Northfield Bancorp, Inc.
Form 10-Q
November 09, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2016
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 ý No o.
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 ý No o.
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

| | |
|---|---|
| Large accelerated filer o | Accelerated filer ý |
| Non-accelerated filer o (Do not check if smaller reporting company) | Smaller reporting company o |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý.
Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.
48,332,763 shares of Common Stock, par value $0.01 per share, were issued and outstanding as of October 31, 2016.

NORTHFIELD BANCORP, INC.
Form 10-Q Quarterly Report
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PART I
ITEM1. FINANCIAL STATEMENTS
NORTHFIELD BANCORP, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited) (In thousands, except share amounts)

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| ASSETS: | | |
| Cash and due from banks | $ 13,790 | $ 15,324 |
| Interest-bearing deposits in other financial institutions | 22,346 | 36,529 |
| Total cash and cash equivalents | 36,136 | 51,853 |
| Trading securities | 7,547 | 6,713 |
| Securities available-for-sale, at estimated fair value (encumbered $14,926 at September 30, 2016 and $65,051 at December 31, 2015) | 548,393 | 541,595 |
| Securities held-to-maturity, at amortized cost | 10,198 | 10,346 |
| (estimated fair value of $10,417 at September 30, 2016, and $10,369 at December 31, 2015) (encumbered of $4,720 at September 30, 2016, and $5,619 at December 31, 2015) | | |
| Originated loans held-for-investment, net | 2,069,820 | 1,931,585 |
| Loans acquired | 813,636 | 409,015 |
| Purchased credit-impaired (PCI) loans held-for-investment | 32,793 | 33,115 |
| Loans held-for-investment, net | 2,916,249 | 2,373,715 |
| Allowance for loan losses | (24,340 ) | (24,770 ) |
| Net loans held-for-investment | 2,891,909 | 2,348,945 |
| Accrued interest receivable | 9,184 | 8,263 |
| Bank owned life insurance | 147,051 | 132,782 |
| Federal Home Loan Bank of New York stock, at cost | 25,974 | 25,803 |
| Premises and equipment, net | 27,558 | 23,643 |
| Goodwill | 38,411 | 16,159 |
| Other real estate owned | — | 45 |
| Other assets | 42,267 | 36,437 |
| Total assets | $ 3,784,628 | $ 3,202,584 |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| LIABILITIES: | | |
| Deposits | $ 2,629,001 | $ 2,052,929 |
| Borrowed funds | 494,430 | 558,129 |
| Advance payments by borrowers for taxes and insurance | 11,937 | 10,862 |
| Accrued expenses and other liabilities | 28,760 | 20,885 |
| Total liabilities | 3,164,128 | 2,642,805 |
| | | |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock, $0.01 par value; 25,000,000 shares authorized, none issued or outstanding | — | — |
| Common stock, $0.01 par value: 150,000,000 shares authorized, 60,933,707 and 58,226,326 shares issued at September 30, 2016, and December 31, 2015, respectively, 48,337,147 and 45,565,540 outstanding at September 30, 2016, and December 31, 2015, respectively | 609 | 582 |
| Additional paid-in-capital | 547,999 | 501,540 |
| Unallocated common stock held by employee stock ownership plan | (23,887 ) | (24,664 ) |

| | | |
|---|---|---|
| Retained earnings | 263,659 | 256,170 |
| Accumulated other comprehensive income (loss) | 2,514 | (2,986) |
| Treasury stock at cost; 12,596,560 and 12,660,786 shares at September 30, 2016, and December 31, 2015, respectively | (170,394) | (170,863) |
| Total stockholders’ equity | 620,500 | 559,779 |
| Total liabilities and stockholders’ equity | $ 3,784,628 | $ 3,202,584 |

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 September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Interest income: | | | | |
| Loans | $28,222 | $22,077 | $82,792 | $64,034 |
| Mortgage-backed securities | 2,665 | 3,134 | 8,322 | 10,036 |
| Other securities | 252 | 64 | 662 | 292 |
| Federal Home Loan Bank of New York dividends | 302 | 265 | 861 | 905 |
| Deposits in other financial institutions | 84 | 30 | 225 | 93 |
| Total interest income | 31,525 | 25,570 | 92,862 | 75,360 |
| Interest expense: | | | | |
| Deposits | 3,545 | 2,841 | 10,672 | 7,373 |
| Borrowings | 1,729 | 2,156 | 5,570 | 7,145 |
| Total interest expense | 5,274 | 4,997 | 16,242 | 14,518 |
| Net interest income | 26,251 | 20,573 | 76,620 | 60,842 |
| Provision for loan losses | 472 | 200 | 355 | 472 |
| Net interest income after provision for loan losses | 25,779 | 20,373 | 76,265 | 60,370 |
| Non-interest income: | | | | |
| Fees and service charges for customer services | 1,255 | 1,047 | 3,627 | 2,948 |
| Income on bank owned life insurance | 1,008 | 947 | 3,001 | 2,829 |
| Gains/(losses) on securities transactions, net | 362 | (388) | 612 | (334) |
| Other | 42 | 60 | 189 | 333 |
| Total non-interest income | 2,667 | 1,666 | 7,429 | 5,776 |
| Non-interest expense: | | | | |
| Compensation and employee benefits | 9,565 | 7,265 | 30,891 | 22,506 |
| Occupancy | 2,828 | 2,524 | 8,597 | 7,605 |
| Furniture and equipment | 349 | 349 | 1,074 | 1,098 |
| Data processing | 1,674 | 881 | 4,919 | 2,839 |
| Professional fees | 684 | 953 | 2,621 | 2,246 |
| FDIC insurance | 256 | 366 | 1,218 | 1,152 |
| Other | 2,021 | 2,509 | 7,050 | 6,215 |
| Total non-interest expense | 17,377 | 14,847 | 56,370 | 43,661 |
| Income before income tax expense | 11,069 | 7,192 | 27,324 | 22,485 |
| Income tax expense | 3,782 | 2,515 | 9,392 | 8,511 |
| Net income | $7,287 | $4,677 | $17,932 | $13,974 |
| Net income per common share: | | | | |
| Basic | $0.16 | $0.11 | $0.40 | $0.33 |
| Diluted | $0.16 | $0.11 | $0.39 | $0.32 |

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 September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Net Income | $7,287 | $4,677 | $17,932 | $13,974 |
| Other comprehensive income: | | | | |
| Unrealized (losses) gains on securities: | | | | |
| Net unrealized holding (losses) gains on securities | (850) | 3,463 | 9,405 | 2,188 |
| Less: reclassification adjustment for net gains included in net income (included in gains (losses) on securities transactions, net) | (17) | (13) | (223) | (56) |
| Net unrealized (losses) gains | (867) | 3,450 | 9,182 | 2,132 |
| Other comprehensive (loss) income, before tax | (867) | 3,450 | 9,182 | 2,132 |
| Income tax benefit (expense) related to net unrealized holding (losses) gains on securities | 340 | (1,385) | (3,771) | (872) |
| Income tax expense related to reclassification adjustment for gains included in net income | 7 | 6 | 89 | 23 |
| Other comprehensive (loss) income, net of tax | (520) | 2,071 | 5,500 | 1,283 |
| Comprehensive income | $6,767 | $6,748 | $23,432 | $15,257 |

See accompanying notes to unaudited consolidated financial statements.

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NORTHFIELD BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Nine Months Ended September 30, 2016 and 2015
(Unaudited) (In thousands, except share data)

| | Common Stock | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Shares Outstanding | Par Value | Additional Paid-in Capital | Unallocated Common Stock Held by the Employee Stock Ownership Plan | Retained Earnings | Accumulated Other Comprehensive Income (loss) Net of tax | Treasury Stock | Total Stockholders' Equity |
| Balance at December 31, 2014 | 48,402,083 | $ 582 | $ 499,606 | $ (25,782 ) | $ 248,908 | $ (765 ) | $ (128,621 ) | $ 593,928 |
| Net income | | | | | 13,974 | | | 13,974 |
| Other comprehensive income, net of tax | | | | | | 1,283 | | 1,283 |
| ESOP shares allocated or committed to be released | | | 637 | 788 | | | | 1,425 |
| Stock compensation expense | | | 4,664 | | | | | 4,664 |
| Additional tax benefit on equity awards | | | 119 | | | | | 119 |
| Net issuance of restricted stock | 388,720 | | (5,074 ) | | | | 5,074 | — |
| Exercise of stock options | 71,325 | | (746 ) | | (85 ) | | 712 | (119 ) |
| Cash dividends declared ($0.21 per common share) | | | | | (9,210 ) | | | (9,210 ) |
| Treasury stock (average cost of $14.62 per share) | (3,293,420 ) | | | | | | (47,966 ) | $ (47,966 ) |
| Balance at September 30, 2015 | 45,568,708 | $ 582 | $ 499,206 | $ (24,994 ) | $ 253,587 | $ 518 | $ (170,801 ) | $ 558,098 |
| | | | | | | | | |
| Balance at December 31, 2015 | 45,565,540 | $ 582 | $ 501,540 | $ (24,664 ) | $ 256,170 | $ (2,986 ) | $ (170,863 ) | $ 559,779 |
| Net income | | | | | 17,932 | | | 17,932 |
| Other comprehensive income, net of tax | | | | | | 5,500 | | 5,500 |
| Acquisition of Hopewell Valley Community Bank | 2,707,381 | 27 | 41,694 | | | | | 41,721 |
| | | | 698 | 777 | | | | 1,475 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ESOP shares allocated or committed to be released | | | | | | | | |
| Stock compensation expense | | | 5,658 | | | | | 5,658 |
| Additional tax benefit on equity awards | | | 895 | | | | | 895 |
| Forfeitures of restricted stock | (7,640) | | 106 | | | | (106) | — |
| Exercise of stock options, net | 205,560 | | (2,592) | | | | 2,712 | 120 |
| Cash dividends declared ($0.24 per common share) | | | | | (10,443) | | | (10,443) |
| Treasury stock (average cost of $15.98 per share) | (133,694) | | | | | | (2,137) | (2,137) |
| Balance at September 30, 2016 | 48,337,147 | $ 609 | $ 547,999 | $ (23,887) | $ 263,659 | $ 2,514 | $ (170,394) | $ 620,500 |

See accompanying notes to unaudited consolidated financial statements.

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

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Cash flows from operating activities: | | |
| Net income | $17,932 | $13,974 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Provision for loan losses | 355 | 472 |
| ESOP and stock compensation expense | 7,133 | 6,089 |
| Depreciation | 2,717 | 2,572 |
| Amortization of premiums, and deferred loan costs, net of (accretion) of discounts, and deferred loan fees | 1,580 | 1,390 |
| Amortization intangible assets | 337 | 186 |
| Income on bank owned life insurance | (3,001) | (2,829) |
| Net gain on sale of loans held-for-sale | — | (9) |
| Proceeds from sale of loans held-for-sale | — | 2,126 |
| Origination of loans held-for-sale | — | (2,123) |
| (Gain) loss on securities transactions, net | (612) | 334 |
| Gain on sale of other real estate owned, net | — | (128) |
| Net purchases of trading securities | (445) | (330) |
| Decrease in accrued interest receivable | 531 | 278 |
| (Increase) decrease in other assets | (2,446) | 2,251 |
| (Decrease) increase in accrued expenses and other liabilities | (443) | 375 |
| Net cash provided by operating activities | 23,638 | 24,628 |
| Cash flows from investing activities: | | |
| Net increase in loans receivable | (42,182) | (213,098) |
| Purchase of loans | (159,531) | (135,938) |
| Redemptions of Federal Home Loan Bank of New York stock, net | 305 | 7,016 |
| Purchases of securities available-for-sale | (105,558) | — |
| Principal payments and maturities on securities available-for-sale | 126,348 | 141,909 |
| Principal payments and maturities on securities held-to-maturity | 136 | 831 |
| Purchases of securities held-to-maturity | — | (5,882) |
| Proceeds from sale of securities available-for-sale | 42,842 | 51,148 |
| Proceeds from sale of other real estate owned | 45 | 554 |
| Purchases and improvements of premises and equipment | (706) | (733) |
| Net cash acquired in business combination | 55,479 | — |
| Net cash used in investing activities | (82,822) | (154,193) |
| Cash flows from financing activities: | | |
| Net increase in deposits | 119,869 | 462,882 |
| Dividends paid | (10,443) | (9,210) |
| Exercise of stock options | 120 | (119) |
| Purchase of treasury stock | (2,137) | (47,966) |
| Additional tax benefit on equity awards | 895 | 119 |
| Increase in advance payments by borrowers for taxes and insurance | 1,075 | 3,173 |
| Repayments under capital lease obligations | (153) | (132) |

| | | |
|---|---|---|
| Proceeds from securities sold under agreements to repurchase and other borrowings | 177,241 | 129,761 |
| Repayments related to securities sold under agreements to repurchase and other borrowings | (243,000) | (399,664) |
| Net cash provided by financing activities | 43,467 | 138,844 |
| Net (decrease) increase in cash and cash equivalents | (15,717 ) | 9,279 |
| Cash and cash equivalents at beginning of period | 51,853 | 76,709 |
| Cash and cash equivalents at end of period | $36,136 | $85,988 |

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

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| Supplemental cash flow information: | | |
| Cash paid during the period for: | | |
| Interest | $16,729 | $14,571 |
| Income taxes | 9,336 | 6,698 |
| Non-cash transactions: | | |
| Loans charged-off, net | 785 | 1,109 |
| Other real estate owned write-downs | — | 71 |
| Acquisition: | | |
| Non-cash assets acquired, at fair value: | | |
| Securities available for sale | $61,633 | $— |
| Loans | 342,566 | — |
| Accrued interest receivable | 1,452 | — |
| Bank-owned life insurance | 11,269 | — |
| Premises and equipment | 5,926 | — |
| Federal Home Loan Bank of New York stock, at cost | 476 | — |
| Goodwill and other intangible assets | 24,265 | — |
| Other assets | 5,389 | — |
| Total non-cash assets acquired | 452,976 | — |
| Non-cash liabilities assumed at fair value: | | |
| Deposits | $456,203 | — |
| Borrowings | 2,213 | — |
| Other liabilities | 8,318 | — |
| Total non-cash liabilities assumed | 466,734 | — |
| Net non-cash liabilities assumed | (13,758) | — |
| Net cash and cash equivalents acquired | 55,479 | — |
| Common stock issued in acquisition | $41,721 | $— |

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 and nine months ended September 30, 2016, are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2016. 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, 2015, of Northfield Bancorp, Inc. as filed with the SEC.

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

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

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

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

The calculation of goodwill is subject to change for up to one year after the date of acquisition as additional information relative to the closing date estimates and uncertainties become available. As the Company finalizes its review of the acquired assets and liabilities, certain adjustments to the recorded carrying values may be required.

Fair Value Measurement of Assets Assumed and Liabilities Assumed

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

Cash and cash equivalents

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

Securities Available-for-Sale

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

Loans
The acquired loan portfolio was valued based on current guidance which defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement

date. Level 3 inputs were utilized to value the portfolio and included the use of present value techniques employing cash flow estimates and the incorporated assumptions that marketplace participants would use in estimating fair values. In instances where reliable market information was not available, the Company used its own assumptions in an effort to determine reasonable fair value. Specifically, management utilized three separate fair value analyses which a market participant would employ in estimating the total fair value adjustment. The three separate fair valuation methodologies used were: 1) interest rate loan fair value analysis; 2) general credit fair value adjustment; and 3) specific credit fair value adjustment.

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

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

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

Other intangible assets

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

Deposits

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

Other borrowings

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

Note 3 – Securities Available-for-Sale

The following is a comparative summary of mortgage-backed securities, other debt securities, and other securities available-for-sale at September 30, 2016, and December 31, 2015 (in thousands):

| | September 30, 2016 | | | |
|---|---|---|---|---|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | Estimated fair value |
| Mortgage-backed securities: | | | | |
| Pass-through certificates: | | | | |
| Government sponsored enterprises (GSE) | $241,166 | $ 6,590 | $ 235 | $247,521 |
| Real estate mortgage investment conduits (REMICs): | | | | |
| GSE | 251,955 | 1,197 | 3,004 | 250,148 |
| Non-GSE | 344 | — | 11 | 333 |
| | 493,465 | 7,787 | 3,250 | 498,002 |
| Other debt securities: | | | | |
| Municipal bonds | 1,907 | 17 | 5 | 1,919 |
| Corporate bonds | 45,900 | 253 | 64 | 46,089 |
| | 47,807 | 270 | 69 | 48,008 |
| Other securities | | | | |
| Equity investments-mutual funds | 1,114 | 15 | — | 1,129 |
| Other | 1,254 | — | — | 1,254 |
| Total securities available-for-sale | $543,640 | $ 8,072 | $ 3,319 | $548,393 |

| | December 31, 2015 | | | |
|---|---|---|---|---|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | Estimated fair value |
| Mortgage-backed securities: | | | | |
| Pass-through certificates: | | | | |
| GSE | $228,557 | $ 4,673 | $ 1,530 | $231,700 |
| REMICs: | | | | |
| GSE | 305,387 | 647 | 8,210 | 297,824 |
| Non-GSE | 597 | — | 18 | 579 |
| | 534,541 | 5,320 | 9,758 | 530,103 |
| Other debt securities: | | | | |
| Corporate bonds | 11,002 | 9 | — | 11,011 |
| Other securities | | | | |
| Equity investments-mutual funds | 481 | — | — | 481 |
| Total securities available-for-sale | $546,024 | $ 5,329 | $ 9,758 | $541,595 |

The following is a summary of the expected maturity distribution of debt securities available-for-sale, other than mortgage-backed securities, at September 30, 2016 (in thousands):

| Available-for-sale | Amortized cost | Estimated fair value |
|---|---|---|
| Due in one year or less | $ 1,385 | $ 1,380 |
| Due after one year through five years | 40,831 | 41,006 |
| Due after five years through ten years | 5,093 | 5,187 |
| Due after ten years | 498 | 435 |
| | $ 47,807 | $ 48,008 |

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.

For the three and nine months ended September 30, 2016, the Company had gross proceeds of $525,000 and $42.8 million, respectively, on sales of securities available-for-sale, with gross realized gains of approximately $18,000 and $352,000, and gross realized losses of approximately $1,000 and $129,000, for the three and nine months ended September 30, 2016. For the three and nine months ended September 30, 2015, the Company had gross proceeds of $11.9 million and $51.1 million, respectively, on sales of securities available-for-sale, with gross realized gains of approximately $13,000 and $59,000, respectively, and gross realized losses of $0 and $3,000, for the three and nine months ended September 30, 2015, respectively. The Company recognized net gains of $345,000 and $389,000, on its trading securities portfolio during the three and nine months ended September 30, 2016, respectively. The Company recognized net losses of $401,000, and $390,000, on its trading securities portfolio during the three and nine months ended September 30, 2015, respectively. The Company did not recognize any other-than-temporary impairment charges during the three and nine months ended September 30, 2016, or September 30, 2015.

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 September 30, 2016, and December 31, 2015, were as follows (in thousands):

| | September 30, 2016 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | 12 months or more | | Total | |
| | Unrealized losses | Estimated fair value | Unrealized losses | Estimated fair value | Unrealized losses | Estimated fair value |
| Mortgage-backed securities: | | | | | | |
| Pass-through certificates: | | | | | | |
| GSE | $ 12 | $ 5,051 | $ 223 | $ 8,392 | $ 235 | $ 13,443 |
| REMICs: | | | | | | |
| GSE | 26 | 20,327 | 2,978 | 106,713 | 3,004 | 127,040 |
| Non-GSE | — | — | 11 | 333 | 11 | 333 |
| Other debt securities: | | | | | | |
| Municipal bonds | 5 | 1,380 | — | — | 5 | 1,380 |
| Corporate bonds | 64 | 435 | — | — | 64 | 435 |
| Total | $ 107 | $ 27,193 | $ 3,212 | $ 115,438 | $ 3,319 | $ 142,631 |

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| | December 31, 2015 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | 12 months or more | | Total | |
| | Unrealized losses | Estimated fair value | Unrealized losses | Estimated fair value | Unrealized losses | Estimated fair value |
| Mortgage-backed securities: | | | | | | |
| Pass-through certificates: | | | | | | |
| GSE | $115 | $ 14,424 | $1,415 | $52,120 | $1,530 | $66,544 |
| REMICs: | | | | | | |
| GSE | 338 | 31,937 | 7,872 | 164,666 | 8,210 | 196,603 |
| Non-GSE | — | — | 18 | 579 | 18 | 579 |
| Total | $453 | $ 46,361 | $9,305 | $217,365 | $9,758 | $263,726 |

The Company held thirteen pass-through mortgage-backed securities issued or guaranteed by GSEs, eight REMIC mortgage-backed securities issued or guaranteed by GSEs, and two REMIC mortgage-backed securities not issued or guaranteed by GSEs that were in a continuous unrealized loss position of twelve months or greater at September 30, 2016.  There were 10 pass-through mortgage-backed securities issued or guaranteed by GSEs, three REMIC mortgage-backed securities issued or guaranteed by a GSE, one municipal bond, and one corporate bond that were in an unrealized loss position of less than twelve months at September 30, 2016. All securities referred to above were rated investment grade at September 30, 2016.  The declines in value relate to the general interest rate environment and are considered temporary.  The securities cannot be prepaid in a manner that would result in the Company not receiving 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.

Note 4 – Securities Held-to-Maturity

The following is a summary of mortgage-backed securities held-to-maturity at September 30, 2016, and December 31, 2015 (in thousands):

| | September 30, 2016 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Mortgage-backed securities: | | | | |
| Pass-through certificates: | | | | |
| GSEs | $10,198 | $ 219 | $ — | $ 10,417 |
| Total securities held-to-maturity | $10,198 | $ 219 | $ — | $ 10,417 |
| | December 31, 2015 | | | |
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Mortgage-backed securities: | | | | |

| | | | | |
|---|---|---|---|---|
| Pass-through certificates: | | | | |
| GSEs | $10,346 | $ 53 | $ 30 | $ 10,369 |
| Total securities held-to-maturity | $10,346 | $ 53 | $ 30 | $ 10,369 |

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

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 and nine months ended September 30, 2016, or September 30, 2015. The Company had no held-to-maturity securities at September 30, 2016, that were in an unrealized loss position.

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

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

The 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.

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Note 5 – Loans

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

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| Real estate loans: | | |
| Multifamily | $ 1,438,651 | $ 1,318,461 |
| Commercial mortgage | 414,390 | 402,073 |
| One-to-four family residential mortgage | 103,606 | 98,332 |
| Home equity and lines of credit | 64,650 | 61,413 |
| Construction and land | 13,921 | 18,652 |
| Total real estate loans | 2,035,218 | 1,898,931 |
| Commercial and industrial loans | 26,423 | 25,554 |
| Other loans | 1,708 | 2,256 |
| Total commercial and industrial and other loans | 28,131 | 27,810 |
| Deferred loan cost, net | 6,471 | 4,844 |
| Originated loans held-for-investment, net | 2,069,820 | 1,931,585 |
| PCI Loans | 32,793 | 33,115 |
| Loans acquired: | | |
| One-to-four family residential mortgage | 334,386 | 330,672 |
| Commercial mortgage | 185,957 | 11,160 |
| Multifamily | 216,912 | 64,779 |
| Home equity and lines of credit | 27,002 | 2,404 |
| Construction and land | 23,022 | — |
| Total real estate loans | 787,279 | 409,015 |
| Commercial and industrial loans | 25,990 | — |
| Other loans | 367 | — |
| Total loans acquired, net | 813,636 | 409,015 |
| Loans held-for-investment, net | 2,916,249 | 2,373,715 |
| Allowance for loan losses | (24,340 ) | (24,770 ) |
| Net loans held-for-investment | $ 2,891,909 | $ 2,348,945 |

PCI loans totaled $32.8 million at September 30, 2016, as compared to $33.1 million at December 31, 2015 and included $4.9 million of loans acquired as part of the Hopewell Valley acquisition. The remaining balance of PCI loans is primarily attributable to those acquired as part of an FDIC-assisted transaction. The Company accounts for PCI loans utilizing U.S. GAAP applicable to loans acquired with deteriorated credit quality. At September 30, 2016, PCI loans consist of approximately 36.5% commercial real estate loans and 44.0% commercial and industrial loans, with the remaining balance in residential and home equity loans. At December 31, 2015, PCI loans consist of approximately 27.9% commercial real estate loans and 52.4% commercial and industrial loans, with the remaining balance in residential and home equity loans.

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

| | January 8, 2016 |
|---|---|
| | $ 16,580 |

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

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The following table details the accretion of interest income for PCI loans for the three and nine months ended September 30, 2016 and September 30, 2015 (in thousands):

| | At or for the three months ended September 30, | | At or for the nine months ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Balance at the beginning of period | $20,979 | $25,706 | $22,853 | $27,943 |
| Acquisition | — | — | 845 | — |
| Accretion into interest income | (1,294) | (1,031) | (4,013) | (3,268) |
| Net reclassification from non-accretable difference | — | (697) | — | (697) |
| Balance at end of period | $19,685 | $23,978 | $19,685 | $23,978 |

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

The following tables set forth activity in our allowance for loan losses, by loan type, as of and for the three and nine months ended September 30, 2016, and September 30, 2015 (in thousands):

| | Three Months Ended September 30, 2016 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Real Estate | | | | | | | | | | | |
| | Commercial | One-to-Four Family | Construction and Land | Multifamily | Home Equity and Lines of Credit | Commercial and Industrial | Other | Unallocated | Originated Loans Total | Purchased Credit-Impaired Loans | Acquired Loans | Total |
| Allowance for loan losses: | | | | | | | | | | | | |
| Beginning balance | $6,621 | $762 | $193 | $13,552 | $510 | $1,266 | $77 | $441 | $23,422 | $783 | $112 | $24,317 |
| Charge-offs | (405) | — | — | — | — | (65) | — | — | (470) | — | — | (470) |
| Recoveries | 17 | 1 | — | — | 1 | 1 | 1 | — | 21 | — | — | 21 |
| Provisions/(credit) | (38) | (3) | (26) | 43 | 70 | 326 | 32 | 70 | 474 | — | (2) | 472 |
| Ending balance | $6,195 | $760 | $167 | $13,595 | $581 | $1,528 | $110 | $511 | $23,447 | $783 | $110 | $24,340 |

| | Three Months Ended September 30, 2015 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Real Estate | | | | | | | | | | | |
| | Commercial | One-to-Four Family | Construction and Land | Multifamily | Home Equity and Lines of Credit | Commercial and Industrial | Other | Unallocated | Originated Loans Total | Purchased Credit-Impaired Loans | Acquired Loans | Total |
| Allowance for loan losses: | | | | | | | | | | | | |
| Beginning balance | $7,341 | $1,107 | $185 | $13,208 | $941 | $1,011 | $129 | $1,135 | $25,057 | $400 | $59 | $25,516 |
| Charge-offs | (6) | (1) | — | — | (115) | — | (1) | — | (123) | — | — | (123) |
| Recoveries | 2 | — | — | 25 | — | 34 | 1 | — | 62 | — | — | 62 |
| Provisions/(credit) | (710) | (355) | 278 | (245) | 322 | 706 | (56) | (50) | (110) | 298 | 12 | 200 |
| Ending balance | $6,627 | $751 | $463 | $12,988 | $1,148 | $1,751 | $73 | $1,085 | $24,886 | $698 | $71 | $25,655 |

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

| | Nine Months Ended September 30, 2016 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Real Estate | | | | | | | | | | | |
| | Commercial | One-to-Four Family | Construction and Land | Multifamily | Home Equity and Lines of Credit | Commercial and Industrial | Other | Unallocated | Originated Loans Total | Purchased Credit-Impaired | Acquired Loans | Total |
| Allowance for loan losses: | | | | | | | | | | | | |
| Beginning balance | $7,106 | $787 | $261 | $12,387 | $795 | $1,288 | $155 | $1,093 | $23,872 | $783 | $115 | $24,770 |
| Charge-offs | (596) | (20) | — | (277) | — | (66) | — | — | (959) | — | — | (959) |
| Recoveries | 163 | 2 | 1 | — | 1 | 3 | 4 | — | 174 | — | — | 174 |
| Provisions/(credit) | (478) | (9) | (95) | 1,485 | (215) | 303 | (49) | (582) | 360 | — | (5) | 355 |
| Ending balance | $6,195 | $760 | $167 | $13,595 | $581 | $1,528 | $110 | $511 | $23,447 | $783 | $110 | $24,340 |

| | Nine Months Ended September 30, 2015 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Real Estate | | | | | | | | | | | |
| | Commercial | One-to-Four Family | Construction and Land | Multifamily | Home Equity and Lines of Credit | Commercial and Industrial | Other | Unallocated | Originated Loans Total | Purchased Credit-Impaired | Acquired Loans | Total |
| Allowance for loan losses: | | | | | | | | | | | | |
| Beginning balance | $9,309 | $951 | $266 | $12,219 | $901 | $841 | $134 | $1,209 | $25,830 | $400 | $62 | $26,292 |
| Charge-offs | (836) | (127) | — | (113) | (115) | (32) | (1) | — | (1,224) | — | — | (1,224) |
| Recoveries | 2 | — | — | 25 | 42 | 34 | 12 | — | 115 | — | — | 115 |
| Provisions/(credit) | (1,848) | (73) | 197 | 857 | 320 | 908 | (72) | (124) | 165 | 298 | 9 | 472 |
| Ending balance | $6,627 | $751 | $463 | $12,988 | $1,148 | $1,751 | $73 | $1,085 | $24,886 | $698 | $71 | $25,655 |

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 September 30, 2016, and December 31, 2015 (in thousands):

| | September 30, 2016 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Real Estate | | | | | | | | | | | |
| | Commercial | One-to-Four Family | Construction and Land | Multifamily | Home Equity and Lines of Credit | Commercial and Industrial | Other | Unallocated | Originated Loans Total | Purchased Credit-Impaired | Acquired Loans | Tota |
| Allowance for loan losses: | | | | | | | | | | | | |
| Ending balance: individually evaluated for impairment | $518 | $84 | $— | $110 | $38 | $7 | $— | $— | $757 | $— | $110 | $867 |
| Ending balance: collectively evaluated for impairment | $5,677 | $676 | $167 | $13,485 | $543 | $1,521 | $110 | $511 | $22,690 | $783 | $— | $23, |
| Loans, net: | | | | | | | | | | | | |
| Ending balance | $415,003 | $104,263 | $13,939 | $1,442,445 | $65,942 | $26,520 | $1,708 | $— | $2,069,820 | $32,793 | $813,636 | $2,9 |
| Ending balance: individually evaluated for impairment | $22,085 | $2,239 | $— | $1,671 | $341 | $105 | $— | $— | $26,441 | $— | $3,497 | $29, |
| Ending balance: collectively evaluated for impairment | $392,918 | $102,024 | $13,939 | $1,440,774 | $65,601 | $26,415 | $1,708 | $— | $2,043,379 | $32,793 | $810,139 | $2,8 |

| | December 31, 2015 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Real Estate | | | | | | | | | | | |
| | Commercial | One-to-Four Family | Construction and Land | Multifamily | Home Equity and | Commercial and Industrial | Other | Unallocated | Originated Loans Total | Purchased Credit-Impaired | Acquired Loans | Tota |

| | | | | | Lines of Credit | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Allowance for loan losses: | | | | | | | | | | | | |
| Ending balance: individually evaluated for impairment | $394 | $167 | $— | $158 | $51 | $4 | $— | $— | $774 | $— | $115 | $88 |
| Ending balance: collectively evaluated for impairment | $6,712 | $620 | $261 | $12,229 | $744 | $1,284 | $155 | $1,093 | $23,098 | $783 | $— | $23 |
| Loans, net: | | | | | | | | | | | | |
| Ending balance | $402,714 | $99,010 | $18,677 | $1,320,724 | $62,594 | $25,610 | $2,256 | $— | $1,931,585 | $33,115 | $409,015 | $2,3 |
| Ending balance: individually evaluated for impairment | $20,465 | $2,344 | $— | $2,458 | $354 | $116 | $— | $— | $25,737 | $— | $3,250 | $28 |
| Ending balance: collectively evaluated for impairment | $382,249 | $96,666 | $18,677 | $1,318,266 | $62,240 | $25,494 | $2,256 | $— | $1,905,848 | $33,115 | $405,765 | $2,3 |

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

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

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

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

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

NORTHFIELD BANCORP, INC.
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 September 30, 2016, and December 31, 2015 (in thousands):

| | At September 30, 2016 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Real Estate | | | | | | | | | | |
| | Multifamily | | Commercial | | One-to-Four Family | | Construction and Land | Home Equity and Lines of Credit | Commercial and Industrial | Other | Total |
| | < 35% LTV | => 35% LTV | < 35% LTV | => 35% LTV | < 60% LTV | => 60% LTV | | | | | |
| Internal Risk Rating | | | | | | | | | | | |
| Pass | $125,835 | $1,310,881 | $65,354 | $324,315 | $54,876 | $45,317 | $13,939 | $65,620 | $26,124 | $1,708 | $2,033 |
| Special Mention | 31 | 3,728 | — | 2,886 | 709 | — | — | 70 | 248 | — | 7,672 |
| Substandard | 41 | 1,929 | 1,194 | 21,254 | 1,906 | 1,455 | — | 252 | 148 | — | 28,179 |
| Originated loans held-for-investment, net | $125,907 | $1,316,538 | $66,548 | $348,455 | $57,491 | $46,772 | $13,939 | $65,942 | $26,520 | $1,708 | $2,069 |

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

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Included in loans receivable are loans for which the accrual of interest income has been discontinued due to deterioration in the financial condition of the borrowers. The recorded investment of these non-accrual loans was $8.8 million at both September 30, 2016 and December 31, 2015. 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 $7.2 million and $6.7 million at September 30, 2016, and December 31, 2015, respectively. Loans on non-accrual status with principal balances less than $500,000, and therefore not meeting the Company’s definition of an impaired loan, amounted to $1.6 million and $2.1 million at September 30, 2016, and December 31, 2015, respectively. There were no loans held-for-sale at September 30, 2016, or December 31, 2015. Loans past due 90 days or more and still accruing interest were $1.8 million and $15,000 at September 30, 2016, and December 31, 2015, respectively, and consisted of loans that are considered well secured and in the process of collection.

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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 September 30, 2016, and December 31, 2015, 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):

| | At September 30, 2016 | | | | | |
|---|---|---|---|---|---|---|
| | Total Non-Performing Loans | | | | | |
| | Non-Accruing Loans | | | | | |
| | 0-29 Days Past Due | 30-89 Days Past Due | 90 Days or More Past Due | Total | 90 Days or More Past Due and Accruing | Total Non-Performing Loans |
| Loans held-for-investment: | | | | | | |
| Real estate loans: | | | | | | |
| Commercial | | | | | | |
| LTV => 35% | | | | | | |
| Substandard | $348 | $— | $6,120 | $6,468 | $ — | $ 6,468 |
| Total commercial | 348 | — | 6,120 | 6,468 | — | 6,468 |
| One-to-four family residential | | | | | | |
| LTV < 60% | | | | | | |
| Substandard | — | 517 | 699 | 1,216 | 10 | 1,226 |
| Total one-to-four family residential | — | 517 | 699 | 1,216 | 10 | 1,226 |
| Multifamily | | | | | | |
| LTV < 35% | | | | | | |
| Substandard | 41 | — | — | 41 | — | 41 |
| LTV => 35% | | | | | | |
| Substandard | — | — | 281 | 281 | — | 281 |
| Total multifamily | 41 | — | 281 | 322 | — | 322 |
| Home equity and lines of credit | | | | | | |
| Substandard | 97 | — | — | 97 | — | 97 |
| Total home equity and lines of credit | 97 | — | — | 97 | — | 97 |
| Other loans | | | | | | |
| Pass | — | — | — | — | — | — |
| Total other | — | — | — | — | — | — |
| Total non-performing loans held-for-investment | 486 | 517 | 7,100 | 8,103 | 10 | 8,113 |
| Loans acquired: | | | | | | |
| Commercial | | | | | | |
| LTV < 35% | | | | | | |
| Substandard | — | — | 237 | 237 | — | 237 |
| LTV => 35% | | | | | | |
| Substandard | — | — | — | — | 1,834 | 1,834 |
| Total commercial | — | — | 237 | 237 | 1,834 | 2,071 |
| One-to-four family residential | | | | | | |
| LTV < 60% | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Substandard | 422 | — | — | 422 | — | 422 |
| Total one-to-four family residential | 422 | — | — | 422 | — | 422 |
| Total one-to-four family residential | 422 | — | — | 422 | — | 422 |
| Commercial and industrial loans | | | | | | |
| Substandard | — | — | 13 | 13 | — | 13 |
| Total commercial and industrial loans | — | — | 13 | 13 | — | 13 |
| Total non-performing loans acquired | 422 | — | 250 | 672 | 1,834 | 2,506 |
| Total non-performing loans | $908 | $517 | $7,350 | $8,775 | $ 1,844 | $ 10,619 |

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

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

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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 September 30, 2016, and December 31, 2015 (in thousands):

| | September 30, 2016 | | | | |
|---|---|---|---|---|---|
| | Performing (Accruing) Loans | | | | |
| | 0-29 Days Past Due | 30-89 Days Past Due | Total | Non-Performing Loans | Total Loans Receivable, net |
| Loans held-for-investment: | | | | | |
| Real estate loans: | | | | | |
| Commercial | | | | | |
| LTV < 35% | | | | | |
| Pass | $64,312 | $1,042 | $65,354 | $ — | $ 65,354 |
| Substandard | 1,194 | — | 1,194 | — | 1,194 |
| Total | 65,506 | 1,042 | 66,548 | — | 66,548 |
| LTV => 35% | | | | | |
| Pass | 322,986 | 1,329 | 324,315 | — | 324,315 |
| Special Mention | 2,886 | — | 2,886 | — | 2,886 |
| Substandard | 13,729 | 1,057 | 14,786 | 6,468 | 21,254 |
| Total | 339,601 | 2,386 | 341,987 | 6,468 | 348,455 |
| Total commercial | 405,107 | 3,428 | 408,535 | 6,468 | 415,003 |
| One-to-four family residential | | | | | |
| LTV < 60% | | | | | |
| Pass | 52,247 | 2,628 | 54,875 | — | 54,875 |
| Special Mention | 494 | 215 | 709 | — | 709 |
| Substandard | 377 | 304 | 681 | 1,226 | 1,907 |
| Total | 53,118 | 3,147 | 56,265 | 1,226 | 57,491 |
| LTV => 60% | | | | | |
| Pass | 45,066 | 251 | 45,317 | — | 45,317 |
| Substandard | 1,455 | — | 1,455 | — | 1,455 |
| Total | 46,521 | 251 | 46,772 | — | 46,772 |
| Total one-to-four family residential | 99,639 | 3,398 | 103,037 | 1,226 | 104,263 |
| Construction and land | | | | | |
| Pass | 13,939 | — | 13,939 | | 13,939 |
| Total construction and land | 13,939 | — | 13,939 | — | 13,939 |
| Multifamily | | | | | |
| LTV < 35% | | | | | |
| Pass | 125,835 | — | 125,835 | — | 125,835 |
| Special Mention | 31 | — | 31 | — | 31 |
| Substandard | — | — | — | 41 | 41 |
| Total | 125,866 | — | | | |