrealized loss position of less than twelve months at March 31, 2018. 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 substantially 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.

Note 4 – Equity Securities

At March 31, 2018, and December 31, 2017, equity securities totaled \$1.2 million and \$1.3 million, respectively. Equity securities consist of money market mutual funds, recorded at fair value, and an investment in a private Small Business Administration (“SBA”) Loan Fund. As the SBA Loan Fund operates as a private fund, its shares are not publicly traded and therefore have no readily determinable market value. The investment in the fund is recorded at net asset value as a practical expedient for reporting fair market value. Upon adoption of Accounting Standards Update (“ASU”) No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities as of January 1, 2018, the Company reclassified its equity securities out of available-for-sale securities to equity securities on the consolidated balance sheets for all periods presented. For further details on ASU No. 2016-01 see Note 12 - “Recently Issued and Adopted Accounting Pronouncements.”

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

Note 5 – Loans

Net loans held-for-investment are as follows (in thousands):

	March 31, 2018	December 31, 2017
Real estate loans:		
Multifamily	\$ 1,740,244	\$ 1,735,712
Commercial mortgage	446,276	445,225
One-to-four family residential mortgage	98,907	100,942
Home equity and lines of credit	67,623	66,254
Construction and land	28,894	34,545
Total real estate loans	2,381,944	2,382,678
Commercial and industrial loans	37,388	34,828
Other loans	1,673	1,430
Total commercial and industrial and other loans	39,061	36,258
Deferred loan cost, net	6,750	6,339
Originated loans held-for-investment, net	2,427,755	2,425,275
PCI Loans	22,084	22,741
Loans acquired:		
One-to-four family residential mortgage	289,071	275,053
Multifamily	197,712	199,149
Commercial mortgage	159,853	163,962
Home equity and lines of credit	19,449	20,455
Construction and land	14,928	17,201
Total acquired real estate loans	681,013	675,820
Commercial and industrial loans	15,659	16,946
Other loans	23	37
Total loans acquired, net	696,695	692,803
Loans held-for-investment, net	3,146,534	3,140,819
Allowance for loan losses	(26,172)	(26,160)
Net loans held-for-investment	\$ 3,120,362	\$ 3,114,659

There were no loans held-for-sale at March 31, 2018, or December 31, 2017.

PCI loans totaled \$22.1 million at March 31, 2018, as compared to \$22.7 million at December 31, 2017. The majority of the PCI loan balance is attributable to those loans acquired as part of a Federal Deposit Insurance Corporation-assisted transaction. The Company accounts for PCI loans utilizing U.S. GAAP applicable to loans acquired with deteriorated credit quality. At March 31, 2018, PCI loans consist of approximately 27% commercial real estate loans and 50% commercial and industrial loans, with the remaining balance in residential and home equity loans. At December 31, 2017, PCI loans consist of approximately 27% commercial real estate loans and 50% commercial and industrial loans, with the remaining balance in residential and home equity loans.

The following table details the accretion of interest income for PCI loans for the three months ended March 31, 2018 and March 31, 2017 (in thousands):

At or for the three
months ended
March 31,

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	2018	2017
Balance at the beginning of period	\$24,502	\$24,215
Accretion into interest income	(1,090)	(1,452)
Balance at end of period	\$23,412	\$22,763

The following tables set forth activity in our allowance for loan losses, by loan type, as of and for the three months ended March 31, 2018, and March 31, 2017 (in thousands):

Three Months Ended March 31, 2018

Real Estate

	Commercial	One-to-Four Family and Land	Construction and Multifamily	Home Equity and Lines of Credit	Commercial and Industrial	Other	Unallocated Total	Originated Loans Total	Purchased Credit- Impaired	Acquired Impaired	Total	
Allowance for loan losses:												
Beginning balance	\$5,196	\$ 503	\$ 610	\$17,374	\$122	\$1,273	\$94	\$ —	\$25,172	\$ 951	\$ 37	\$26,160
Charge-offs	(3)	—	—	(60)	—	—	—	(63)	—	(1)	(64)	(64)
Recoveries	16	—	—	—	20	—	—	36	—	6	42	42
Provisions (credit)	4	(48)	(147)	38	163	44	19	—	73	—	(39)	34
Ending balance	\$5,213	\$ 455	\$ 463	\$17,412	\$225	\$1,337	\$113	\$ —	\$25,218	\$ 951	\$ 3	\$26,172

Three Months Ended March 31, 2017

Real Estate

	Commercial	One-to-Four Family and Land	Construction and Multifamily	Home Equity and Lines of Credit	Commercial and Industrial	Other	Unallocated Total	Originated Loans Total	Purchased Credit- Impaired	Acquired Impaired	Total	
Allowance for loan losses:												
Beginning balance	\$5,432	\$ 664	\$ 172	\$14,952	\$588	\$1,720	\$96	\$ —	\$23,624	\$ 896	\$ 75	\$24,595
Charge-offs	(4)	—	—	—	—	—	—	(4)	—	(23)	(27)	(27)
Recoveries	17	—	—	278	—	47	—	342	—	2	344	344
Provisions (credit)	(214)	(15)	(7)	954	(96)	(206)	(24)	—	392	—	(20)	372
Ending balance	\$5,231	\$ 649	\$ 165	\$16,184	\$492	\$1,561	\$72	\$ —	\$24,354	\$ 896	\$ 34	\$25,284

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

The following tables detail 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 the allowance for loan losses that is allocated to each loan portfolio segment, at March 31, 2018, and December 31, 2017 (in thousands):

March 31, 2018

Real Estate

	Commercial	One-to-Four Family	Construction and Land	Multifamily	Home Equity and Lines of Credit	Commercial and Industrial	Other	Originated Loans Total	Purchased Credit-Impaired	Acquired Loans	Total
Allowance for loan losses:											
Ending balance: individually evaluated for impairment	\$4	\$35	\$—	\$—	\$10	\$3	\$—	\$52	\$—	\$3	\$55
Ending balance: collectively evaluated for impairment	\$5,209	\$420	\$463	\$17,412	\$215	\$1,334	\$113	\$25,166	\$951	\$—	\$26,117
Loans, net:											
Ending balance	\$446,879	\$99,991	\$28,965	\$1,743,665	\$69,112	\$37,470	\$1,673	\$2,427,755	\$22,084	\$696,695	\$3,146,534
Ending balance: individually evaluated for impairment	\$15,873	\$1,977	\$—	\$1,292	\$67	\$155	\$—	\$19,364	\$—	\$1,225	\$20,589
Ending balance: collectively evaluated for impairment	\$431,006	\$98,014	\$28,965	\$1,742,373	\$69,045	\$37,315	\$1,673	\$2,408,391	\$22,084	\$695,470	\$3,125,945

December 31, 2017

Real Estate

	Commercial	One-to-Four Family	Construction and Land	Multifamily	Home Equity and Lines of	Commercial and Industrial	Other	Originated Loans Total	Purchased Credit-Impaired	Acquired Loans	Total
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Credit

Allowance for loan losses: Ending balance: individually evaluated for impairment	\$—	\$38	\$—	\$—	\$4	\$3	\$—	\$45	\$—	\$37	\$82
Ending balance: collectively evaluated for impairment	\$5,196	\$465	\$610	\$17,374	\$118	\$1,270	\$94	\$25,127	\$951	\$—	\$26,078
Loans, net: Ending balance	\$445,781	\$101,650	\$34,620	\$1,739,220	\$67,679	\$34,893	\$1,432	\$2,425,275	\$22,741	\$692,803	\$3,140,819
Ending balance: individually evaluated for impairment	\$16,008	\$1,996	\$—	\$1,310	\$69	\$159	\$—	\$19,542	\$—	\$1,543	\$21,085
Ending balance: collectively evaluated for impairment	\$429,773	\$99,654	\$34,620	\$1,737,910	\$67,610	\$34,734	\$1,432	\$2,405,733	\$22,741	\$691,260	\$3,119,734

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

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.

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

The following tables detail the recorded investment of originated loans held-for-investment, net of deferred fees and costs, by loan type and credit quality indicator at March 31, 2018, and December 31, 2017 (in thousands):

March 31, 2018

Real Estate

	Multifamily		Commercial		One-to-Four Family		Construct and Land	Home Equity and Lines of Credit	Commercial and Industrial	Other	Total
	< 35%	=> 35%	< 35%	=> 35%	< 60%	=> 60%					
	LTV	LTV	LTV	LTV	LTV	LTV					
Internal Risk Rating											
Pass	\$133,669	\$1,606,547	\$57,900	\$374,775	\$60,442	\$36,829	\$28,965	\$68,862	\$36,756	\$1,673	\$2,406
Special Mention	—	633	406	1,168	678	—	—	28	536	—	3,449
Substandard	—	2,816	—	12,630	1,456	586	—	222	178	—	17,888
Originated loans held-for-investment, net	\$133,669	\$1,609,996	\$58,306	\$388,573	\$62,576	\$37,415	\$28,965	\$69,112	\$37,470	\$1,673	\$2,427

December 31, 2017

Real Estate

	Multifamily		Commercial		One-to-Four Family		Construct and Land	Home Equity and Lines of Credit	Commercial and Industrial	Other	Total
	< 35%	=> 35%	< 35%	=> 35%	< 60%	=> 60%					
	LTV	LTV	LTV	LTV	LTV	LTV					
Internal Risk Rating											
Pass	\$131,792	\$1,603,947	\$84,620	\$346,857	\$60,400	\$38,504	\$34,620	\$67,426	\$34,141	\$1,432	\$2,403
Special Mention	—	1,897	410	2,170	683	—	—	28	571	—	5,759
Substandard	—	1,584	—	11,724	1,470	593	—	225	181	—	15,777
Originated loans held-for-investment, net	\$131,792	\$1,607,428	\$85,030	\$360,751	\$62,553	\$39,097	\$34,620	\$67,679	\$34,893	\$1,432	\$2,425

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

Included in loans receivable (including loans held-for-sale) 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 non-accrual loans was \$5.6 million and \$5.5 million at March 31, 2018, and December 31, 2017, respectively. Generally, loans are placed on non-accrual 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.

These non-accrual amounts included loans deemed to be impaired of \$3.0 million and \$3.1 million at March 31, 2018, and December 31, 2017, 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 \$2.6 million and \$2.4 million at March 31, 2018, and December 31, 2017, respectively. There were no non-accrual loans held-for-sale at March 31, 2018 and December 31, 2017. Loans past due 90 days or more and still accruing interest were \$58,000 and \$28,000 at March 31, 2018, and December 31, 2017, respectively, and consisted of loans that are considered well-secured and in the process of collection.

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

The following tables set forth the detail, and delinquency status, of non-performing loans (non-accrual loans and loans past due 90 days or more and still accruing), net of deferred fees and costs, at March 31, 2018, and December 31, 2017, excluding loans held-for-sale and 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 (in thousands):

	March 31, 2018					
	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	\$—	\$725	\$2,304	\$3,029	\$ —	\$ 3,029
Total commercial	—	725	2,304	3,029	—	3,029
One-to-four family residential						
LTV < 60%						
Substandard	—	203	328	531	—	531
Total	—	203	328	531	—	531
LTV => 60%						
Substandard	—	—	38	38	—	38
Total one-to-four family residential	—	203	366	569	—	569
Home equity and lines of credit						
Substandard	79	—	—	79	—	79
Total home equity and lines of credit	79	—	—	79	—	79
Commercial and industrial loans						
Substandard	—	—	72	72	—	72
Total commercial and industrial loans	—	—	72	72	—	72
Total non-performing loans held-for-investment, originated	79	928	2,742	3,749	—	3,749
Loans acquired:						
Real estate loans:						
Commercial						
LTV < 35%						
Substandard	—	—	294	294	—	294
LTV => 35%						
Substandard	—	771	58	829	—	829
Total commercial	—	771	352	1,123	—	1,123
One-to-four family residential						
LTV < 60%						
Substandard	1	200	27	228	58	286
Total one-to-four family residential	1	200	27	228	58	286
Multifamily						

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LTV => 35%

Substandard	—	417	—	417	—	417
Total multifamily	—	417	—	417	—	417
Home equity and lines of credit						
Substandard	—	28	49	77	—	77
Total home equity and lines of credit	—	28	49	77	—	77
Total non-performing loans acquired	1	1,416	428	1,845	58	1,903
Total non-performing loans	\$80	\$2,344	\$3,170	\$5,594	\$ 58	\$ 5,652

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

	December 31, 2017					
	Total Non-Performing Loans					
	Non-Accruing Loans					Total Non-Performing 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	
Loans held-for-investment:						
Real estate loans:						
Commercial						
LTV => 35%						
Substandard	\$432	\$314	\$2,305	\$3,051	\$ —	\$ 3,051
Total commercial	432	314	2,305	3,051	—	3,051
One-to-four family residential						
LTV < 60%						
Substandard	—	206	328	534	—	534
LTV => 60%						
Substandard	—	—	39	39	—	39
Total one-to-four family residential	—	206	367	573	—	573
Home equity and lines of credit						
Substandard	79	—	—	79	—	79
Total home equity and lines of credit	79	—	—	79	—	79
Commercial and industrial loans						
Substandard	—	—	72	72	—	72
Total commercial and industrial loans	—	—	72	72	—	72
Total non-performing loans held-for-investment, originated	511	520	2,744	3,775	—	3,775
Loans acquired:						
Real estate loans:						
Commercial						
LTV < 35%						
Substandard	—	—	205	205	—	205
LTV => 35%						
Substandard	—	773	58	831	—	831
Total commercial	—	773	263	1,036	—	1,036
One-to-four family residential						
LTV < 60%						
Substandard	—	201	—	201	27	228
Total one-to-four family residential	—	201	—	201	27	228
Multifamily						
LTV => 35%						
Substandard	—	417	—	417	—	417
Total multifamily	—	417	—	417	—	417
Home equity and lines of credit						
Substandard	—	28	49	77	—	77
Total home equity and lines of credit	—	28	49	77	—	77

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Commercial and industrial loans						
Substandard	—	—	2	2	—	2
Total commercial and industrial loans	—	—	2	2	—	2
Other loans - Pass	—	—	—	—	1	1
Total non-performing loans acquired	—	1,419	314	1,733	28	1,761
Total non-performing loans	\$511	\$1,939	\$3,058	\$5,508	\$ 28	\$ 5,536

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

The following tables set forth the detail and delinquency status of originated and acquired loans held-for-investment, net of deferred fees and costs, by performing and non-performing loans at March 31, 2018, and December 31, 2017 (in thousands):

	March 31, 2018				
	Performing (Accruing)				
	Loans				
	0-29	30-89			
	Days	Days	Total	Non-Performing	Total Loans
	Past	Past		Loans	Receivable,
	Due	Due			net
Loans held-for-investment:					
Real estate loans:					
Commercial					
LTV < 35%					
Pass	\$57,674	\$ 226	\$ 57,900	\$ —	\$ 57,900
Special Mention	—	406	406	—	406
Total	57,674	632	58,306	—	58,306
LTV => 35%					
Pass	374,775	—	374,775	—	374,775
Special Mention	824	344	1,168	—	1,168
Substandard	7,632	1,969	9,601	3,029	12,630
Total	383,231	2,313	385,544	3,029	388,573
Total commercial	440,905	2,945	443,850	3,029	446,879
One-to-four family residential					
LTV < 60%					
Pass	58,022	2,420	60,442	—	60,442
Special Mention	—	678	678	—	678
Substandard	925	—	925	531	1,456
Total	58,947	3,098	62,045	531	62,576
LTV => 60%					
Pass	36,829	—	36,829	—	36,829
Substandard	548	—	548	38	586
Total	37,377	—	37,377	38	37,415
Total one-to-four family residential	96,324	3,098	99,422	569	99,991
Construction and land					
Pass	28,965	—	28,965	—	28,965
Total construction and land	28,965	—	28,965	—	28,965
Multifamily					
LTV < 35%					
Pass	133,669	—	133,669	—	133,669
Total	133,669	—	133,669	—	133,669
LTV => 35%					
Pass	1,605,986	661	1,606,547	—	1,606,547
Special Mention	633	—	633	—	633
Substandard	1,572	1,244	2,816	—	2,816
Total	1,608,191	1,805	1,609,996	—	1,609,996
Total multifamily	1,741,860	1,805	1,743,665	—	1,743,665

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Home equity and lines of credit					
Pass	68,396	466	68,862	—	68,862
Special Mention	28	—	28	—	28
Substandard	143	—	143	79	222
Total home equity and lines of credit	68,567	466	69,033	79	69,112
Commercial and industrial					
Pass	36,664	92	36,756	—	36,756
Special Mention	536	—	536	—	536
Substandard	106	—	106	72	178
Total commercial and industrial	37,306	92	37,398	72	37,470

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

	March 31, 2018				
	Performing (Accruing) Loans				
	(Continued)				
	0-29 Days Past Due	30-89 Days Past Due	Total	Non-Performing Loans	Total Loans Receivable, net
Other loans - Pass	1,644	29	1,673	—	1,673
Total originated loans held-for-investment	2,415,571	8,435	2,424,006	3,749	2,427,755
Acquired loans:					
One-to-four family residential					
LTV < 60%					
Pass	261,242	1,820	263,062	—	263,062
Special Mention	435	—	435	—	435
Substandard	65	129	194	286	480
Total	261,742	1,949	263,691	286	263,977
LTV => 60%					
Pass	24,867	94	24,961	—	24,961
Substandard	133	—	133	—	133
Total	25,000	94	25,094	—	25,094
Total one-to-four family residential	286,742	2,043	288,785	286	289,071
Commercial					
LTV < 35%					
Pass	49,236	70	49,306	—	49,306
Special Mention	90	—	90	—	90
Substandard	84	—	84	294	378
Total	49,410	70	49,480	294	49,774
LTV => 35%					
Pass	104,388	635	105,023	—	105,023
Special Mention	—	132	132	—	132
Substandard	3,670	425	4,095	829	4,924
Total	108,058	1,192	109,250	829	110,079
Total commercial	157,468	1,262	158,730	1,123	159,853
Construction and land					
Pass	14,336	592	14,928	—	14,928
Total construction and land	14,336	592	14,928	—	14,928
Multifamily					
LTV < 35%					
Pass	188,186	—	188,186	—	188,186
Special Mention	71	—	71	—	71
Substandard	—	152	152	—	152
Total	188,257	152	188,409	—	188,409
LTV => 35%					
Pass	8,886	—	8,886	—	8,886
Substandard	—	—	—	417	417
Total	8,886	—	8,886	417	9,303
Total multifamily	197,143	152	197,295	417	197,712

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Home equity and lines of credit					
Pass	19,207	80	19,287	—	19,287
Substandard	85	—	85	77	162
Total home equity and lines of credit	19,292	80	19,372	77	19,449
Commercial and industrial					
Pass	15,659	—	15,659	—	15,659
Total commercial and industrial	15,659	—	15,659	—	15,659
Other loans - Pass	23	—	23	—	23
Total loans acquired	690,663	4,129	694,792	1,903	696,695
	\$3,106,234	\$12,564	\$3,118,798	\$ 5,652	\$3,124,450

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

	December 31, 2017				
	Performing (Accruing) Loans				
	0-29 Days	30-89	Total	Non-Performing	Total Loans
	Past Due	Days		Loans	Receivable,
		Past			net
		Due			
Loans held-for-investment:					
Real estate loans:					
Commercial					
LTV < 35%					
Pass	\$84,620	\$—	\$84,620	—	\$84,620
Special Mention	—	410	410	—	410
Total	84,620	410	85,030	—	85,030
LTV => 35%					
Pass	346,229	628	346,857	—	346,857
Special Mention	832	1,338	2,170	—	2,170
Substandard	7,675	998	8,673	3,051	11,724
Total	354,736	2,964	357,700	3,051	360,751
Total commercial	439,356	3,374	442,730	3,051	445,781
One-to-four family residential					
LTV < 60%					
Pass	57,907	2,493	60,400	—	60,400
Special Mention	—	683	683	—	683
Substandard	322	614	936	534	1,470
Total	58,229	3,790	62,019	534	62,553
LTV => 60%					
Pass	38,504	—	38,504	—	38,504
Substandard	554	—	554	39	593
Total	39,058	—	39,058	39	39,097
Total one-to-four family residential	97,287	3,790	101,077	573	101,650
Construction and land					
Pass	34,614	6	34,620	—	34,620
Total construction and land	34,614	6	34,620	—	34,620
Multifamily					
LTV < 35%					
Pass	131,488	304	131,792	—	131,792
Total	131,488	304	131,792	—	131,792
LTV => 35%					
Pass	1,603,714	233	1,603,947	—	1,603,947
Special Mention	638	1,259	1,897	—	1,897
Substandard	83	1,501	1,584	—	1,584
Total	1,604,435	2,993	1,607,428	—	1,607,428
Total multifamily	1,735,923	3,297	1,739,220	—	1,739,220
Home equity and lines of credit					
Pass	67,426	—	67,426	—	67,426
Special Mention	28	—	28	—	28
Substandard	146	—	146	79	225

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Total home equity and lines of credit	67,600	—	67,600	79	67,679
Commercial and industrial loans					
Pass	34,003	138	34,141	—	34,141
Special Mention	547	24	571	—	571
Substandard	109	—	109	72	181
Total commercial and industrial loans	34,659	162	34,821	72	34,893
Other loans - Pass	1,403	29	1,432	—	1,432
Total originated loans held-for-investment	\$2,410,842	\$10,658	\$2,421,500	\$ 3,775	\$2,425,275

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

	December 31, 2017				
	Performing (Accruing) Loans				Total Loans
	0-29 Days	30-89	Total	Non-Performing	Receivable,
	Past Due	Days		Loans	net
		Past			
		Due			
Loans Acquired					
Real estate loans:					
One-to-four family residential					
LTV < 60%					
Pass	250,149	224	250,373	—	250,373
Special Mention	455	—	455	—	455
Substandard	417	150	567	228	795
Total	251,021	374	251,395	228	251,623
LTV => 60%					
Pass	23,295	—	23,295	—	23,295
Substandard	135	—	135	—	135
Total	23,430	—	23,430	—	23,430
Total one-to-four family residential	274,451	374	274,825	228	275,053
Commercial					
LTV < 35%					
Pass	50,035	70	50,105	—	50,105
Special Mention	91	—	91	—	91
Substandard	—	181	181	205	386
Total	50,126	251	50,377	205	50,582
LTV => 35%					
Pass	108,125	158	108,283	—	108,283
Special Mention	—	133	133	—	133
Substandard	3,703	430	4,133	831	4,964
Total	111,828	721	112,549	831	113,380
Total commercial	161,954	972	162,926	1,036	163,962
Construction and land					
Pass	17,201	—	17,201	—	17,201
Total construction and land	17,201	—	17,201	—	17,201
Multifamily					
LTV < 35%					
Pass	189,551	—	189,551	—	189,551
Special Mention	78	—	78	—	78
Substandard	153	—	153	—	153
Total	189,782	—	189,782	—	189,782
LTV => 35%					
Pass	8,950	—	8,950	—	8,950
Substandard	—	—	—	417	417
Total	8,950	—	8,950	417	9,367
Total multifamily	198,732	—	198,732	417	199,149
Home equity and lines of credit					
Pass	20,291	—	20,291	—	20,291

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Substandard	87	—	87	77	164
Total home equity and lines of credit	20,378	—	20,378	77	20,455
Commercial and industrial loans					
Pass	16,904	40	16,944	—	16,944
Substandard	—	—	—	2	2
Total commercial and industrial loans	16,904	40	16,944	2	16,946
Other	36	—	36	1	37
Total loans acquired	689,656	1,386	691,042	1,761	692,803
	\$3,100,498	\$12,044	\$3,112,542	\$ 5,536	\$3,118,078

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

The following table summarizes originated and acquired impaired loans as of March 31, 2018, and December 31, 2017 (in thousands):

	March 31, 2018			December 31, 2017		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
With No Allowance Recorded:						
Real estate loans:						
Commercial						
LTV < 35%						
Substandard	\$—	\$ 139	\$ —	\$—	\$ 139	\$ —
LTV => 35%						
Pass	4,695	5,581	—	6,263	7,150	—
Substandard	9,692	10,508	—	9,745	10,560	—
One-to-four family residential						
LTV < 60%						
Pass	1,177	1,245	—	1,189	1,254	—
Substandard	252	252	—	251	251	—
LTV => 60%						
Pass	402	427	—	136	161	—
Substandard	133	285	—	135	286	—
Multifamily						
LTV < 35%						
Substandard	152	152	—	153	153	—
LTV => 35%						
Pass	48	518	—	1,309	1,780	—
Substandard	1,244	1,244	—	—	—	—
Home equity and lines of credit						
Pass	32	32	—	33	33	—
Commercial and industrial loans						
Substandard	132	132	—	135	135	—
With a Related Allowance Recorded:						
Real estate loans:						
Commercial						
LTV => 35%						
Pass	1,486	1,486	(4)	—	—	—
One-to-four family residential						
LTV < 60%						
Pass	408	408	(3)	411	411	(7)
Substandard	678	678	(35)	997	997	(49)
LTV => 60%						
Pass	—	—	—	268	268	(19)
Home equity and lines of credit						
Substandard	35	35	(10)	36	36	(4)
Commercial and industrial loans						
Special Mention	23	23	(3)	24	24	(3)
Total:						

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Real estate loans							
Commercial	15,873	17,714	(4)	16,008	17,849	—
One-to-four family residential	3,050	3,295	(38)	3,387	3,628	(75
Multifamily	1,444	1,914	—		1,462	1,933	—
Home equity and lines of credit	67	67	(10)	69	69	(4
Commercial and industrial loans	155	155	(3)	159	159	(3
	\$20,589	\$23,145	\$ (55)	\$21,085	\$23,638	\$ (82

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

Included in the above table at March 31, 2018, are impaired loans with carrying balances of \$13.2 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 impaired loans at December 31, 2017, 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 March 31, 2018, and December 31, 2017, are considered to have sufficient collateral values, less costs to sell, 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 three months ended March 31, 2018, and March 31, 2017 (in thousands):

	Three Months Ended	
	March 31, 2018	March 31, 2017
	Average Recorded Investment	Average Recorded Investment
	Interest Income	Interest Income
With No Allowance Recorded:		
Real estate loans:		
Commercial		
LTV < 35%		
Substandard	\$—	—\$ —\$ 5
LTV => 35%		
Pass	5,469	4,89064
Substandard	9,718	13,69928
One-to-four family residential		
LTV < 60%		
Pass	1,183	630 8
Substandard	252	386 8
LTV => 60%		
Pass	269	— —
Substandard	134	450 5
Multifamily		
LTV < 35%		
Substandard	152	155 1
LTV => 35%		
Pass	679	61 4
Substandard	6221	— —
Home equity and lines of credit		
Pass	33 1	38 1
Commercial and industrial loans		
Substandard	134—	110 —
With a Related Allowance Recorded:		
Real estate loans:		
Commercial		
Pass	7430	— —
Substandard	— —	1,010—
One-to-four family residential		

LTV < 60%		
Pass	40 2	— —
Substandard	83 7	1,3087
LTV => 60%		
Pass	134—	274 4
Substandard	— —	379 1
Multifamily		
LTV => 35%		
Pass	— —	1,30212
Substandard	— —	450 —

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

	Three Months Ended			
	March 31, 2018		March 31, 2017	
	Average Recorded Investment	Interest Income	Average Recorded Investment	Interest Income
Home equity and lines of credit				
Pass	—	—	257	2
Substandard	35	—	38	—
Commercial and industrial loans				
Special Mention	24	—	26	—
Total:				
Real estate loans				
Commercial	15,940	159	19,599	197
One-to-four family residential	3,218	27	3,427	33
Multifamily	1,453	16	1,968	17
Home equity and lines of credit	68	1	333	3
Commercial and industrial loans	158	—	136	—
	\$20,837	\$ 203	\$25,463	\$ 250

There were no loans modified as troubled debt restructurings (TDRs) during the three months ended March 31, 2018. There was one one-to-four family residential loan modified as a TDR during the three months ended March 31, 2017. This loan had a pre- and post-modification balance of \$256,000 as of the date of modification, and was restructured to receive a reduced interest rate.

At March 31, 2018, and December 31, 2017, we had TDRs of \$17.8 million and \$18.3 million, respectively.

Management classifies all TDRs 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 an evaluation of each impaired loan and generally obtains updated appraisals as part of the 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 management firm that specializes 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.

At March 31, 2018, there were no TDR loans that were restructured during the preceding twelve months ended March 31, 2018, that subsequently defaulted. At March 31, 2017, there was one one-to-four family residential TDR loan that was restructured during the preceding twelve months ended March 31, 2017, that subsequently defaulted. The loan had a recorded investment of \$254,000, was 90 days or more past due, and on non-accrual status at March 31, 2017.

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NORTHFIELD BANCORP, INC.

Notes to Unaudited Consolidated Financial Statements - (Continued)

Note 6 – Deposits

Deposits account balances are summarized as follows (in thousands):

	March 31, 2018	December 31, 2017
Non-interest-bearing demand	\$405,917	\$ 407,267
Interest-bearing negotiable orders of withdrawal (NOW)	480,466	465,140
Savings and money market	1,190,872	1,225,643
Certificates of deposit	827,821	738,929
Total deposits	\$2,905,076	\$ 2,836,979

Interest expense on deposit accounts is summarized for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2018	2017
Negotiable orders of withdrawal, savings, and money market	\$2,143	\$2,030
Certificates of deposit	3,068	