Northfield Bancorp, Inc.
Form 10-Q
November 09, 2011

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

FORM 10-Q

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

For the quarterly period ended September 30, 2011

or

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

For transition period from to

Commission File Number 1-33732

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

United States of America	**42-1572539**
(State or other jurisdiction of incorporation)	**(I.R.S. Employer Identification No.)**
1410 St. Georges Avenue, Avenel, New Jersey	**07001**
(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 þ No o.

Indicate by check mark whether the registrant has submitted electronically and posted on it 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 þ 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 þ	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 þ.

Indicate the number of shares outstanding of each of the issuer s classes of common stock as of the latest practicable date. 40,624,731 shares of Common Stock, par value $0.01 per share, were issued and outstanding as of November 4, 2011.

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

NORTHFIELD BANCORP, INC.
CONSOLIDATED BALANCE SHEETS

September 30, 2011, and December 31, 2010
(In thousands, except per share amounts)

	September 30, 2011 (Unaudited)	December 31, 2010
ASSETS:		
Cash and due from banks	$ 10,311	$ 9,862
Interest-bearing deposits in other financial institutions	23,193	33,990
Total cash and cash equivalents	33,504	43,852
Trading securities	3,902	4,095
Securities available-for-sale, at estimated fair value (encumbered $360,891 in 2011 and $275,694 in 2010)	1,206,069	1,244,313
Securities held-to-maturity, at amortized cost (estimated fair value of $4,324 in 2011 and $5,273 in 2010) (encumbered $0 in 2011 and 2010)	4,130	5,060
Loans held-for-sale	1,555	1,170
Loans held-for-investment, net	965,257	827,591
Allowance for loan losses	(25,503)	(21,819)
Net loans held-for-investment	939,754	805,772
Accrued interest receivable	7,804	7,873
Bank owned life insurance	77,040	74,805
Federal Home Loan Bank of New York stock, at cost	9,531	9,784
Premises and equipment, net	18,260	16,057
Goodwill	16,159	16,159
Other real estate owned	34	171
Other assets	13,371	18,056
Total assets	2,331,113	2,247,167
LIABILITIES AND STOCKHOLDERS EQUITY:		
LIABILITIES:		
Deposits	1,454,827	1,372,842
Borrowings	454,346	391,237
Advance payments by borrowers for taxes and insurance	2,901	693
Accrued expenses and other liabilities	28,785	85,678
Total liabilities	1,940,859	1,850,450
STOCKHOLDERS EQUITY:		

Preferred stock, $0.01 par value; 10,000,000 shares authorized, none issued or outstanding		
Common stock, $0.01 par value: 90,000,000 shares authorized, 45,632,611 shares issued at September 30, 2011, and December 31, 2010, respectively, 41,220,491 and 43,316,021 outstanding at September 30, 2011, and December 31, 2010, respectively	456	456
Additional paid-in-capital	208,481	205,863
Unallocated common stock held by employee stock ownership plan	(14,750)	(15,188)
Retained earnings	232,862	222,655
Accumulated other comprehensive income	19,420	10,910
Treasury stock at cost; 4,412,120 and 2,316,590 shares at September 30, 2011, and December 31, 2010, respectively	(56,215)	(27,979)
Total stockholders equity	390,254	396,717
Total liabilities and stockholders equity	$ 2,331,113	$ 2,247,167

See accompanying notes to the unaudited consolidated financial statements.

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NORTHFIELD BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME
Three and nine months ended September 30, 2011, and 2010
(Unaudited)
(In thousands, except share data)

	Three months ended September 30,		Nine months ended September 30,	
	2011	**2010**	**2011**	**2010**
Interest income:				
Loans	$ 14,044	$ 11,908	$ 39,296	$ 34,299
Mortgage-backed securities	7,746	8,144	24,838	25,452
Other securities	781	1,537	2,538	4,605
Federal Home Loan Bank of New York dividends	113	75	343	233
Deposits in other financial institutions	35	18	140	132
Total interest income	22,719	21,682	67,155	64,721
Interest expense:				
Deposits	3,111	3,197	9,399	10,531
Borrowings	3,331	2,807	9,879	8,046
Total interest expense	6,442	6,004	19,278	18,577
Net interest income	16,277	15,678	47,877	46,144
Provision for loan losses	2,000	3,398	5,117	8,126
Net interest income after provision for loan losses	14,277	12,280	42,760	38,018
Non-interest income:				
Fees and service charges for customer services	740	631	2,181	1,920
Income on bank owned life insurance	749	565	2,235	1,502
(Loss) gain on securities transactions, net	(271)	423	2,373	1,568
Other-than-temporary impairment losses on securities		(962)	(1,152)	(962)
Portion recognized in other comprehensive income (before taxes)		808	743	808
Net impairment losses on securities recognized in earnings		(154)	(409)	(154)
Other	22	36	159	254
Total non-interest income	1,240	1,501	6,539	5,090
Non-interest expense:				
Compensation and employee benefits	4,890	4,830	15,101	13,829
Director compensation	370	330	1,141	1,099
Occupancy	1,685	1,328	4,508	3,711
Furniture and equipment	312	267	891	798

Data processing	720	653	2,054	1,921
FDIC insurance	382	452	1,242	1,337
Professional fees	454	2,218	1,523	3,074
Other	973	1,093	2,863	2,980
Total non-interest expense	9,786	11,171	29,323	28,749
Income before income tax expense	5,731	2,610	19,976	14,359
Income tax expense	2,035	215	6,963	4,397
Net income	$ 3,696	$ 2,395	$ 13,013	$ 9,962
Basic and diluted earnings per share	$ 0.09	$ 0.06	$ 0.32	$ 0.24

See accompanying notes to the unaudited consolidated financial statements.

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NORTHFIELD BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY
Nine months ended September 30, 2011, and 2010
(Unaudited)
(Dollars in thousands)

	Common Stock Shares	Common Stock Par Value	Additional paid-in capital	Unallocated common stock held by the employee stock ownership plan	Retained earnings	Accumulated other comprehensive income	Treasury stock	Total stockholders equity
Balance at December 31, 2009	45,628,211	$ 456	$ 202,479	$ (15,807)	$ 212,196	$ 12,145	$ (19,929)	$ 391,540
Comprehensive income:								
Net income					9,962			9,962
Change in accumulated comprehensive income, net of tax of $3,541						5,685		5,685
Total comprehensive income								15,647
ESOP shares allocated or committed to be released			144	440				584
Stock compensation expense			2,215					2,215
Additional tax benefit on equity awards			231					231
Exercise of stock options					(26)		163	137
Dividends declared ($0.14 per share)					(2,410)			(2,410)
Issuance of restricted stock	4,400							
							(5,347)	(5,347)

Treasury stock (average cost of $12.00 per share)								
Balance at September 30, 2010	45,632,611	$ 456	$ 205,069	$ (15,367)	$ 219,722	$ 17,830	$ (25,113)	$ 402,597
Balance at December 31, 2010	45,632,611	$ 456	$ 205,863	$ (15,188)	$ 222,655	$ 10,910	$ (27,979)	$ 396,717
Comprehensive income:								
Net income					13,013			13,013
Change in accumulated comprehensive income, net of tax of $5,671						8,510		8,510
Total comprehensive income								21,523
ESOP shares allocated or committed to be released			150	438				588
Stock compensation expense			2,282					2,282
Additional tax benefit on equity awards			186					186
Exercise of stock options					(1)		6	5
Dividends declared ($0.17 per share)					(2,805)			(2,805)
Treasury stock (average cost of $13.47 per share)							(28,242)	(28,242)
Balance at September 30, 2011	45,632,611	$ 456	$ 208,481	$ (14,750)	$ 232,862	$ 19,420	$ (56,215)	$ 390,254

See accompanying notes to the unaudited consolidated financial statements.

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NORTHFIELD BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine months ended September 30, 2011, and 2010
(Unaudited) (In thousands)

	2011	2010
Cash flows from operating activities:		
Net income	$ 13,013	$ 9,962
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	5,117	8,126
ESOP and stock compensation expense	2,870	2,799
Depreciation	1,566	1,313
Amortization of premiums, and deferred loan costs, net of (accretion) of discounts, and deferred loan fees	967	793
Amortization of intangible assets	74	229
Income on bank owned life insurance	(2,235)	(1,502)
Gain on sale of premises and equipment and other real estate owned	(84)	(197)
Net gain on sale of loans held-for-sale	(25)	(18)
Proceeds from sale of loans held-for-sale	7,739	2,404
Origination of loans held-for-sale	(8,099)	(3,145)
Gain on securities transactions, net	(2,373)	(1,568)
Net impairment losses on securities recognized in earnings	409	154
Net purchases of trading securities	(235)	(102)
Decrease (increase) in accrued interest receivable	69	(14)
Increase in other assets	(1,660)	(19)
Increase in accrued expenses and other liabilities	114	1,242
Net cash provided by operating activities	17,227	20,457
Cash flows from investing activities:		
Net increase in loans receivable	(140,045)	(76,731)
Redemptions (purchase) of Federal Home Loan Bank of New York stock, net	253	(663)
Purchases of securities available-for-sale	(423,400)	(597,759)
Principal payments and maturities on securities available-for-sale	280,713	365,339
Principal payments and maturities on securities held-to-maturity	932	1,292
Proceeds from sale of securities available-for-sale	140,724	161,010
Purchase of bank owned life insurance		(28,781)
Proceeds from sale of other real estate owned	571	400
Proceeds from the sale of premises and equipment		394
Purchases and improvements of premises and equipment	(3,769)	(3,332)
Net cash used in investing activities	(144,021)	(178,831)
Cash flows from financing activities:		
Net increase in deposits	81,985	95,508
Dividends paid	(2,805)	(2,410)
Exercise of stock options	5	137
Purchase of treasury stock	(28,242)	(5,347)
Additional tax benefit on equity awards	186	231

Increase in advance payments by borrowers for taxes and insurance	2,208	1,072
Repayments under capital lease obligations	(161)	(138)
Proceeds from borrowings	467,864	235,501
Repayments related to borrowings	(404,594)	(172,680)
Net cash provided by financing activities	116,446	151,874
Net decrease in cash and cash equivalents	(10,348)	(6,500)
Cash and cash equivalents at beginning of period	43,852	42,544
Cash and cash equivalents at end of period	$ 33,504	$ 36,044
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	$ 19,059	$ 18,625
Income taxes	7,853	7,839
Other transactions:		
Loans charged-off, net	1,433	2,611
Other real estate owned charged-off	26	146
Transfers to other real estate owned	376	900
(Decrease) increase in due to broker for purchases of securities available-for-sale	(57,007)	20,013

See accompanying notes to the 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., and its wholly-owned subsidiary, Northfield Bank (the Bank), and the Bank s wholly-owned significant subsidiaries, NSB Services Corp. and NSB Realty Trust (collectively, the Company). All significant intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, all adjustments (consisting 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 month period ended September 30, 2011, are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2011. Certain prior year amounts have been reclassified to conform to the current year presentation.

Certain information and note disclosures usually included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for the preparation of interim financial statements. The consolidated financial statements presented should be read in conjunction with the audited consolidated financial statements and notes to consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2010, of Northfield Bancorp, Inc. as filed with the SEC.

Note 2 Securities Available-for-Sale

The following is a comparative summary of mortgage-backed securities and other securities available-for- sale at September 30, 2011, and December 31, 2010 (in thousands):

	September 30, 2011			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Mortgage-backed securities:				
Pass-through certificates:				
Government sponsored enterprises (GSE)	$ 512,414	$ 25,905	$	$ 538,319
Non-GSE	9,222		1,051	8,171
Real estate mortgage investment conduits (REMICs):				
GSE	480,916	5,803	140	486,579
Non-GSE	35,019	2,127	33	37,113
	1,037,571	33,835	1,224	1,070,182
Other securities:				
Equity investments-mutual funds	8,408	68		8,476
Corporate bonds	127,251	584	424	127,411
	135,659	652	424	135,887
Total securities available-for-sale	$ 1,173,230	$ 34,487	$ 1,648	$ 1,206,069

	December 31, 2010			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Mortgage-backed securities:				
Pass-through certificates:				
Government sponsored enterprises (GSE)	$ 342,316	$ 13,479	$	$ 355,795
Non-GSE	27,801	814	737	27,878
Real estate mortgage investment conduits (REMICs):				
GSE	622,582	3,020	3,525	622,077
Non-GSE	65,766	3,674	51	69,389
	1,058,465	20,987	4,313	1,075,139
Other securities:				
Equity investments-mutual funds	12,437	31	115	12,353
GSE bonds	34,988	45		35,033
Corporate bonds	119,765	2,146	123	121,788
	167,190	2,222	238	169,174
Total securities available-for-sale	$ 1,225,655	$ 23,209	$ 4,551	$ 1,244,313

The following is a summary of the expected maturity distribution of debt securities available-for-sale, other than mortgage-backed securities, at September 30, 2011 (in thousands):

Available-for-sale	Amortized cost	Estimated fair value
Due in one year or less	$ 45,049	$ 45,255
Due after one year through five years	82,202	82,156
	$ 127,251	$ 127,411

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, 2011, the Company had gross proceeds of $26.3 million and $140.7 million on sales of securities available-for-sale with gross realized gains of approximately $296,000 and $2.8 million, and gross realized losses of $0 and $0, respectively. For the three and nine months ended September 30, 2010, the Company had gross proceeds of $64.9 million and $161.0 million on sales of securities available-for-sale with gross realized gains of approximately $117,000 and $1.2 million, and gross realized losses of approximately $4,000 and $4,000, respectively. The Company recognized $(567,000) and $(428,000) in losses on its trading securities portfolio during the three and nine months ended September 30, 2011, respectively. The Company recognized $307,000 and $397,000 in gains on its trading securities portfolio during the three and nine months ended September 30, 2010, respectively. The Company recognized other-than-temporary impairment charges of $0 and

$409,000 against earnings during the three and nine months ended September 30, 2011, related to one equity investment in a mutual fund and two private label mortgage-backed securities. The Company recognized the credit component of $409,000 in earnings and the non-credit component of $743,000 as a component of accumulated other comprehensive income, net of tax for the nine months ended September 30, 2011. The Company recognized other-than-temporary impairment charges of $962,000 during the three and nine months ended September 30, 2010, related to one private label mortgage-backed security. The Company recognized the credit component of $154,000 in earnings and the non-credit component of $808,000 as a component of accumulated other comprehensive income, net of tax.

Activity related to the credit component recognized in earnings on debt securities for which a portion of other-than-temporary impairment was recognized in accumulated other comprehensive income for the three and nine months ended September 30, 2011 and 2010, is as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Balance, beginning of period	$ 578	$ 176	$ 330	$ 176
Additions to the credit component on debt securities in which other-than-temporary impairment was not previously recognized		154	248	154
Cumulative pre-tax credit losses, end of period	$ 578	$ 330	$ 578	$ 330

Gross unrealized losses on mortgage-backed securities, equity investments, and corporate bonds 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, 2011, and December 31, 2010, were as follows (in thousands):

	September 30, 2011					
	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:						
Government sponsored enterprises (GSE)	$	$	$	$ 39	$	$ 39
Non-GSE			1,051	8,171	1,051	8,171
Real estate mortgage investment conduits (REMICs):						
GSE	39	17,731	101	25,568	140	43,299
Non-GSE			33	900	33	900
Corporate bonds	34	28,992	390	13,343	424	42,335
Total	$ 73	$ 46,723	$ 1,575	$ 48,021	$ 1,648	$ 94,744

	December 31, 2010					
	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:						
Non-GSE	$	$	$ 737	$ 10,126	$ 737	$ 10,126
Real estate mortgage investment conduits (REMICs):						
GSE	3,525	344,971			3,525	344,971
Non-GSE			51	1,238	51	1,238
Corporate bonds	123	13,880			123	13,880
	115	4,884			115	4,884

Equity Investments mutual funds						
Total	$ 3,763	$ 363,735	$ 788	$ 11,364	$ 4,551	$ 375,099

Included in the above available-for-sale security amounts at September 30, 2011, was one pass-through non-GSE mortgage-backed security in a continuous unrealized loss position of greater than twelve months that was rated less than investment grade at September 30, 2011. The security had an estimated fair value of $5.2 million (amortized cost of $6.0 million), was rated Caa2, and had the following underlying collateral characteristics: 83% originated in 2004, and 17% originated in 2005. The rating of the security detailed above represents the lowest rating for the security received from the rating agencies of Moody s, Standard & Poor s, and Fitch. The Company continues to receive principal and interest payments in accordance with the contractual terms of this security. Management has evaluated, among other things, delinquency status, location of collateral, estimated prepayment speeds, and the estimated default rates and loss severity in liquidating the underlying collateral for this security. As a result of management s evaluation of this security, the Company recognized during the nine months ended September 30, 2011, other than temporary impairment of $593,000. Since management does not have the intent to sell the security and it is more likely than not that the Company will not be required to sell the security, before its anticipated recovery (which may be maturity), the credit component of $139,000 was recognized in earnings, and the non credit component of $454,000 was recorded as a component of accumulated other comprehensive income, net of tax.

In addition to the one pass-through non-GSE mortgage-backed security discussed above, the Company had one additional private label security that was rated less than investment grade at September 30, 2011. The security had an estimated fair value of $3.0 million (amortized cost of $3.2 million), was rated C, and was supported by collateral which was originated in 2006. The rating of the security detailed above represents the lowest rating for the security received from the rating agencies of Moody s, Standard & Poor s, and Fitch. The Company continues to receive principal and interest payments in accordance with the contractual terms of this security. Management has evaluated, among other things, delinquency status, location of collateral, estimated prepayment speeds, and the estimated default rates and loss severity in liquidating the underlying collateral for this security. As a result of management s evaluation of this security, the Company recognized during the nine months ended September 30, 2011, other than temporary impairment of $398,000. Since management does not have the intent to sell the security and it is more likely than not that the Company will not be required to sell the security, before its anticipated recovery (which may be maturity), the credit component of $109,000 was recognized in earnings, and the non credit component of $289,000 was recorded as a component of accumulated other comprehensive income, net of tax.

The Company held one REMIC non-GSE mortgage-backed security that was in a continuous unrealized loss position of greater than twelve months, and three corporate bonds, two pass-through GSE mortgage-backed securities, and five REMIC mortgage-backed securities issued or guaranteed by GSEs, that were in an unrealized loss position of less than twelve months, and rated investment grade at September 30, 2011. 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 3 Net Loans Held-for-Investment

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

	September 30, 2011	December 31, 2010
Real estate loans:		
Commercial mortgage	$ 340,048	$ 339,321
One- to- four family residential mortgage	75,334	78,032
Construction and land	25,080	35,054
Multifamily	420,025	283,588
Home equity and lines of credit	30,103	28,125
Total real estate loans	890,590	764,120
Commercial and industrial loans	13,715	17,020
Insurance premium loans	57,840	44,517
Other loans	1,760	1,062
Total commercial and industrial, insurance premium, and other loans	73,315	62,599
Total loans held-for-investment	963,905	826,719
Deferred loan cost, net	1,352	872
Loans held-for-investment, net	965,257	827,591
Allowance for loan losses	(25,503)	(21,819)

Net loans held-for-investment	$	939,754	$	805,772

Loans held-for-sale amounted to $1.6 million and $1.2 million at September 30, 2011, and December 31, 2010, respectively. All loans held for sale are one- to four-family residential mortgage loans.

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

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The Company, through its principal subsidiary, the Bank, serviced $44.5 million and $52.1 million of loans at September 30, 2011, and December 31, 2010, respectively, for Freddie Mac. These one- to four-family residential mortgage real estate loans were underwritten to Freddie Mac guidelines and to comply with applicable federal, state, and local laws. At the time of the closing of these loans the Company owned the loans and subsequently sold them to Freddie Mac providing normal and customary representations and warranties, including representations and warranties related to compliance with Freddie Mac underwriting standards. At the time of sale, the loans were free from encumbrances except for the mortgages filed by the Company which, with other underwriting documents, were subsequently assigned and delivered to Freddie Mac. At September 30, 2011, substantially all of the loans serviced for Freddie Mac were performing in accordance with their contractual terms and management believes that it has no material repurchase obligations associated with these loans. Servicing of loans for others does not have a material effect on our financial position or results of operations.

Activity in the allowance for loan losses is as follows (in thousands):

	At or for the nine months ended September 30,	
	2011	**2010**
Beginning balance	$ 21,819	$ 15,414
Provision for loan losses	5,117	8,126
Charge-offs, net	(1,433)	(2,611)
Ending balance	$ 25,503	$ 20,929

The following tables set forth activity in our allowance for loan losses, by loan type, for the nine months ended September 30, 2011, and the year ended December 31, 2010, respectively. The following tables also detail the amount of loans 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, as of September 30, 2011 and December 31, 2010.

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	September 30, 2011									
	Real Estate									
	Commercial	One-to-Four Family	Construction and Land	Multifamily	Home Equity and Lines of Credit	Commercial and Industrial	Insurance Premium	Other	Unallocated	Total
Allowance for loan losses:										
Beginning Balance, December 31, 2010	$ 12,654	$ 570	$ 1,855	$ 5,137	$ 242	$ 719	$ 111	$ 28	$ 503	$ 21,819
Charge-offs	(1,228)			(63)		(196)	(26)			(1,513)
Recoveries	27					23	30			80
Provisions	2,546	237	(547)	1,762	118	82	30	17	872	5,117
Ending Balance, September 30, 2011	$ 13,999	$ 807	$ 1,308	$ 6,836	$ 360	$ 628	$ 145	$ 45	$ 1,375	$ 25,503
Ending balance, September 30, 2011: individually evaluated for impairment	$ 2,634	$ 369	$ 323	$ 119	$	$	$	$	$	$ 3,445
Ending balance, September 30, 2011: collectively evaluated for impairment	$ 11,365	$ 438	$ 985	$ 6,717	$ 360	$ 628	$ 145	$ 45	$ 1,375	$ 22,058
Loans held-for-investment, net:										
Ending Balance, September 30, 2011	$ 340,100	$ 75,423	$ 25,099	$ 420,977	$ 30,339	$ 13,719	$ 57,840	$ 1,760	$	$ 965,257
Ending balance, September 30, 2011: individually evaluated for impairment	$ 50,347	$ 3,613	$ 2,704	$ 3,172	$	$ 2,060	$	$	$	$ 61,896
Ending balance, September 30, 2011:										

collectively evaluated for impairment	$ 289,753	$ 71,810	$ 22,395	$ 417,805	$ 30,339	$ 11,659	$ 57,840	$ 1,760	$	$ 903,361

December 31, 2010

	Real Estate									
	Commercial	**One -to- Four Family**	**Construction and Land**	**Multifamily**	**Home Equity and Lines of Credit**	**Commercial and Industrial**	**Insurance Premium**	**Other**	**Unallocated**	**Total**
Allowance for loan losses:										
Beginning Balance, December 31, 2009	$ 8,403	$ 163	$ 2,409	$ 1,866	$ 210	$ 1,877	$ 101	$ 34	$ 351	$ 15,414
Charge-offs	(987)		(443)	(2,132)		(36)	(101)			(3,699)
Recoveries							20	&#1		