Primo Water Corp
Form 4
May 17, 2017

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
CASTANEDA MARK

(Last) (First) (Middle)

101 NORTH CHERRY STREET, SUITE 501

(Street)

WINSTON-SALEM, NC 27101

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Primo Water Corp [PRMW]

3. Date of Earliest Transaction (Month/Day/Year)
05/17/2017

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Financial Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/17/2017		P		500	A	$ 10.96	235,463	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CASTANEDA MARK 101 NORTH CHERRY STREET SUITE 501 WINSTON-SALEM, NC 27101			Chief Financial Officer	

Signatures

/s/ David J. Mills by power of attorney for Mark Castaneda	05/17/2017
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. TD>

Cash flows from financing activities:

Net increase in deposits

49,655 75,728

Dividends paid

(1,716) (1,846)

Exercise of stock options

5

Purchase of treasury stock

(4,344) (12,838)

Additional tax benefit on equity awards

204 186

Increase in advance payments by borrowers for taxes and insurance

976 1,176

Repayments under capital lease obligations

(122) (102)

Proceeds from securities sold under agreements to repurchase and other borrowings

175,759 412,981

Repayments related to securities sold under agreements to repurchase and other borrowings

(144,000) (359,594)

Net cash provided by financing activities

76,412 115,696

Net (decrease) increase in cash and cash equivalents

(30,888) 19,055

Cash and cash equivalents at beginning of period

65,269 43,852

Cash and cash equivalents at end of period

$34,381 $62,907

Supplemental cash flow information:

Cash paid during the period for:

Interest

$11,741 $12,586

Income taxes

4,229 6,129

Non-cash transactions:

Loans charged-off, net

953 1,416

Other real estate owned write-downs

101 26

Transfers of loans to other real estate owned

306 376

Decrease in due to broker for purchases of securities available-for-sale

(70,747)

See accompanying notes to 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 six months ended June 30, 2012, are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2012. Certain prior year amounts have been reclassified to conform to the current year presentation.

In preparing the unaudited consolidated financial statements in conformity with U.S. generally accepted accounting principles (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. The current economic environment has increased the degree of uncertainty inherent in these material 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, 2011, of Northfield Bancorp, Inc. as filed with the SEC.

Note 2 Securities

The following is a comparative summary of mortgage-backed securities and other securities available-for-sale at June 30, 2012, and December 31, 2011 (in thousands):

	June 30, 2012			
	Amortized cost	**Gross unrealized gains**	**Gross unrealized losses**	**Estimated fair value**
Mortgage-backed securities:				
Pass-through certificates:				
Government sponsored enterprises (GSE)	$ 491,069	$ 25,079	$ 105	$ 516,043
Non-GSE	8,025		640	7,385
Real estate mortgage investment conduits (REMICs):				
GSE	550,179	5,510	78	555,611
Non-GSE	24,545	1,469	40	25,974
	1,073,818	32,058	863	1,105,013
Other securities:				
Equity investments-mutual funds	13,467	36		13,503
Corporate bonds	102,189	581	67	102,703

	115,656	617	67	116,206
Total securities available-for-sale	$ 1,189,474	$ 32,675	$ 930	$ 1,221,219

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	December 31, 2011			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Mortgage-backed securities:				
Pass-through certificates:				
GSE	$ 490,184	$ 24,709	$	$ 514,893
Non-GSE	8,770		1,255	7,515
Real estate mortgage investment conduits (REMICs):				
GSE	426,362	4,662	135	430,889
Non-GSE	31,114	1,859	37	32,936
	956,430	31,230	1,427	986,233
Other securities:				
Equity investments-mutual funds	11,787	48		11,835
Corporate bonds	100,922	358	623	100,657
	112,709	406	623	112,492
Total securities available-for-sale	$ 1,069,139	$ 31,636	$ 2,050	$ 1,098,725

The following is a summary of the expected maturity distribution of debt securities available-for-sale, other than mortgage-backed securities, at June 30, 2012 (in thousands):

Available-for-sale	Amortized cost	Estimated fair value
Due in one year or less	$ 45,748	$ 45,973
Due after one year through five years	56,441	56,730
	$ 102,189	$ 102,703

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 six months ended June 30, 2012, the Company had gross proceeds of $31.5 million and $130.3 million, respectively, on sales of securities available-for-sale with gross realized gains of approximately $66,000 and $1.8 million, respectively, and no gross realized losses. For the three and six months ended June 30, 2011, the Company had gross proceeds of $25.9 million and $114.4 million, respectively, on sales of securities available-for-sale with gross realized gains of approximately $866,000 and $2.5 million, respectively, and no gross realized losses. The Company recognized $(106,000) in losses and $253,000 in gains on its trading securities portfolio during the three and six months ended June 30, 2012, respectively. The Company recognized $(47,000) in losses and $139,000 in gains on its trading securities portfolio during the three and six months ended June 30, 2011, respectively. The Company recognized no other-than-temporary impairment charges during the three and six months ended June 30, 2012. The Company recognized other-than-temporary impairment charges of $248,000 and $409,000 against earnings during the three and six months ended June 30, 2011, respectively, related to one equity investment in a mutual fund and two private label mortgage-backed securities.

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 six months ended June 30, 2012 and 2011, is as follows (in thousands):

	Three months ended June 30,	Six months ended June 30,

	2012	2011	2012	2011
Balance, beginning of period	$ 578	$ 330	$ 578	$ 330
Additions to the credit component on debt securities in which other-than-temporary impairment was not previously recognized		248		248
Cumulative pre-tax credit losses, end of period	$ 578	$ 578	$ 578	$ 578

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 June 30, 2012, and December 31, 2011, were as follows (in thousands):

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	June 30, 2012					
	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	$ 105	$ 14,717	$	$	$ 105	$ 14,717
Non-GSE			640	7,385	640	7,385
Real estate mortgage investment conduits (REMICs):						
GSE	78	100,705			78	100,705
Non-GSE			40	735	40	735
Corporate bonds	7	1,858	60	11,534	67	13,392
Total	$ 190	$ 117,280	$ 740	$ 19,654	$ 930	$ 136,934

	December 31, 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:						
Non-GSE	$ 307	$ 2,513	$ 948	$ 5,002	$ 1,255	$ 7,515
Real estate mortgage investment conduits (REMICs):						
GSE	135	54,475			135	54,475
Non-GSE			37	842	37	842
Corporate bonds	113	27,523	510	13,132	623	40,655
Total	$ 555	$ 84,511	$ 1,495	$ 18,976	$ 2,050	$ 103,487

Included in the above available-for-sale security amounts at June 30, 2012 were two pass-through non-GSE mortgage-backed securities issued by private companies (private label) in continuous unrealized loss positions of greater than twelve months that were rated less than investment grade at June 30, 2012. The first security had an estimated fair value of $5.2 million (amortized cost of $5.6 million), was rated Caa2, and had the following underlying collateral characteristics: 83% originated in 2004 and 17% originated in 2005. The second security had an estimated fair value of $2.2 million (amortized cost of $2.4 million), was rated C, and was supported by collateral which was originated in 2006. The ratings of these securities detailed above represents the lowest rating these securities 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 these securities. 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 these securities. As a result of management s evaluation of these securities, the Company did not recognize any other-than-temporary impairment during the six months ended June 30, 2012. Management does not have the intent to sell these securities and it is more likely than not that the Company will not be required to sell the securities, before their anticipated recovery, which may be maturity.

The Company also one REMIC non-GSE mortgage-backed security and two corporate bonds that were in a continuous unrealized loss position of greater than twelve months at June 30, 2012. There was one pass-through mortgage-backed security issued or guaranteed by GSEs, twelve REMIC mortgage-backed securities issued or guaranteed by GSEs and one corporate bond that were in an unrealized loss position of less than twelve months, and rated investment grade at June 30, 2012. 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.

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Note 3 Loans

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

	June 30, 2012	December 31, 2011
Real estate loans:		
Multifamily	$ 538,251	$ 458,370
Commercial mortgage	311,256	327,074
One- to- four family residential mortgage	69,781	72,592
Home equity and lines of credit	28,928	29,666
Construction and land	25,497	23,460
Total real estate loans	973,713	911,162
Commercial and industrial loans	13,369	12,710
Insurance premium loans	454	59,096
Other loans	1,616	1,496
Total commercial and industrial, insurance premium, and other loans	15,439	73,302
Deferred loan cost, net	1,685	1,481
Originated loans held-for-investment, net	990,837	985,945
PCI Loans	82,111	88,522
Loans held for investmement, net	1,072,948	1,074,467
Allowance for loan losses	(27,042)	(26,836)
Net loans held-for-investment	$ 1,045,906	$ 1,047,631

Loans held-for-sale amounted to $355,000 and $3.9 million at June 30, 2012 and December 31, 2011, respectively. Loans held-for-sale are comprised of $275,000 of one-to-four family residential mortgage loans and $80,000 of commercial and industrial loans.

PCI loans, acquired as part of a Federal Deposit Insurance Corporation-assisted transaction, totaled $82.1 million at June 30, 2012 as compared to $88.5 million at December 31, 2011. The Company accounts for PCI loans utilizing generally accepting accounting principles applicable to loans acquired with deteriorated credit quality. PCI loans consist of approximately 34% commercial real estate and 55% commercial and industrial loans, with the remaining balance in residential and home equity loans. The following details the accretable yield for the three and six months ended June 30, 2012:

	For the Three Months Ended June 30, 2012	For the Six Months Ended June 30, 2012
Balance at the beginning of period	$ 40,873	$ 42,493
Accretion into interest income	(1,562)	(3,182)
Balance at end of period	$ 39,311	$ 39,311

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.

The Company, through its principal subsidiary, the Bank, serviced $35.3 million and $41.3 million of loans at June 30, 2012 and December 31, 2011, 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 June 30, 2012, 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):

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	At or for the six months ended June 30,	
	2012	2011
Beginning balance	$ 26,836	$ 21,819
Provision for loan losses	1,159	3,117
Charge-offs, net	(953)	(1,416)
Ending balance	$ 27,042	$ 23,520

The following tables set forth activity in our allowance for loan losses, by loan type, for the six months ended June 30, 2012 and the year ended December 31, 2011. The following tables also detail the amount of originated 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 June 30, 2012 and December 31, 2011 (in thousands).

	At June 30, 2012									
	Real Estate									
	Multifamily	Commercial	One -to- Four Family	Construction and Land	Home Equity and Lines of Credit	Commercial and Industrial	Insurance Premium	Other	Unallocated	Total
Allowance for loan losses:										
Beginning Balance	$ 6,772	$ 14,120	$ 967	$ 1,189	$ 418	$ 2,035	$ 186	$ 40	$ 1,109	$ 26,836
Charge-offs		(655)		(43)	(3)	(90)	(198)	(3)		(992)
Recoveries		15				24				39
Provisions	360	539	(330)	(119)	146	227	52	9	275	1,159
Ending Balance	$ 7,132	$ 14,019	$ 637	$ 1,027	$ 561	$ 2,196	$ 40	$ 46	$ 1,384	$ 27,042
Ending balance: individually evaluated for impairment	$ 343	$ 2,709	$ 12	$	$ 132	$ 1,468	$	$	$	$ 4,664
Ending balance: collectively evaluated for impairment	$ 6,789	$ 11,310	$ 625	$ 1,027	$ 429	$ 728	$ 40	$ 46	$ 1,384	$ 22,378
Originated loans, net:										
Ending Balance	$ 539,452	$ 311,386	$ 69,858	$ 25,514	$ 29,168	$ 13,389	$ 454	$ 1,616	$	$ 990,837
Ending balance: individually evaluated for impairment	$ 2,927	$ 44,844	$ 785	$	$ 1,954	$ 5,617	$	$	$	$ 56,127
Ending balance: collectively evaluated for impairment	$ 536,525	$ 266,542	$ 69,073	$ 25,514	$ 27,214	$ 7,772	$ 454	$ 1,616	$	$ 934,710

	At December 31, 2011									
	Real Estate									
	Multifamily	**Commercial**	**One -to- Four Family**	**Construction and Land**	**Home Equity and Lines of Credit**	**Commercial and Industrial**	**Insurance Premium**	**Other**	**Unallocated**	**Total**
Allowance for loan losses:										
Beginning Balance	$ 5,137	$ 12,654	$ 570	$ 1,855	$ 242	$ 719	$ 111	$ 28	$ 503	$ 21,819
Charge-offs	(718)	(5,398)	(101)	(693)	(62)	(638)	(70)			(7,680)
Recoveries		55				23	30			108
Provisions	2,353	6,809	498	27	238	1,931	115	12	606	12,589
Ending Balance	$ 6,772	$ 14,120	$ 967	$ 1,189	$ 418	$ 2,035	$ 186	$ 40	$ 1,109	$ 26,836
Ending balance: individually evaluated for impairment	$ 338	$ 1,895	$ 408	$	$ 30	$ 1,393	$	$	$	$ 4,064
Ending balance: collectively evaluated for impairment	$ 6,434	$ 12,225	$ 559	$ 1,189	$ 388	$ 642	$ 186	$ 40	$ 1,109	$ 22,772
Originated loans, net:										
Ending balance	$ 459,434	$ 327,141	$ 72,679	$ 23,478	$ 29,906	$ 12,715	$ 59,096	$ 1,496	$	$ 985,945
Ending balance: individually evaluated for impairment	$ 2,945	$ 43,448	$ 2,532	$ 1,709	$ 1,593	$ 2,043	$	$	$	$ 54,270
Ending balance: collectively evaluated for impairment	$ 456,489	$ 283,693	$ 70,147	$ 21,769	$ 28,313	$ 10,672	$ 59,096	$ 1,496	$	$ 931,675

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The Company monitors the credit quality of its loans by reviewing certain key 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 help management monitor the credit quality of the Company s loans. Loan-to-value (LTV) ratios used by management in monitoring credit quality are based on current period loan balances and original values at time of origination (unless a more current appraisal has been obtained). In calculating the provision for loan losses, management has determined that commercial real estate loans and multifamily loans having loan-to-value ratios of less than 35%, and one- to four-family loans having loan-to-value ratios 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. When the lending officer learns of important financial developments, the risk rating is reviewed and adjusted if necessary. Periodically, management presents monitored assets to the Board 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 in confirming the adequacy of the allowance for loan losses. After determining the general reserve loss factor for each portfolio segment, the portfolio segment 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. Loans collectively evaluated for impairment that have an internal credit rating of special mention or substandard are multiplied by a multiple of the general reserve loss factors for each 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 through 5 are considered pass ratings. An asset is considered 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 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 designated special mention.

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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 June 30, 2012, and December 31, 2011 (in thousands).

At June 30, 2012

	Real Estate											
	Multifamily		Commercial		One- to Four-Family		Construction and Land	Home Equity and Lines of Credit	Commercial and Industrial	Insurance Premium	Other	Total
	< 35% LTV	=> 35% LTV	< 35% LTV	=> 35% LTV	< 60% LTV	=> 60% LTV						
Internal Risk Rating												
Pass	$ 23,107	$ 495,344	$ 32,491	$ 204,788	$ 35,291	$ 28,723	$ 15,938	$ 26,790	$ 9,465	$ 444	$ 1,616	$ 873,997
Special Mention	123	13,456	562	25,090	1,546	389	4,228	676	569	3		46,642
Substandard	517	6,905	1,711	46,744	852	3,057	5,348	1,702	3,355	7		70,198
Total Loans Receivable, net	$ 23,747	$ 515,705	$ 34,764	$ 276,622	$ 37,689	$ 32,169	$ 25,514	$ 29,168	$ 13,389	$ 454	$ 1,616	$ 990,837

At December 31, 2011

	Real Estate											
	Multifamily		Commercial		One- to Four-Family		Construction and Land	Home Equity and Lines of Credit	Commercial and Industrial	Insurance Premium	Other	Total
	< 35% LTV	=> 35% LTV	< 35% LTV	=> 35% LTV	< 60% LTV	=> 60% LTV						
Internal Risk Rating												
Pass	$ 23,595	$ 419,433	$ 30,478	$ 214,120	$ 39,808	$ 27,806	$ 17,229	$ 27,751	$ 8,761	$ 58,817	$ 1,496	$ 869,294
Special Mention		11,989	624	23,271	1,730		631	389	1,118	142		39,894
Substandard	555	3,862	2,027	56,621	821	2,514	5,618	1,766	2,836	137		76,757
Total Loans Receivable, net	$ 24,150	$ 435,284	$ 33,129	$ 294,012	$ 42,359	$ 30,320	$ 23,478	$ 29,906	$ 12,715	$ 59,096	$ 1,496	$ 985,945

Included in originated loans receivable (including 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 nonaccrual loans was $34.4 million and $43.8 million at June 30, 2012 and December 31, 2011, respectively. Generally, loans are placed on non-accruing status when they become 90 days or more delinquent, and remain on non-accrual status until they are brought current, have six 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 $30.6 million and $36.1 million at June 30, 2012 and December 31, 2011, 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 $3.7 million and $4.3 million at June 30, 2012 and December 31, 2011, respectively. Non-accrual amounts included in loans held-for-sale were $80,000 and $3.4 million at June 30, 2012, and December 31, 2011, respectively. Loans past due 90 days or more and still accruing interest were $424,000 and $85,000 at June 30, 2012 and December 31, 2011, respectively, and consisted of loans that are considered well secured and in the process of collection.

The following tables set forth the detail, and delinquency status, of non-performing loans (non-accrual loans and loans past due 90 or more and still accruing), net of deferred fees and costs, at June 30, 2012 and December 31, 2011 (in thousands). The following table excludes PCI loans at June 30, 2012, which have been segregated into pools in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 310-30. Each loan pool is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows. At June 30, 2012, expected future cash flows of each PCI loan pool were consistent with those estimated at its purchase date.

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	At June 30, 2012					
	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%						
Special Mention	$	$	$	$	$ 4	$ 4
Substandard	353		1,358	1,711		1,711
Total	353		1,358	1,711	4	1,715
LTV => 35%						
Special Mention						
Substandard	14,595	464	8,608	23,667		23,667
Total	14,595	464	8,608	23,667		23,667
Total commercial	14,948	464	9,966	25,378	4	25,382
One-to-four family residential						
LTV < 60%						
Special Mention		20	327	347	37	384
Substandard	50	207		257		257
Total	50	227	327	604	37	641
LTV => 60%						
Substandard	234	692	130	1,056	253	1,309
Total	234	692	130	1,056	253	1,309
Total one-to-four family residential	284	919	457	1,660	290	1,950
Construction and land						
Substandard	1,861			1,861		1,861
Total construction and land	1,861			1,861		1,861
Multifamily						
LTV < 35%						
Substandard	517			517		517
Total	517			517		517
LTV => 35%						
Substandard			1,899	1,899	71	1,970
Total			1,899	1,899	71	1,970
Total multifamily	517		1,899	2,416	71	2,487
Home equity and lines of credit						
Substandard		100	1,602	1,702		1,702

Total home equity and lines of credit		100	1,602	1,702		1,702
Commercial and industrial loans						
Substandard	541		724	1,265		1,265
Total commercial and industrial loans	541		724	1,265		1,265
Insurance premium loans - substandard			7	7		7
Total insurance premium loans			7	7		7
Other loans						
Pass					59	59
Total other loans					59	59
Total loans-held-for-investmet	18,151	1,483	14,655	34,289	424	34,713
Loans held-for-sale:						
Commercial and industrial loans						
Substandard			80	80		80
Total commercial and industrial loans			80	80		80
Total loans held-for-sale			80	80		80
Total non-performing loans	**$ 18,151**	**$ 1,483**	**$ 14,735**	**$ 34,369**	**$ 424**	**$ 34,793**

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	At December 31, 2011					
	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%						
Special Mention					13	13
Substandard	$ 404	$	$ 1,360	$ 1,764	$	$ 1,764
Total	404		1,360	1,764	13	1,777
LTV => 35%						
Special Mention	876		1,020	1,896		1,896
Substandard	14,657	3,438	10,559	28,654		28,654
Total	15,533	3,438	11,579	30,550		30,550
Total commercial	15,937	3,438	12,939	32,314	13	32,327
One-to-four family residential						
LTV < 60%						
Special Mention		23	335	358		358
Substandard	210		198	408		408
Total	210	23	533	766		766
LTV => 60%						
Substandard		572		572		572
Total		572		572		572
Total one-to-four family residential	210	595	533	1,338		1,338
Construction and land						
Special Mention						
Substandard	1,709			1,709		1,709
Total construction and land	1,709			1,709		1,709
Multifamily						
LTV < 35%						
Substandard	523			523		523
Total	523			523		523
LTV => 35%						
Substandard			1,179	1,179	72	1,251
Total			1,179	1,179	72	1,251
Total multifamily	523		1,179	1,702	72	1,774
Home equity and lines of credit						
Substandard	102		1,664	1,766		1,766

Total home equity and lines of credit	102		1,664	1,766		1,766
Commercial and industrial loans						
Special Mention			724	724		724
Substandard	553		90	643		643
Total commercial and industrial loans	553		814	1,367		1,367
Insurance premium loans - substandard			137	137		137
Total insurance premium loans			137	137		137
Total loans-held-for-investmet	19,034	4,033	17,266	40,333	85	40,418
Loans held-for-sale:						
Commercial						
LTV < 35%						
Substandard			263	263		263
Total			263	263		263
LTV => 35%						
Substandard	458	175	1,449	2,082		2,082
Total	458	175	1,449	2,082		2,082
Total commercial	458	175	1,712	2,345		2,345
Construction and land						
Substandard			422	422		422
Total construction and land			422	422		422
Multifamily						
LTV < 35%						
Substandard			32	32		32
Total			32	32		32
LTV => 35%						
Substandard			441	441		441
Total			441	441		441
Total multifamily			473	473		473
Commercial and industrial loans						
Substandard			208	208		208
Total commercial and industrial loans			208	208		208
Total loans held-for-sale	458	175	2,815	3,448		3,448
Total non-performing loans	**$ 19,492**	**$ 4,208**	**$ 20,081**	**$ 43,781**	**$ 85**	**$ 43,866**

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The following tables set forth the detail and delinquency status of originated loans held-for-investment, net of deferred fees and costs, by performing and non-performing loans at June 30, 2012 and December 31, 2011 (in thousands).

	At June 30, 2012				
	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	$ 32,491	$	$ 32,491	$	$ 32,491
Special Mention	558		558	4	562
Substandard				1,711	1,711
Total	33,049		33,049	1,715	34,764
LTV > 35%					
Pass	202,767	2,021	204,788		204,788
Special Mention	25,090		25,090		25,090
Substandard	18,600	4,477	23,077	23,667	46,744
Total	246,457	6,498	252,955	23,667	276,622
Total commercial	279,506	6,498	286,004	25,382	311,386
One-to-four family residential					
LTV < 60%					
Pass	34,807	484	35,291		35,291
Special Mention	718	444	1,162	384	1,546
Substandard	125	470	595	257	852
Total	35,650	1,398	37,048	641	37,689
LTV > 60%					
Pass	27,016	1,707	28,723		28,723
Special Mention	389		389		389
Substandard	1,748		1,748	1,309	3,057
Total	29,153	1,707	30,860	1,309	32,169
Total one-to-four family residential	64,803	3,105	67,908	1,950	69,858
Construction and land					
Pass	15,938		15,938		15,938
Special Mention	4,228		4,228		4,228
Substandard	3,487		3,487	1,861	5,348
Total construction and land	23,653		23,653	1,861	25,514
Multifamily					
LTV < 35%					
Pass	22,964	143	23,107		23,107
Special Mention	123		123		123
Substandard				517	517

Total	23,087	143	23,230	517	23,747
LTV > 35%					
Pass	495,344		495,344		495,344
Special Mention	11,739	1,717	13,456		13,456
Substandard	4,595	340	4,935	1,970	6,905
Total	511,678	2,057	513,735	1,970	515,705
Total multifamily	534,765	2,200	536,965	2,487	539,452
Home equity and lines of credit					
Pass	26,790		26,790		26,790
Special Mention	583	93	676		676
Substandard				1,702	1,702
Total home equity and lines of credit	27,373	93	27,466	1,702	29,168
Commercial and industrial loans					
Pass	9,465		9,465		9,465
Special Mention	471	98	569		569
Substandard	2,090		2,090	1,265	3,355
Total commercial and industrial loans	12,026	98	12,124	1,265	13,389
Insurance premium loans					
Pass	358	86	444		444
Special Mention		3	3		3
Substandard				7	7
Total insurance premium loans	358	89	447	7	454
Other loans					
Pass	1,520	37	1,557	59	1,616
Total other loans	1,520	37	1,557	59	1,616
	$ 944,004	**$ 12,120**	**$ 956,124**	**$ 34,713**	**$ 990,837**

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	At December 31, 2011				
	Performing (Accruing) Loans				
	0-29 Days Past Due	30-89 Days Past Due	Total	Non-Performing Loans	Total Loans Receivable, net
Real estate loans:					
Commercial					
LTV < 35%					
Pass	$ 30,478	$	$ 30,478	$	$ 30,478
Special Mention	611		611	13	624
Substandard				1,764	1,764
Total	31,089		31,089	1,777	32,866
LTV > 35%					
Pass	215,123	1,342	216,465		216,465
Special Mention	20,796	579	21,375	1,896	23,271
Substandard	19,402	6,483	25,885	28,654	54,539
Total	255,321	8,404	263,725	30,550	294,275
Total commercial	286,410	8,404	294,814	32,327	327,141
One-to-four family residential					
LTV < 60%					
Pass	39,420	388	39,808		39,808
Special Mention	974	398	1,372	358	1,730
Substandard	129	284	413	408	821
Total	40,523	1,070	41,593	766	42,359
LTV > 60%					
Pass	26,618	1,188	27,806		27,806
Special Mention					
Substandard	1,942		1,942	572	2,514
Total	28,560	1,188	29,748	572	30,320
Total one-to-four family residential	69,083	2,258	71,341	1,338	72,679
Construction and land					
Pass	14,610	3,041	17,651		17,651
Special Mention	631		631		631
Substandard	3,487		3,487	1,709	5,196
Total construction and land	18,728	3,041	21,769	1,709	23,478
Multifamily					
LTV < 35%					
Pass	23,595		23,595		23,595
Substandard				523	523
Total	23,595		23,595	523	24,118
LTV > 35%					
Pass	416,453	3,453	419,906		419,906
Special Mention	10,526	1,463	11,989		11,989
Substandard	618	1,552	2,170	1,251	3,421

Total	427,597	6,468	434,065	1,251	435,316
Total multifamily	451,192	6,468	457,660	1,774	459,434
Home equity and lines of credit					
Pass	27,721	30	27,751		27,751
Special Mention	389		389		389
Substandard				1,766	1,766
Total home equity and lines of credit	28,110	30	28,140	1,766	29,906
Commercial and industrial loans					
Pass	8,887	82	8,969		8,969
Special Mention	269	125	394	724	1,118
Substandard	1,985		1,985	643	2,628
Total commercial and industrial loans	11,141	207	11,348	1,367	12,715
Insurance premium loans					
Pass	58,391	426	58,817		58,817
Special Mention		142	142		142
Substandard				137	137
Total insurance premium loans	58,391	568	58,959	137	59,096
Other loans					
Pass	1,405	91	1,496		1,496
Total other loans	1,405	91	1,496		1,496
	$ 924,460	**$ 21,067**	**$ 945,527**	**$ 40,418**	**$ 985,945**

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The following tables summarize impaired loans as of June 30, 2012 and December 31, 2011 (in thousands):

	At June 30, 2012		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
With No Allowance Recorded:			
Real estate loans:			
Commercial			
LTV < 35%			
Substandard	$ 1,711	$ 1,711	$
LTV => 35%			
Pass	884	884	
Special Mention	2,972	2,980	
Substandard	26,904	27,630	
One-to-four family residential			
LTV < 60%			
Substandard	50	50	
LTV => 60%			
Substandard	257	257	
Construction and land			
Substandard	2,164	2,822	
Multifamily			
LTV < 35%			
Substandard	517	517	
LTV => 35%			
Substandard	835	1,305	
Commercial and industrial loans			
Special Mention	39	39	
Substandard	1,557	1,557	
With a Related Allowance Recorded:			
Real estate loans:			
Commercial			
LTV => 35%			
Special Mention	648	675	(71)
Substandard	11,875	12,232	(2,254)
One-to-four family residential			
LTV < 60%			
Special Mention	527	527	(12)
LTV => 60%			
Substandard	1,748	1,748	(384)
Multifamily			
LTV => 35%			
Substandard	2,410	2,410	(343)
Home equity and lines of credit			
Special Mention	364	364	(22)
Substandard	1,591	1,591	(110)
Commercial and industrial loans			
Substandard	495	495	(1,468)
Total:			
Real estate loans			
Commercial	44,994	46,112	(2,325)
One-to-four family residential	2,582	2,582	(396)
Construction and land	2,164	2,822	
Multifamily	3,762	4,232	(343)
Home equity and lines of credit	1,955	1,955	(132)

Commercial and industrial loans	2,091	2,091	(1,468)
	$ 57,548	$ 59,794	$ (4,664)

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	At December 31, 2011 Recorded Investment	Unpaid Principal Balance	Related Allowance
With No Allowance Recorded:			
Real estate loans:			
Commercial			
LTV < 35%			
Substandard	$ 1,764	$ 1,764	$
Loss		471	
LTV => 35%			
Special Mention	3,670	3,679	
Substandard	26,284	27,906	
Construction and land			
Substandard	1,709	2,607	
Multifamily			
LTV < 35%			
Substandard	523	523	
LTV => 35%			
Substandard	870	870	
Commercial and industrial loans			
Special Mention	660	660	
Substandard	921	921	
With a Related Allowance Recorded:			
Real estate loans:			
Commercial			
LTV < 35%			
Substandard	1,766	2,132	(175)
LTV => 35%			
Special Mention	659	685	(65)
Substandard	9,305	9,305	(1,655)
One-to-four family residential			
LTV < 60%			
Special Mention	782	782	(22)
LTV => 60%			
Substandard	1,750	1,750	(386)
Multifamily			
LTV => 35%	1,552	1,552	(338)
Substandard			
Home equity and lines of credit			
Substandard	1,593	1,593	(30)
Commercial and industrial loans			
Substandard	462	462	(1,393)
Total:			
Real estate loans			
Commercial	43,448	45,942	(1,895)
One-to-four family residential	2,532	2,532	(408)
Construction and land	1,709	2,607	
Multifamily	2,945	2,945	(338)
Home equity and lines of credit	1,593	1,593	(30)
Commercial and industrial loans	2,043	2,043	(1,393)
	$ 54,270	$ 57,662	$ (4,064)

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Included in the table above at June 30, 2012 are loans with carrying balances of $37.9 million that were not written down by either charge-offs or specific reserves in our allowance for loan losses. Included in the table above at December 31, 2011 are loans with carrying balances of $27.9 million that were not written down by either charge-offs or specific reserves in our allowance for loan losses. Loans not written down by charge-offs or specific reserves at June 30, 2012 and December 31, 2011, are considered to have sufficient collateral values, less costs to sell, to support the carrying balances of the loans.

The average recorded balance of originated impaired loans for the six months ended June 30, 2012 and 2011 was $55.9 million and $62.2 million, respectively. The Company recorded $577,000 and $1.3 million of interest income on impaired loans for the three and six months ended June 30, 2012, respectively, as compared to $735,000 and $1.6 million of interest income on impaired loans for the three and six months ended June 30, 2011, respectively.

The following table summarizes loans that were modified in troubled debt restructurings during the six months ended June 30, 2012.

	Six Months Ended June 30, 2012		
	Number of Relationships	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
		(in thousands)	
Troubled Debt Restructurings			
Commercial real estate loans			
Substandard	1	$ 6,360	$ 6,360
One -to- four Family			
Substandard	1	257	257
Home equity and lines of credit			
Special Mention	2	364	364
Total Troubled Debt Restructurings	4	$ 6,981	$ 6,981

At June 30, 2012 and December 31, 2011, we had troubled debt restructurings of $47.1 million and $41.6 million, respectively.

All four of the relationships in the table above were restructured to receive reduced interest rates.

Management classifies all troubled debt restructurings 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 a detailed 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 expert in appraisal preparation and review to ascertain the reasonableness of updated appraisals. Projecting the expected cash flows under troubled debt restructurings 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.

One loan that was restructured during the last twelve months has subsequently defaulted. The loan was a one-to-four family loan with a recorded investment of $257,000 and currently is maintained on non-accrual status as of June 30, 2012.

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Note 4 Deposits

Deposits are as follows (in thousands):

	June 30, 2012	December 31, 2011
Non-interest-bearing demand	$ 160,225	$ 156,493
Interest-bearing negotiable orders of withdrawal (NOW)	105,795	91,829
Savings-passbook, statement, tiered, and money market	794,742	765,081
Certificates of deposit	482,419	480,123
	$ 1,543,181	$ 1,493,526

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

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
NOW, savings-passbook, statement, tiered, and money market	$ 1,023	$ 1,164	$ 2,119	$ 2,298
Certificates of deposit	1,438	2,106	2,866	3,989
	$ 2,461	$ 3,270	$ 4,985	$ 6,287

Note 5 Equity Incentive Plan

The following table is a summary of the Company s stock options outstanding as of June 30, 2012 and changes therein during the six months then ended:

	Number of Stock Options	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Outstanding - December 31, 2011	2,056,660	$ 3.22	$ 9.95	7.02
Granted				
Forfeited	(3,560)	3.22	9.94	
Exercised				
Outstanding - June 30, 2012	2,053,100	$ 3.22	$ 9.95	6.57
Exercisable - June 30, 2012	1,240,040	$ 3.22	$ 9.95	6.57

Expected future stock option expense related to the non-vested options outstanding as of June 30, 2012 is $2.1 million over an average period of 1.6 years.

The following is a summary of the status of the Company s restricted share awards as of June 30, 2012 and changes therein during the six months then ended.

	Number of Shares Awarded	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2011	488,830	$ 9.97
Granted		
Vested	(162,650)	9.96
Forfeited	(1,240)	9.94
Non-vested at June 30, 2012	324,940	$ 9.97

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Expected future stock award expense related to the non-vested restricted share awards as of June 30, 2012 is $2.6 million over an average period of 1.6 years.

During the three and six months ended June 30, 2012, the Company recorded $742,000 and $1.5 million of stock-based compensation related to the above plans, respectively. During the three and six months ended June 30, 2011, the Company recorded $775,000 and $1.5 million of stock-based compensation related to the above plans, respectively.

Note 6 Fair Value Measurements

The following table presents the assets reported on the consolidated balance sheet at their estimated fair value as of June 30, 2012, and December 31, 2011, by level within the fair value hierarchy as required by the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

Level 1 Inputs Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example, interest rates, volatilities, prepayment speeds, loss severities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlations or other means.

Level 3 Inputs Significant unobservable inputs that reflect the Company s own assumptions that market participants would use in pricing the assets or liabilities.

		Fair Value Measurements at Reporting Date Using:		
	June 30, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands)		
Measured on a recurring basis:				
Assets:				
Investment securities:				
Available-for-sale:				
Mortgage-backed securities:				
GSE	$ 1,071,654	$	$ 1,071,654	$
Non-GSE	33,359		33,359	
Corporate bonds	102,703		102,703	
Equities	13,503	13,503		
Total available-for-sale	1,221,219	13,503	1,207,716	
Trading securities	4,490	4,490		
Total	$ 1,225,709	$ 17,993	$ 1,207,716	$
Measured on a non-recurring basis:				

Assets:				
Impaired loans:				
Real estate loans:				
Commercial real estate	$ 26,524	$	$	$ 26,524
One- to- four family residential mortgage	2,532			2,532
Construction and land	1,861			1,861
Multifamily	2,411			2,411
Home equity and lines of credit	1,954			1,954
Total impaired loans	35,282			35,282
Commercial and industrial loans	456			456
Other real estate owned	2,139			2,139
Total	$ 37,877	$	$	$ 37,877

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		Fair Value Measurements at Reporting Date Using:		
	December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands)		
Measured on a recurring basis:				
Assets:				
Investment securities:				
Available-for-sale:				
Mortgage-backed securities:				
GSE	$ 945,782	$	$ 945,782	$
Non-GSE	40,451		40,451	
Corporate bonds	100,657		100,657	
Equities	11,835	11,835		
Total available-for-sale	1,098,725	11,835	1,086,890	
Trading securities	4,146	4,146		
Total	$ 1,102,871	$ 15,981	$ 1,086,890	$
Measured on a non-recurring basis:				
Assets:				
Impaired loans:				
Real estate loans:				
Commercial real estate	$ 27,826	$	$	$ 27,826
One- to- four family residential mortgage	2,532			2,532
Construction and land	1,709			1,709
Multifamily	1,552			1,552
Home equity and lines of credit	1,593			1,593
Total impaired loans	35,212			35,212
Commercial and industrial loans	462			462
Other real estate owned	3,359			3,359
Total	$ 39,033	$	$	$ 39,033

The following table presents qualitative information for Level 3 assets measured at fair value on a non-recurring basis at June 30, 2012:

	Fair Value (in thousands)	Valuation Methodology	Unobservable Inputs	Range of Inputs
Impaired loans	$ 35,738	Appraisals	Discount for costs to sell	7.0%
			Discount for quick sale	10.0% - 20.0%
			Discount for dated appraisal utilizing changes in real estate indexes	Varies
Other real estate owned	$ 2,139	Appraisals	Discount for costs to sell	7.0%
			Discount for dated appraisal utilizing changes in real estate indexes	Varies

Available for Sale Securities: The estimated fair values for mortgage-backed, GSE and corporate securities are obtained from an independent nationally recognized third-party pricing service. The estimated fair values are derived primarily from cash flow models, which include assumptions for interest rates, credit losses, and prepayment speeds. Broker/dealer quotes are utilized as well when such quotes are available and deemed representative of the market. The significant inputs utilized in the cash flow models are based on market data

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obtained from sources independent of the Company (Observable Inputs), and are therefore classified as Level 2 within the fair value hierarchy. The estimated fair values of equity securities, classified as Level 1, are derived from quoted market prices in active markets. Equity securities consist of mutual funds. There were no transfers of securities between Level 1 and Level 2 during the six months ended June 30, 2012.

Trading Securities: Fair values are derived from quoted market prices in active markets. The assets consist of publicly traded mutual funds.

In addition, the Company may be required, from time to time, to measure the fair value of certain other financial assets on a nonrecurring basis in accordance with U.S. generally accepted accounting principles. The adjustments to fair value usually result from the application of lower-of-cost-or-market accounting or write downs of individual assets.

Impaired Loans: At June 30, 2012 and December 31, 2011, the Company had originated impaired loans held-for-investment and held-for-sale with outstanding principal balances of $39.3 million and $39.1 million, respectively, that were recorded at their estimated fair value of $35.7 million and $35.7 million, respectively. The Company recorded net impairment charges of $604,000 and $2.4 million for the six months ended June 30, 2012, and 2011, respectively, and charge-offs of $992,000 and $1.4 million for the six months ended June 30, 2012 and 2011, respectively, utilizing Level 3 inputs. For purposes of estimating fair value of impaired loans, management utilizes independent appraisals, if the loan is collateral dependent, adjusted downward by management, as necessary, for changes in relevant valuation factors subsequent to the appraisal date, or the present value of expected future cash flows for non-collateral dependent loans and troubled debt restructurings.

Other Real Estate Owned: At June 30, 2012, and December 31, 2011, the Company had assets acquired through foreclosure, or deed in lieu of foreclosure, of $2.1 million and $3.4 million, respectively, recorded at estimated fair value, less estimated selling costs when acquired, establishing a new cost basis. Estimated fair value is generally based on independent appraisals. These appraisals include adjustments to comparable assets based on the appraisers market knowledge and experience, and are considered Level 3 inputs. When an asset is acquired, the excess of the loan balance over fair value, less estimated selling costs, is charged to the allowance for loan losses. If the estimated fair value of the asset declines, a write-down is recorded through non-interest expense. The valuation of foreclosed assets is subjective in nature and may be adjusted in the future because of changes in economic conditions.

There were no subsequent valuation adjustments to other real estate owned (REO) for the three and six months ended June 30, 2012. Operating costs after acquisition are expensed.

Fair Value of Financial Instruments

The FASB ASC Topic for Financial Instruments requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring or non-recurring basis. The methodologies for estimating the fair value of financial assets and financial liabilities that are measured at fair value on a recurring or non-recurring basis are discussed above. The following methods and assumptions were used to estimate the fair value of other financial assets and financial liabilities not already discussed above:

(a) Cash, Cash Equivalents, and Certificates of Deposit

Cash and cash equivalents are short-term in nature with original maturities of six months or less; the carrying amount approximates fair value. Certificates of deposit having original terms of six-months or less; carrying value generally approximates fair value. Certificates of deposit with an original maturity of six months or greater, the fair value is derived from discounted cash flows.

(b) Securities (Held to Maturity)

The estimated fair values for substantially all of our securities are obtained from an independent nationally recognized pricing service. The independent pricing service utilizes market prices of same or similar securities whenever such prices are available. Prices involving distressed sellers are not utilized in determining fair value. Where necessary, the independent third-party pricing service estimates fair value using models employing techniques such as discounted cash flow analyses. The assumptions used in these models typically include assumptions for interest rates, credit losses, and prepayments, utilizing market observable data where available.

(c) Federal Home Loan Bank of New York Stock

The fair value for Federal Home Loan Bank of New York (FHLB) stock is its carrying value, since this is the amount for which it could be redeemed and there is no active market for this stock.

(d) Loans (Held-for-Investment)

Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as originated and purchased, and further segregated by residential mortgage, construction, land, multifamily, commercial and consumer. Each loan category is further segmented into amortizing and non-amortizing and fixed and adjustable rate interest terms and by performing and nonperforming categories. The fair value of loans is estimated by discounting the future cash flows using current prepayment assumptions and current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. This method of estimating fair value does not incorporate the exit price concept of fair value prescribed by the FASB ASC Topic for Fair Value Measurements and Disclosures.

(e) Loans (Held-for-Sale)

Held-for-sale loans are carried at the lower of aggregate cost or estimated fair value, less costs to sell, and therefore fair value is equal to carrying value.

(f) Deposits

The fair value of deposits with no stated maturity, such as non-interest bearing demand deposits, savings, NOW and money market accounts, is equal to the amount payable on demand. The fair value of certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities.

(g) Commitments to Extend Credit and Standby Letters of Credit

The fair value of commitments to extend credit and standby letters of credit is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates.

The fair value of off-balance sheet commitments is insignificant and therefore not included in the following table.

(h) Borrowings

The fair value of borrowings is estimated by discounting future cash flows based on rates currently available for debt with similar terms and remaining maturity.

(i) Advance Payments by Borrowers

Advance payments by borrowers for taxes and insurance have no stated maturity; the fair value is equal to the amount currently payable.

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The estimated fair values of the Company s significant financial instruments at June 30, 2012, and December 31, 2011, are presented in the following tables (in thousands):

	June 30, 2012				
		Estimated Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	$ 34,381	$ 34,381	$	$	$ 34,381
Trading securities	4,490	4,490			4,490
Securities available-for-sale	1,221,219	13,503	1,207,716		1,221,219
Securities held-to-maturity	2,832		2,961		2,961
Federal Home Loan Bank of New York stock, at cost	14,208		14,208		14,208
Loans held-for-sale	355			355	355
Net loans held-for-investment	1,045,906			1,111,954	1,111,954
Financial liabilities:					
Deposits	$ 1,543,181	$	$ 1,549,103	$	$ 1,549,103
Repurchase agreements and other borrowings	513,571		528,777		528,777
Advance payments by borrowers	3,177		3,177		3,177

	December 31, 2011	
	Carrying value	Estimated Fair value
Financial assets:		
Cash and cash equivalents	$ 65,269	$ 65,269
Trading securities	4,146	4,146
Securities available-for-sale	1,098,725	1,098,725
Securities held-to-maturity	3,617	3,771
Federal Home Loan Bank of New York stock, at cost	12,677	12,677
Loans held-for-sale	3,900	3,900
Net loans held-for-investment	1,047,631	1,081,484
Financial liabilities:		
Deposits	$ 1,493,526	$ 1,499,906
Repurchase agreements and other borrowings	481,934	498,774
Advance payments by borrowers	2,201	2,201

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company s entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company s financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

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Note 7 Earnings Per Share

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted average number of shares outstanding during the period. For purposes of calculating basic earnings per share, weighted average common shares outstanding excludes unallocated employee stock ownership plan (ESOP) shares that have not been committed for release and unvested restricted stock.

Diluted earnings per share is computed using the same method as basic earnings per share, but reflects the potential dilution that could occur if stock options and unvested shares of restricted stock were exercised and converted into common stock. These potentially dilutive shares are included in the weighted average number of shares outstanding for the period using the treasury stock method. When applying the treasury stock method, we add: (1) the assumed proceeds from option exercises; (2) the tax benefit, if any, that would have been credited to additional paid-in capital assuming exercise of non-qualified stock options and vesting of shares of restricted stock; and (3) the average unamortized compensation costs related to unvested shares of restricted stock and stock options. We then divide this sum by our average stock price for the period to calculate assumed shares repurchased. The excess of the number of shares issuable over the number of shares assumed to be repurchased is added to basic weighted average common shares to calculate diluted earnings per share.

The following is a summary of the Company s earnings per share calculations and reconciliation of basic to diluted earnings per share for the periods indicated (dollars in thousands, except per share data):

	For the three months ended June 30,		For the six months ended June 30,	
	2012	**2011**	**2012**	**2011**
Net income available to common stockholders	$ 3,948	$ 4,347	$ 8,896	$ 9,317
Weighted average shares outstanding-basic	38,512,169	40,599,400	38,579,475	40,848,467
Effect of non-vested restricted stock and stock options outstanding	451,952	381,291	473,643	411,566
Weighted average shares outstanding-diluted	38,964,121	40,980,691	39,053,118	41,260,033
Earnings per share-basic	$ 0.10	$ 0.11	$ 0.23	$ 0.23
Earnings per share-diluted	$ 0.10	$ 0.11	$ 0.23	$ 0.23

Note 8 Stock Repurchase Program

As of June 30, 2012, the Company has repurchased a total of 5,384,510 shares of its common stock under its prior repurchase plans at an average price of $12.91 per share. The Company announced on June 6, 2012, that it terminated its stock repurchase plan in connection with its adoption of a Plan of Conversion and Reorganization to a fully public company.

Note 9 Recent Accounting Pronouncements

Accounting Standards Update No. 2011-03, Reconsideration of Effective Control for Repurchase Agreements, amends Topic 860 (Transfers and Servicing) where an entity may or may not recognize a sale upon the transfer of financial assets subject to repurchase agreements, based on whether or not the transferor has maintained effective control. In the assessment of effective control, Accounting Standard Update 2011-03 has removed the criteria that requires transferors to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee. Other criteria applicable to the assessment of effective control have not been changed. This guidance is effective for prospective periods beginning on or after December 15, 2011. Early adoption was prohibited. The adoption of this Accounting Standard Update did not result in a material change to the Company s consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. ASU No. 2011-04 results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between U.S. GAAP and International Financial Reporting Standards (IFRS). The changes to U.S. GAAP as a result of ASU

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No. 2011-04 are as follows: (1) The concepts of highest and best use and valuation premise are only relevant when measuring the fair value of nonfinancial assets (that is, it does not apply to financial assets or any liabilities); (2) U.S. GAAP currently prohibits application of a blockage factor in valuing financial instruments with quoted prices in active markets. ASU No. 2011-04 extends that prohibition to all fair value measurements; (3) An exception is provided to the basic fair value measurement principles for an entity that holds a group of financial assets and financial liabilities with offsetting positions in market risk or counterparty credit risk that are managed on the basis of the entity s net exposure to either of those risks. This exception allows the entity, if certain criteria are met, to measure the fair value of the net asset or liability position in a manner consistent with how market participants would price the net risk position; (4) Aligns the fair value measurement of instruments classified within an entity s shareholders equity with the guidance for liabilities; and (5) Disclosure requirements have been enhanced for recurring Level 3 fair value measurements to disclose quantitative information about unobservable inputs and assumptions used, to describe the valuation processes used by the entity, and to describe the sensitivity of fair value measurements to changes in unobservable inputs and interrelationships between those inputs. In addition, entities must report the level in the fair value hierarchy of items that are not measured at fair value in the statement of condition but whose fair value must be disclosed. The provisions of ASU No. 2011-04 are effective for the Company s interim reporting period beginning on or after December 15, 2011. The adoption of ASU No. 2011-04 did not result in a material change to the Company s consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, Presentation of Comprehensive Income. The provisions of ASU No. 2011-05 allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. The statement(s) are required to be presented with equal prominence as the other primary financial statements. ASU No. 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in shareholders equity but does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. In December 2011, the FASB issued ASU 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05 which defers the effective date of the requirement to present separate line items on the income statement for reclassification adjustments of items out of accumulated other comprehensive income into net income. All other requirements in ASU 2011-05 are not affected by this Update. For a public entity, the ASUs are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption was permitted. The adoption of these pronouncements resulted in a change to the presentation of the Company s financial statements but did not have an impact on the Company s financial condition or results of operations.

In September 2011, the FASB issued ASU No. 2011-08, Testing Goodwill for Impairment. The provisions of ASU No. 2011-08 simplify how entities, both public and nonpublic, test goodwill for impairment. The amendments in the Update permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. The provisions of ASU No. 2011-05 are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption was permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity s financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The adoption of ASU No. 2011-08 is not expected to have a material effect on the Company s consolidated financial statements. The Company will perform annual testing for goodwill impairment at December 31, 2012.

Note 10 Other Matters

On June 6, 2012, the Board of Trustees of Northfield Bancorp, MHC (MHC) and the Board of Directors of the Company adopted a Plan of Conversion and Reorganization (the Plan). Pursuant to the Plan, the MHC will convert from the mutual holding company form of organization to the fully public form. The MHC will be merged

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into the Company, and the MHC will no longer exist. The Company will merge into a new Delaware corporation named Northfield Bancorp, Inc. As part of the conversion, the MHC s ownership interest of the Company will be offered for sale in a public offering. The existing publicly held shares of the Company, which represents the remaining ownership interest in the Company, will be exchanged for new shares of common stock of Northfield Bancorp, Inc., the new Delaware Corporation. The exchange ratio will ensure that immediately after the conversion and public offering, the public shareholders of the Company will own the same aggregate percentage of Northfield Bancorp., Inc. common stock that they owned immediately prior to that time (excluding shares purchased in the stock offering and cash received in lieu of fractional shares). When the conversion and public offering are completed, all of the capital stock of Northfield Bank will be owned by Northfield Bancorp., Inc., the Delaware Corporation.

The Plan provides for the establishment, upon the completion of the conversion, of special liquidation accounts for the benefit of certain depositors of Northfield Bank in an amount equal to the greater of the MHC s ownership interest in the retained earnings of the Company as of the date of the latest balance sheet contained in the prospectus or the retained earnings of Northfield Bank at the time it reorganized into the MHC. Following the completion of the conversion, under the rules of the Board of Governors of the Federal Reserve System, Northfield Bank will not be permitted to pay dividends on its capital stock to Northfield Bancorp., Inc., its sole shareholder, if Northfield Bank s shareholder s equity would be reduced below the amount of the liquidation accounts. The liquidation accounts will be reduced annually to the extent that eligible account holders have reduced their qualifying deposits. Subsequent increases will not restore an eligible account holder s interest in the liquidation accounts.

Additionally, due to recent changes in federal regulations applicable to mutual holding companies relating to the waiver of dividends by parent mutual holding companies, the Board of Directors has determined to delay the payment of any further cash dividends on the Company s common stock.

Direct costs of the conversion and public offering will be deferred and reduce the proceeds from the shares sold in the public offering. Costs of $402,000 have been incurred related to the conversion as of June 30, 2012.

On February 22, 2012, Northfield Bancorp, Inc., Northfield Bancorp, MHC, and Northfield Bank were served with a summons and complaint related to a personal injury matter. The plaintiff was seeking damages of $40 million. The matter relates to an injury sustained by an individual on a property owned by a borrower of the Bank, which secures a loan to the Bank. The borrower was named as a co-defendant. The Bank does not operate the subject property or have any interest in the property, other than as collateral for its loan. The case was dismissed in federal court on May 23, 2012 due to lack of subject matter jurisdiction and was re-filed in state court on June 21, 2012. Management believes the lawsuit is without merit. The Bank has $12 million in insurance coverage and the complaint is being defended by the Bank s insurer. No accrual for loss has been established at June 30, 2012.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Northfield Bancorp, Inc. and subsidiaries:

We have audited the accompanying consolidated balance sheets of Northfield Bancorp, Inc, and subsidiaries (the Company) as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in stockholders equity, and cash flows for each of the years in the three-year period ended December 31, 2011. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northfield Bancorp, Inc. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 15, 2012 expressed an unqualified opinion on the effectiveness of the Company s internal control over financial reporting.

/s/ KPMG LLP

Short Hills, New Jersey

March 15, 2012

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Northfield Bancorp, Inc. and subsidiaries:

We have audited Northfield Bancorp, Inc. and subsidiaries internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Northfield Bancorp, Inc. and subsidiaries management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Northfield Bancorp, Inc. and subsidiaries internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Northfield Bancorp, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Northfield Bancorp, Inc. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in stockholders equity, and cash flows for each of the years in the three-year period ended December 31, 2011, and our report dated March 15, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Short Hills, New Jersey

March 15, 2012

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	At December 31, 2011	At December 31, 2010
	(In thousands, except share data)	
ASSETS:		
Cash and due from banks	$ 15,539	$ 9,862
Interest-bearing deposits in other financial institutions	49,730	33,990
Total cash and cash equivalents	65,269	43,852
Trading securities	4,146	4,095
Securities available-for-sale, at estimated fair value (encumbered $309,816 in 2011 and $275,694 in 2010)	1,098,725	1,244,313
Securities held-to-maturity, at amortized cost (estimated fair value of $3,771 in 2011 and $5,273 in 2010) (encumbered $0 in 2011 and 2010)	3,617	5,060
Loans held-for-sale	3,900	1,170
Purchased credit-impaired (PCI) loans held-for-investment	88,522	
Originated loans held-for-investment, net	985,945	827,591
Loans held-for-investment, net	1,074,467	827,591
Allowance for loan losses	(26,836)	(21,819)
Net loans held-for-investment	1,047,631	805,772
Accrued interest receivable	8,610	7,873
Bank owned life insurance	77,778	74,805
Federal Home Loan Bank of New York stock, at cost	12,677	9,784
Premises and equipment, net	19,988	16,057
Goodwill	16,159	16,159
Other real estate owned	3,359	171
Other assets	15,059	18,056
Total assets	2,376,918	2,247,167
LIABILITIES AND STOCKHOLDERS EQUITY:		
LIABILITIES:		
Deposits	1,493,526	1,372,842
Securities sold under agreements to repurchase	276,000	243,000
Other borrowings	205,934	148,237
Advance payments by borrowers for taxes and insurance	2,201	693
Accrued expenses and other liabilities	16,607	85,678
Total liabilities	1,994,268	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 December 31, 2011, and December 31, 2010, respectively, 40,518,591 and 43,316,021 outstanding at December 31, 2011 and 2010, respectively	456	456
Additional paid-in-capital	209,302	205,863
Unallocated common stock held by employee stock ownership plan	(14,570)	(15,188)

Retained earnings	235,776	222,655
Accumulated other comprehensive income	17,470	10,910
Treasury stock at cost; 5,114,020 and 2,316,590 shares at December 31, 2011 and 2010, respectively	(65,784)	(27,979)
Total stockholders equity	382,650	396,717
Total liabilities and stockholders equity	$ 2,376,918	$ 2,247,167

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Income

	Years ended December 31, 2011	2010	2009
	(In thousands, except share data)		
Interest income:			
Loans	$ 55,066	$ 46,681	$ 38,889
Mortgage-backed securities	32,033	33,306	42,256
Other securities	3,314	6,011	3,223
Federal Home Loan Bank of New York dividends	439	354	399
Deposits in other financial institutions	165	143	801
Total interest income	91,017	86,495	85,568
Interest expense:			
Deposits	12,251	13,573	18,214
Borrowings	13,162	10,833	10,763
Total interest expense	25,413	24,406	28,977
Net interest income	65,604	62,089	56,591
Provision for loan losses	12,589	10,084	9,038
Net interest income after provision for loan losses	53,015	52,005	47,553
Non-interest income:			
Bargain purchase gain, net of tax	3,560		
Fees and service charges for customer services	2,946	2,582	2,695
Income on bank owned life insurance	2,973	2,273	1,750
Gain on securities transactions, net	2,603	1,853	891
Other-than-temporary impairment losses on securities	(1,152)	(962)	(1,365)
Portion recognized in other comprehensive income (before taxes)	743	808	1,189
Net impairment losses on securities recognized in earnings	(409)	(154)	(176)
Other	162	288	233
Total non-interest income	11,835	6,842	5,393
Non-interest expense:			
Compensation and employee benefits	21,626	19,056	16,896
Director compensation	1,497	1,516	1,338
Occupancy	6,297	5,149	4,602
Furniture and equipment	1,204	1,070	1,093
Data processing	2,775	2,521	2,637
Professional fees	2,334	3,613	1,950
FDIC insurance	1,629	1,805	2,320
Other	4,168	3,954	3,418
Total non-interest expense	41,530	38,684	34,254

Income before income tax expense		23,320		20,163		18,692
Income tax expense		6,497		6,370		6,618
Net income	$	16,823	$	13,793	$	12,074
Net income per common share - basic and diluted	$	0.42	$	0.33	$	0.28
Weighted average shares outstanding - basic		40,068,991		41,387,106		42,405,774
Weighted average shares outstanding - diluted		40,515,245		41,669,006		42,532,568

See accompanying notes to consolidated financial statements.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders Equity

	Years ended December 31, 2011, 2010 and 2009							
	Common Stock							
	Shares	**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**
	(In thousands, except share data)							
Balance at December 31, 2008	44,803,061	$ 448	$ 199,453	$ (16,391)	$ 203,085	$ (17)	$	$ 386,578
Comprehensive income:								
Net income					12,074			12,074
Net unrealized holding gains on securities arising during the year (net of tax of $8,438)						12,075		12,075
Reclassification adjustment for gains included in net income (net of tax of $35)						(54)		(54)
Post retirement benefits adjustment (net of tax of $26)						35		35
Reclassification adjustment for OTTI impairment included in net income (net of tax of $70)						106		106
Total comprehensive income								24,236
ESOP shares allocated or committed to be released			92	584				676
Stock compensation expense			2,942					2,942
Cash dividends declared ($0.16 per common share)					(2,963)			(2,963)
Issuance of restricted stock	825,150	8	(8)					
Treasury stock (average cost of $11.61 per share)							(19,929)	(19,929)
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					13,793			13,793
Net unrealized holding losses on securities arising during the year (net of tax of $577)						(682)		(682)
Reclassification adjustment for gains included in net income (net of tax of $585)						(670)		(670)
Post retirement benefits adjustment (net of tax of $11)						35		35
Reclassification adjustment for OTTI impairment included in net income (net of tax of $72)						82		82

Total comprehensive income								12,558
ESOP shares allocated or committed to be released			180	619				799
Stock compensation expense			3,020					3,020
Additional tax benefit on equity awards			184					184
Exercise of stock options					(26)		163	137
Cash dividends declared ($0.19 per common share)					(3,308)			(3,308)
Issuance of restricted stock	4,400							
Treasury stock (average cost of $13.37 per share)							(8,213)	(8,213)
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					16,823			16,823
Net unrealized holding losses on securities arising during the year (net of tax of $5,306)						7,961		7,961
Reclassification adjustment for gains included in net income (net of tax of $1,102)						(1,652)		(1,652)
Post retirement benefits adjustment (net of tax of $4)						6		6
Reclassification adjustment for OTTI impairment included in net income (net of tax of $164)						245		245
Total comprehensive income								23,383
ESOP shares allocated or committed to be released			206	618				824
Stock compensation expense			3,047					3,047
Additional tax benefit on equity awards			186					186
Exercise of stock options					(1)		16	15
Cash dividends declared ($0.23 per common share)					(3,701)			(3,701)
Treasury stock (average cost of $13.52 per share)							(37,821)	(37,821)
Balance at December 31, 2011	45,632,611	$ 456	$ 209,302	$ (14,570)	$ 235,776	$ 17,470	$ (65,784)	$ 382,650

See accompanying notes to consolidated financial statements.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Years Ended December 31, 2011	2010	2009
		(In thousands)	
Cash flows from operating activities:			
Net income	$ 16,823	$ 13,793	$ 12,074
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	12,589	10,084	9,038
ESOP and stock compensation expense	3,871	3,819	3,618
Depreciation	2,151	1,791	1,679
Amortization of premiums, and deferred loan costs, net of (accretion) of discounts, and deferred loan fees	1,653	1,101	(1,486)
Amortization of mortgage servicing rights	60	117	113
Income on bank owned life insurance	(2,973)	(2,273)	(1,750)
Gain on sale of premises and equipment and other real estate owned	(84)	(197)	
Net gain on sale of loans held-for-sale	(20)	(34)	(138)
Proceeds from sale of loans held-for-sale	11,206	5,713	7,509
Origination of loans held-for-sale	(10,467)	(6,849)	(7,371)
Gain on securities transactions, net	(2,603)	(1,853)	(891)
Bargain purchase gain, net of tax	(3,560)		
Net impairment losses on securities recognized in earnings	409	154	176
Net purchases of trading securities	(202)	(95)	(313)
Decrease in accrued interest receivable	125	181	265
(Increase) decrease in other assets	(1,659)	(18)	148
Decrease (increase) in prepaid FDIC assessment	1,609	1,610	(5,736)
Deferred taxes	(2,883)	(2,905)	(4,938)
Increase in accrued expenses and other liabilities	1,196	1,263	2,831
Amortization of core deposit intangible	219	173	336
Net cash provided by operating activities	27,460	25,575	15,164
Cash flows from investing activities:			
Net increase in loans receivable	(169,258)	(103,037)	(108,385)
Purchase of loans			(35,369)
(Purchase) redemptions of Federal Home Loan Bank of New York stock, net	(2,628)	(3,363)	2,989
Purchases of securities available-for-sale	(476,918)	(845,781)	(655,765)
Principal payments and maturities on securities available-for-sale	403,389	581,525	500,518
Principal payments and maturities on securities held-to-maturity	1,442	1,684	4,575
Proceeds from sale of securities available-for-sale	182,658	221,187	3,293
Proceeds from sale of securities held-to-maturity			3,371
Purchases of certificates of deposit in other financial institutions			(63)
Proceeds from maturities of certificates of deposit in other financial institutions			53,716
Purchase of bank owned life insurance		(28,781)	
Proceeds from sale of other real estate owned	571	721	
Proceeds from the sale of premises and equipment		394	
Purchases and improvements of premises and equipment	(6,082)	(5,369)	(5,456)
Net cash acquired in business combinations	77,449		
Net cash provided by (used in) investing activities	10,623	(180,820)	(236,576)
Cash flows from financing activities:			
Net (decrease) increase in deposits	(67,550)	55,957	292,446

Dividends paid	(3,701)	(3,308)	(2,963)
Exercise of stock options	15	137	
Purchase of treasury stock	(37,821)	(8,213)	(19,929)
Additional tax benefit on equity awards	186	231	
Increase (decrease) in advance payments by borrowers for taxes and insurance	1,508	(64)	(3,066)
Repayments under capital lease obligations	(217)	(187)	(160)
Proceeds from securities sold under agreements to repurchase and other borrowings	584,508	378,501	138,600
Repayments related to securities sold under agreements to repurchase and other borrowings	(493,594)	(266,501)	(191,100)
Net cash provided by financing activities	(16,666)	156,553	213,828
Net increase (decrease) in cash and cash equivalents	21,417	1,308	(7,584)
Cash and cash equivalents at beginning of period	43,852	42,544	50,128
Cash and cash equivalents at end of period	$ 65,269	$ 43,852	$ 42,544
Supplemental cash flow information:			
Cash paid during the period for:			
Interest	$ 25,008	$ 24,463	$ 29,334
Income taxes	9,483	9,776	10,351
Non-cash transactions:			
Loans charged-off, net	7,572	3,679	2,402
Transfers of loans to other real estate owned	2,509		1,348
Other real estate owned charged-off	26	146	
Loan to finance sale of other real estate owned		900	
(Decrease) increase in due to broker for purchases of securities available-for-sale	(70,747)	70,747	
Transfers of loans to held-for-sale	7,497		
Acquisition:			
Non-cash assets acquired:			
Securities available-for-sale	21,195		
Loans	91,917		
Core deposit intangible	1,160		
Other real estate owned	1,166		
Accrued interest receivable	862		
FHLB NY stock	265		
Other assets	633		
Non-cash liabilities assumed:			
Deposits	188,234		
Other liabilities	480		

See accompanying notes to consolidated financial statements.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

The following significant accounting and reporting policies of Northfield Bancorp, Inc. and subsidiaries (collectively, the Company), conform to U.S. generally accepted accounting principles, or (GAAP), and are used in preparing and presenting these consolidated financial statements.

(a) Basis of Presentation

The consolidated financial statements are comprised of the accounts of Northfield Bancorp, Inc. and its wholly owned subsidiaries, Northfield Investment, 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.

Effective July 21, 2011, as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), the Bank began to be regulated and supervised by the Office of the Comptroller of the Currency and Northfield Bancorp, Inc. began to be regulated and supervised by the Board of Governors of the Federal Reserve System.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheets and revenues and expenses during the reporting periods. Actual results may differ significantly from those estimates and assumptions. A material estimate that is particularly susceptible to significant change in the near term is the allowance for loan losses. In connection with the determination of this allowance, management generally obtains independent appraisals for significant properties. In addition, judgments related to the amount and timing of expected cash flows from purchased credit-impaired loans, goodwill, securities valuation and impairment, and deferred income taxes, involve a higher degree of complexity and subjectivity and require estimates and assumptions about highly uncertain matters. Actual results may differ from the estimates and assumptions.

Certain prior year balances have been reclassified to conform to the current year presentation.

(b) Business

The Company, through its principal subsidiary, the Bank, provides a full range of banking services primarily to individuals and corporate customers in Richmond and Kings Counties in New York, and Union and Middlesex Counties in New Jersey. The Company is subject to competition from other financial institutions and to the regulations of certain federal and state agencies, and undergoes periodic examinations by those regulatory authorities.

(c) Cash Equivalents

Cash equivalents consist of cash on hand, due from banks, federal funds sold, and interest-bearing deposits in other financial institutions with an original term of three months or less.

(d) Securities

Securities are classified at the time of purchase, based on management s intention, as securities held-to-maturity, securities available-for-sale, or trading account securities. Securities held-to-maturity are those that management has the positive intent and ability to hold until maturity. Securities held-to-maturity are carried at amortized cost, adjusted for amortization of premiums and accretion of discounts using the level-yield method over the contractual term of the securities, adjusted for actual prepayments. Securities available-for-sale represents all securities not classified as either held-to-maturity or trading. Securities available-for-sale are carried at estimated fair value with unrealized holding gains and losses (net of related tax effects) on such securities excluded from earnings, but included as a separate component of stockholders equity, titled

Accumulated other comprehensive income (loss). The cost of securities sold is determined using the specific-identification method.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Security transactions are recorded on a trade-date basis. Trading securities are securities that are bought and may be held for the purpose of selling them in the near term. Trading securities are reported at estimated fair value, with unrealized holding gains and losses reported as a component of gain (loss) on securities transactions, net in non-interest income.

Our evaluation of other-than-temporary impairment considers the duration and severity of the impairment, our intent and ability to hold the securities, and our assessments of the reason for the decline in value and the likelihood of a near-term recovery. If a determination is made that a debt security is other-than-temporarily impaired, the Company will estimate the amount of the unrealized loss that is attributable to credit and all other non-credit related factors. The credit related component will be recognized as an other-than-temporary impairment charge in non-interest income. The non-credit related component will be recorded as an adjustment to accumulated other comprehensive income (loss), net of tax. The estimated fair value of debt securities, including mortgage-backed securities and corporate debt obligations is furnished by an independent third party pricing service. The third party pricing service primarily utilizes pricing models and methodologies that incorporate observable market inputs, including among other things, benchmark yields, reported trades, and projected prepayment and default rates. Management reviews the data and assumptions used in pricing the securities by its third party provider for reasonableness.

(e) Loans

During the fourth quarter of 2011, the Company acquired a loan portfolio, with deteriorated credit quality, from the Federal Deposit Insurance Corporation, herein referred to as purchased credit-impaired loans, and transferred certain loans, previously originated and designated by the Company as held-for-investment, to held-for-sale. The accounting and reporting for these loans differs substantially from those loans originated and classified by the Company as held-for-investment. For purposes of reporting, discussion and analysis, management has classified its loan portfolio into three categories: (1) loans originated by the Company and held-for-sale, which are carried at the lower of aggregate cost or estimated fair value, less costs to sell, and therefore have no associated allowance for loan losses, (2) purchased credit-impaired (PCI) loans, which are held-for-investment, and initially valued at estimated fair value on the date of acquisition, with no initial related allowance for loan losses, and (3) originated loans held-for-investment, which are carried at amortized cost, less net charge-offs and the allowance for loan losses.

Originated net loans held-for-investment are stated at unpaid principal balance, adjusted by unamortized premiums and unearned discounts, deferred origination fees and certain direct origination costs, and the allowance for loan losses. Interest income on loans is accrued and credited to income as earned. Net loan origination fees/costs are deferred and accreted/amortized to interest income over the loan s contractual life using the level-yield method, adjusted for actual prepayments. Generally, loans held-for-sale are designated at time of origination and routinely consist of newly originated fixed rate residential loans and are recorded at the lower of aggregate cost or estimated fair value in the aggregate. In 2011, the Company transferred from held-for-investment to held-for-sale certain impaired loans. Transfers from held-for-investment are infrequent and occur at fair value less costs to sell, with any charge-off to allowance for loan losses. Gains are recognized on a settlement-date basis and are determined by the difference between the net sales proceeds and the carrying value of the loans, including any net deferred fees or costs.

Originated net loans held-for-investment are deemed impaired when it is probable, based on current information, that the Company will not collect all amounts due in accordance with the contractual terms of the loan agreement. The Company has defined the population of originated impaired loans to be all originated non-accrual loans held-for-investment with an outstanding balance of $500,000 or greater. Originated impaired loans held-for-investment are individually assessed to determine that the loan s carrying value is not in excess of the expected future cash flows, discounted at the loans original effective interest rate, or the underlying collateral (less estimated costs to sell) if the loan is collateral dependent. Impairments are recognized through a charge to the provision for loan losses for the amount that the loan s carrying value exceeds the discounted cash flow analysis or estimated fair value

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

of collateral (less estimated costs to sell) if the loan is collateral dependent. Homogeneous loans with balances less than $500,000 are collectively evaluated for impairment.

The allowance for loan losses is increased by the provision for loan losses charged against income and is decreased by charge-offs, net of recoveries. Loan losses are charged-off in the period the loans, or portion thereof, are deemed uncollectible. Generally, the Company will record a loan charge-off (including a partial charge-off) to reduce a loan to the estimated fair value of the underlying collateral, less cost to sell, if it is determined that it is probable that recovery will come primarily from the sale of such collateral. The provision for loan losses is based on management s evaluation of the adequacy of the allowance which considers, among other things, originated impaired loans held-for-investment, deterioration in PCI loans subsequent to acquisition, past loan loss experience, known and inherent risks in the portfolio, existing adverse situations that may affect the borrower s ability to repay, and estimated value of any underlying collateral securing loans. Additionally, management evaluates changes, if any, in underwriting standards, collection, charge-off and recovery practices, the nature or volume of the portfolio, lending staff, concentration of loans, as well as current economic conditions, and other relevant factors. Management believes the allowance for loan losses is adequate to provide for probable and reasonably estimable losses at the date of the consolidated balance sheets. The Company also maintains an allowance for estimated losses on off-balance sheet credit risks related to loan commitments and standby letters of credit. Management utilizes a methodology similar to its allowance for loan loss adequacy methodology to estimate losses on these commitments. The allowance for estimated credit losses on off-balance sheet commitments is included in other liabilities and any changes to the allowance are recorded as a component of other non-interest expense.

While management uses available information to recognize probable and reasonably estimable losses on loans, future additions may be necessary based on changes in conditions, including changes in economic conditions, particularly in Richmond and Kings Counties in New York, and Union and Middlesex Counties in New Jersey. Accordingly, as with most financial institutions in the market area, the ultimate collectability of a substantial portion of the Company s loan portfolio is susceptible to changes in conditions in the Company s marketplace. In addition, future changes in laws and regulations could make it more difficult for the Company to collect all contractual amounts due on its loans and mortgage-backed securities.

In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company s allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination.

Troubled debt restructured loans are those loans whose terms have been modified because of deterioration in the financial condition of the borrower. Modifications could include extension of the terms of the loan, reduced interest rates, and forgiveness of accrued interest and/or principal. Once an obligation has been restructured because of such credit problems, it continues to be considered restructured until paid in full or, if the obligation yields a market rate (a rate equal to the rate the Company was willing to accept at the time of the restructuring for a new loan with comparable risk), until the year subsequent to the year in which the restructuring takes place, provided the borrower has performed under the modified terms for a six-month period. The Company records an impairment charge equal to the difference between the present value of estimated future cash flows under the restructured terms discounted at the original loans effective interest rate, or the underlying collateral value less costs to sell, if the loan is collateral dependent. Changes in present values attributable to the passage of time are recorded as a component of the provision for loan losses.

A loan is considered past due when it is not paid in accordance with its contractual terms. The accrual of income on loans, including originated impaired loans held-for-investment, and other loans in the process of foreclosure, is generally discontinued when a loan becomes 90 days or more delinquent, or when certain factors indicate that the ultimate collection of principal and interest is in doubt. Loans on which the accrual of income has been discontinued are designated as non-accrual loans. All previously accrued interest is reversed against interest income, and income is recognized subsequently only in the

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

period that cash is received, provided no principal payments are due and the remaining principal balance outstanding is deemed collectible. A non-accrual loan is not returned to accrual status until both principal and interest payments are brought current and factors indicating doubtful collection no longer exist, including performance by the borrower under the loan terms for a six-month period.

The Company accounts for the PCI loans acquired as a result of the FDIC-assisted transaction in October 2011 based on expected cash flows (Please see Note 2, Business Combinations, for further information regarding the acquisition). This election is in accordance with FASB Accounting Standards Codification (ASC) Topic 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality (ASC 310-30). In accordance with ASC 310-30, the Company will maintain the integrity of a pool of multiple loans accounted for as a single asset and evaluate the pools for impairment, and accrual status, based on variances from the expected cash flows.

(f) Federal Home Loan Bank Stock

The Bank, as a member of the Federal Home Loan Bank of New York (the FHLB), is required to hold shares of capital stock in the FHLB as a condition to both becoming a member and engaging in certain transactions with the FHLB. The minimum investment requirement is determined by a membership investment component and an activity-based investment component. The membership investment component is the greater of 0.20% of the Bank s mortgage-related assets, as defined by the FHLB, or $1,000. The activity-based investment component is equal to 4.5% of the Bank s outstanding advances with the FHLB. The activity-based investment component also considers other transactions, including assets originated for or sold to the FHLB, and delivery commitments issued by the FHLB. The Company currently does not enter into these other types of transactions with the FHLB.

On a quarterly basis, we perform our other-than-temporary impairment analysis of FHLB stock, we evaluate, among other things, (i) its earnings performance, including the significance of any decline in net assets of the FHLB as compared to the regulatory capital amount of the FHLB, (ii) the commitment by the FHLB to continue dividend payments, and (iii) the liquidity position of the FHLB. We did not consider our investment in FHLB stock to be other-than-temporarily impaired at December 31, 2011.

(g) Premises and Equipment, Net

Premises and equipment, including leasehold improvements, are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization of premises and equipment, including capital leases, are computed on a straight-line basis over the estimated useful lives of the related assets. The estimated useful lives of significant classes of assets are generally as follows: buildings forty years; furniture and equipment five to seven years; and purchased computer software three years. Leasehold improvements are amortized over the shorter of the term of the related lease or the estimated useful lives of the improvements. Major improvements are capitalized, while repairs and maintenance costs are charged to operations as incurred. Upon retirement or sale, any gain or loss is credited or charged to operations.

(h) Bank Owned Life Insurance

The Company has purchased bank owned life insurance contracts to help fund its obligations for certain employee benefit costs. The Company s investment in such insurance contracts has been reported in the consolidated balance sheets at their cash surrender values. Changes in cash surrender values and death benefit proceeds received in excess of the related cash surrender values are recorded as non-interest income.

(i) Goodwill

Goodwill is presumed to have an indefinite useful life and is not amortized, but rather is tested, at least annually, for impairment at the reporting unit level. For purposes of the Company s goodwill impairment testing, management has identified a single reporting unit. The Company uses the quoted market price of its common stock on the impairment testing date as the basis for estimating the fair

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

value of the Company s reporting unit. If the fair value of the reporting unit exceeds its carrying amount, further evaluation is not necessary. However, if the fair value of the reporting unit is less than its carrying amount, further evaluation is required to compare the implied fair value of the reporting unit s goodwill to its carrying amount to determine if a write-down of goodwill is required. As of December 31, 2011, the carrying value of goodwill totaled $16.2 million. The Company performed its annual goodwill impairment test, as of December 31, 2011, and determined the fair value of the Company s single reporting unit to be in excess of its carrying value. Accordingly, as of the annual impairment test date, there was no indication of goodwill impairment. The Company will test goodwill for impairment between annual test dates if an event occurs or circumstances change that would indicate the fair value of the reporting unit is below its carrying amount. No events have occurred and no circumstances have changed since the annual impairment test date that would indicate the fair value of the reporting unit is below its carrying amount.

(j) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the year in which those temporary differences are expected to be recovered or settled. When applicable, deferred tax assets are reduced by a valuation allowance for any portions determined not likely to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Income tax benefits are recognized and measured based upon a two-step model: 1) a tax position must be more-likely-than-not to be sustained based solely on its technical merits in order to be recognized, and 2) the benefit is measured as the largest dollar amount of that position that is more-likely-than-not to be sustained upon settlement. The difference between the benefit recognized and the tax benefit claimed on a tax return is referred to as an unrecognized tax benefit (UTB). The Corporation records income tax-related interest and penalties, if applicable, within income tax expense.

(k) Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted (and without interest) net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(l) Securities Sold Under Agreements to Repurchase and Other Borrowings

The Company enters into sales of securities under agreements to repurchase (Repurchase Agreements) and collateral pledge agreements (Pledge Agreements) with selected dealers and banks. Such agreements are accounted for as secured financing transactions since the Company maintains effective control over the transferred or pledged securities and the transfer meets the other accounting and recognition criteria as required by the transfer and servicing topic of the FASB Accounting Standards. Obligations under these agreements are reflected as a liability in the consolidated balance sheets. Securities underlying the agreements are maintained at selected dealers and banks as collateral for each transaction executed and may be sold or pledged by the counterparty. Collateral underlying Repurchase Agreements which permit the counterparty to sell or pledge the underlying collateral is disclosed on the consolidated balance sheets as encumbered. The Company retains the right under all Repurchase Agreements and Pledge Agreements to substitute acceptable collateral throughout the terms of the agreement.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(m) Comprehensive Income

Comprehensive income includes net income and the change in unrealized holding gains and losses on securities available-for-sale, change in actuarial gains and losses on other post retirement benefits, and change in service cost on other postretirement benefits, net of taxes. Comprehensive income is presented in the Consolidated Statements of Changes in Stockholders Equity.

(n) Employee Benefits

The Company sponsors a defined postretirement benefit plan that provides for medical and life insurance coverage to a limited number of retirees, as well as life insurance to all qualifying employees of the Company. The estimated cost of postretirement benefits earned is accrued during an individual s estimated service period to the Company. The Company recognizes in its balance sheet the over-funded or under-funded status of a defined benefit postretirement plan measured as the difference between the fair value of plan assets and the benefit obligation at the end of our calendar year. The actuarial gains and losses and the prior service costs and credits that arise during the period are recognized as a component of other comprehensive income, net of tax.

Funds borrowed by the Employee Stock Ownership Plan (ESOP) from the Company to purchase the Company s common stock are being repaid from the Bank s contributions over a period of up to 30 years. The Company s common stock not yet allocated to participants is recorded as a reduction of stockholders equity at cost. The Company records compensation expense related to the ESOP at an amount equal to the shares committed to be released by the ESOP multiplied by the average fair value of our common stock during the reporting period.

The Company recognizes the grant-date fair value of stock based awards issued to employees as compensation cost in the consolidated statements of income. The fair value of common stock awards is based on the closing price of our common stock as reported on the NASDAQ Stock Market on the grant date. The expense related to stock options is based on the estimated fair value of the options at the date of the grant using the Black-Scholes pricing model. The awards are fixed in nature and compensation cost related to stock based awards is recognized on a straight-line basis over the requisite service periods.

The Bank has a 401(k) plan covering substantially all employees. Contributions to the plan are expensed as incurred.

(o) Segment Reporting

As a community-focused financial institution, substantially all of the Company s operations involve the delivery of loan and deposit products to customers. Management makes operating decisions and assesses performance based on an ongoing review of these community banking operations, which constitute the Company s only operating segment for financial reporting purposes.

(p) Net Income per Common Share

Net income per common share-basic is computed by dividing the net income available to common stockholders by the weighted average number of common shares outstanding, excluding unallocated ESOP shares and unearned common stock award shares. The weighted average common shares outstanding includes the average number of shares of common stock outstanding, including shares held by Northfield Bancorp, MHC and allocated or committed to be released ESOP shares.

Net income per common share-diluted is computed using the same method as basic earnings per share, but reflects the potential dilution that could occur if stock options and unvested shares of restricted stock were exercised and converted into common stock. These potentially dilutive shares are included in the weighted average number of shares outstanding for the period using the treasury stock method. When applying the treasury stock method, we add: (1) the assumed proceeds from option exercises; (2) the tax benefit, if any, that would have been credited to additional paid-in capital assuming exercise of non-qualified stock options and vesting of shares of restricted stock; and (3) the average unamortized

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

compensation costs related to unvested shares of restricted stock and stock options. We then divide this sum by our average stock price for the period to calculate assumed shares repurchased. The excess of the number of shares issuable over the number of shares assumed to be repurchased is added to basic weighted average common shares to calculate diluted earnings per share. At December 31, 2011, 2010, and 2009, there were 446,254, 281,900 and 126,974 dilutive shares outstanding, respectively.

(q) Other Real Estate Owned

Assets acquired through loan foreclosure, or deed-in-lieu of, are held for sale and are initially recorded at estimated fair value less estimated selling costs when acquired, thus establishing a new cost basis. Costs after acquisition are generally expensed. If the estimated fair value of the asset declines, a write-down is recorded through other non-interest expense.

(2) Business Combination

On October 14, 2011, the Bank assumed all of the deposits and acquired essentially all of the assets of a failed New Jersey State-chartered bank, from the Federal Deposit Insurance Corporation (the FDIC) as receiver for the failed bank, pursuant to the terms of the Purchase and Assumption Agreement, dated October 14, 2011, between the Bank and the FDIC.

The application of the acquisition method of accounting resulted in a bargain purchase gain of $3.6 million, net of tax, which is included in non-interest income in the Company s Consolidated Statement of Income for the year ended December 31, 2011.

A summary of the net assets acquired and the estimated fair value adjustments resulting in the net gain follows:

	October 14, 2011 (in thousands)
Transaction cost basis liabilities in excess of assets	$ (3,692)
Receivable from the FDIC	50,502
Net assets acquired before fair value adjustments	46,810
Fair value adjustments:	
Loans	(40,506)
Other real estate owned	(1,531)
Core deposit intangible	1,160
Pre-tax bargain purchase gain	5,933
Deferred income tax liability	(2,373)
Net after-tax bargain purchase gain	$ 3,560

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The following table sets forth the assets acquired and liabilities assumed, at fair value.

STATEMENT OF ASSETS ACQUIRED AND LIABILITIES ASSUMED AT

ESTIMATED FAIR VALUE

		October 14, 2011 (in thousands)
Assets		
Cash and cash equivalents	$	26,947
Receivable from Federal Deposit Insurance Corporation		50,502
Securities available for sale:		
Mortgage-backed securities		15,454
Government sponsored enterprise bonds		5,741
Total securities		21,195
Total loans		91,917
Core deposit intangible		1,160
Other real estate owned		1,166
Federal Home Loan Bank of New York stock		265
Other assets		1,495
Total assets acquired	$	194,647
Liabilities		
Deposits	$	188,234
Other liabilities		480
Deferred tax liabilities		2,373
Total liabilities assumed	$	191,087
Net assets acquired	$	3,560

Fair Value of Assets Acquired and Liabilities Assumed

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company s entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company s financial instruments, fair value estimates are based on judgments regarding future expected cash flows and loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with a high degree of precision. Changes in assumptions could significantly affect the estimates.

The following is a description of valuation methodologies used for assets and liabilities recorded at fair value on the acquisition date. The determination of where an instrument falls in the fair value hierarchy requires significant judgment.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Cash and Cash Equivalents and Receivable from FDIC

Included in the acquired cash and cash equivalents were cash and due from banks of $23.9 million and federal funds sold of $3.0 million. The estimated fair values of cash and cash equivalents and the receivable from the FDIC of $50.5 million approximate their stated face amounts, as these financial instruments are either due on demand or have short-term maturities.

Investment Securities and Federal Home Loan Bank of New York (FHLB) Stock

Estimated fair values for the securities was derived from observable inputs (Level 2). The estimated fair values were derived primarily from cash flow models, which include assumptions for interest rates, credit losses, and prepayment speeds. Broker/dealer quotes are utilized as well when such quotes are available and deemed representative of the market. The significant inputs utilized in the cash flow models are based on market data obtained from sources independent of the Company (observable inputs).

The redemption value of the FHLB stock approximates fair value.

Loans

The loans are accounted for under FASB ASC Topic 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality, since all of these loans were acquired at a discount attributable, at least in part, to credit quality and are referred to as PCI loans . At the October 14, 2011 acquisition date, we estimated the fair value of the loan portfolio, at $91.9 million, which represents the expected cash flows from the portfolio discounted at market-based rates with no valuation allowance. In estimating such fair value, we (a) calculated the contractual recorded amount and timing of undiscounted principal and interest payments (the undiscounted contractual cash flows); and (b) estimated the amount and timing of undiscounted expected principal and interest payments (the undiscounted expected cash flows). The difference between the undiscounted cash flows expected at acquisition and the investment in the PCI loans, or the accretable yield , is recognized as interest income utilizing the level yield method over the life of the loans. Contractually required payments for interest and principal that exceed the undiscounted cash flows expected at acquisition, or the non-accretable difference, are not recognized as a yield adjustment or as a loss accrual or a valuation allowance. The nonaccretable difference represents an estimate of the credit risk in the loan portfolio at the acquisition date. We estimated the cash flows expected to be collected by using credit risk, interest rate risk, and prepayment risk models, which incorporate our best estimate of current key assumptions, such as default rates, loss severity rates, collateral values and prepayment speeds. We adopted guidelines under FASB ASC Topic 310-30, whereby the Bank aggregated acquired loans into pools, with common risk characteristics. Each pool of loans is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows.

The loans acquired in the transaction are, and will continue to be, reviewed for collectability, based on the expectations of cash flows on these loans. Increases in expected cash flows subsequent to the acquisition are recognized prospectively through an adjustment of the yield on the pool over its remaining life, while decreases in expected cash flows are recognized as impairment through a loss provision and an increase in the allowance for loan losses.

The following details the accretable yield for the year ended December 31, 2011 (in thousands):

		For the Year Ended December 31, 2011
Balance at the beginning of year	$	
Accretable yield at purchase date		43,937
Accretion into interest income		(1,444)
Net reclassification from / (to) non-accretable difference		

Balance at end of year	$	42,493

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Core Deposit Intangible (CDI)

CDI is a measure of the value of the customer relationships in non-maturity deposits. The fair value of the CDI is based on the present value of the expected cost savings attributable to this funding, relative to an alternative source of funding (Level 2). The CDI related to the acquisition will be amortized over an estimated useful life of seven years to approximate the existing deposit relationships acquired. The Company evaluates such identifiable intangibles for impairment when an indication of impairment exists.

Other real estate owned

Other real estate owned (OREO) estimated fair values are based on unobservable inputs (Level 3) such as recent comparable sales, current listings of similar properties, and appraisal reports prepared by qualified independent third party appraisers, less estimated disposition costs, discounted over the estimated holding period.

Deposit Liabilities

The fair values of deposit liabilities with no stated maturity (i.e., NOW and money market accounts, savings accounts, and non-interest-bearing accounts) are equal to the carrying amounts payable on demand. The fair values of certificates of deposit are equal to the carrying amount payable. All rates on certificate of deposits were adjusted in accordance with FDIC rules, regulations, and powers to current market rates based on the remaining maturity of the account, therefore the carrying value approximates fair value.

Deferred Income Taxes

Deferred income taxes relate to the differences between the financial statement and tax bases of assets acquired and liabilities assumed in the transaction. The Company s deferred income taxes were measured using a combined federal and state tax rate of approximately 40%.

(3) Securities Available-for-Sale

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

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Notes to Consolidated Financial Statements (Continued)

	2011			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
Mortgage-backed securities:				
Pass-through certificates:				
Government sponsored enterprises (GSE)	$ 490,184	$ 24,709	$	$ 514,893
Non-GSE	8,770		1,255	7,515
Real estate mortgage investment conduits (REMICs):				
GSE	426,362	4,662	135	430,889
Non-GSE	31,114	1,859	37	32,936
	956,430	31,230	1,427	986,233
Other securities:				
Equity investments-mutual funds	11,787	48		11,835
Corporate bonds	100,922	358	623	100,657
	112,709	406	623	112,492
Total securities available-for-sale	$ 1,069,139	$ 31,636	$ 2,050	$ 1,098,725

	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 December 31, 2011 (in thousands):

Available-for-sale	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 30,354	$ 30,552
Due after one year through five years	70,568	70,105
	$ 100,922	$ 100,657

Expected maturities on mortgage-backed securities will 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 to secure borrowings under Pledge Agreements and Repurchase Agreements and for other purposes required by law. At December 31, 2011, and December 31, 2010, securities available-for-sale with a carrying value of $3,992,000 and $5,725,000, respectively, were pledged to secure deposits. See Note 8 for further discussion regarding securities pledged for borrowings.

For the year ended December 31, 2011, the Company had gross proceeds of $182.7 million on sales of securities available-for-sale with gross realized gains and gross realized losses of approximately $2.9 million

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

and $177,000, respectively. For the year ended December 31, 2010, the Company had gross proceeds of $221.2 million on sales of securities available-for-sale with gross realized gains and gross realized losses of approximately $1.3 million and $4,000, respectively. For the year ended December 31, 2009, the Company had gross proceeds of $3.3 million on sales of securities available-for-sale with gross realized gains and gross realized losses of approximately $89,000 and $0, respectively. The Company routinely sells securities when market pricing presents, in management s assessment, an economic benefit that outweighs holding such security, and when smaller balance securities become cost prohibitive to carry.

The Company recognized other-than-temporary impairment charges of $1.2 million during the year ended December 31, 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. The Company recognized other-than-temporary impairment charges of $962,000 during the year ended December 31, 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 part of accumulated other comprehensive income, net of tax. The Company recognized other-than-temporary impairment charges of $1.4 million during the year ended December 31, 2009, related to one private label mortgage-backed security. The Company recognized the credit component of $176,000 in earnings and the non-credit component of $1.2 million as a part of accumulated other comprehensive income, net of tax.

The following is a rollforward of 2011, 2010, and 2009 activity related to the credit component of other-than-temporary impairment recognized on debt securities in pre-tax earnings, for which a portion of other-than-temporary impairment was recognized in accumulated other comprehensive income (in thousands):

	2011	2010	2009
Balance, beginning of year	$ 330	$ 176	$
Additions to the credit component on debt securities in which other-than-temporary impairment was not previously recognized	248	154	176
Cumulative pre-tax credit losses, end of year	$ 578	$ 330	$ 176

In addition, the Company recorded other-than-temporary impairment of $161,000 in 2011 on equity securities.

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

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	December 31, 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:						
Non-GSE	307	2,513	948	5,002	1,255	7,515
Real estate mortgage investment conduits (REMICs):						
GSE	135	54,475			135	54,475
Non-GSE			37	842	37	842
Corporate bonds	113	27,523	510	13,132	623	40,655
Total	$ 555	$ 84,511	$ 1,495	$ 18,976	$ 2,050	$ 103,487

	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
Equity Investments - mutual funds	115	4,884			115	4,884
Total	$ 3,763	$ 363,735	$ 788	$ 11,364	$ 4,551	$ 375,099

Included in the above available-for-sale security amounts at December 31, 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 December 31, 2011. The security had an estimated fair value of $5.0 million (amortized cost of $5.9 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 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 of this security. As a result of management s evaluation of this security, the Company recognized, during the year ended December 31, 2011, other-than-temporary impairment of $593,000. Since management does not have the intent to sell the security, and believes it is more likely than not that the Company will not be required to sell the security, before its anticipated recovery (which may be at 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 December 31, 2011. The security had an estimated fair value of $2.5 million (amortized cost of $2.8 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

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

during the year ended December 31, 2011, other than temporary impairment of $398,000. Since management does not have the intent to sell the security and believes 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, 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 December 31, 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.

(4) Securities Held-to-Maturity

The following is a comparative summary of mortgage-backed securities held-to-maturity at December 31 (in thousands):

	2011			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
Mortgage-backed securities:				
Pass-through certificates:				
GSE	$ 629	$ 43	$	$ 672
Real estate mortgage investment conduits (REMICs):				
GSE	2,988	111		3,099
Total securities held-to-maturity	$ 3,617	$ 154	$	$ 3,771

	2010			
	Amortized	**Gross**	**Gross**	**Estimated**
Mortgage-backed securities:				
Pass-through certificates:				
GSE	$ 854	$ 45	$	$ 899
Real estate mortgage investment conduits (REMICs):				
GSE	4,206	168		4,374
Total securities held-to-maturity	$ 5,060	$ 213	$	$ 5,273

The Company did not sell any held-to-maturity securities during the years ended December 31, 2011, 2010 and 2009.

The fair values of our investment securities could decline in the future if the underlying performance of the collateral for the collateralized mortgage obligation or other securities deteriorates and our credit enhancement levels do not provide sufficient protections to our contractual principal and interest. As a result,

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

there is a risk that significant other-than-temporary impairments may occur in the future given the current economic environment.

(5) Loans

Loans held-for-investment, net, consists of the following at December 31, 2011 and 2010 (in thousands):

	December 31, 2011	December 31, 2010
Originated Loans:		
Real estate loans:		
Multifamily	$ 458,370	$ 283,588
Commercial mortgage	327,074	339,321
One-to-four family residential mortgage	72,592	78,032
Home equity and lines of credit	29,666	28,125
Construction and land	23,460	35,054
Total real estate loans	911,162	764,120
Commercial and industrial loans	12,710	17,020
Insurance premium loans	59,096	44,517
Other loans	1,496	1,062
Total commercial and industrial, insurance premium, and other loans	73,302	62,599
Deferred loan cost, net	1,481	872
Originated loans, net	985,945	827,591
PCI loans	88,522	
Loans held-for-investment, net	1,074,467	827,591
Allowance for loan losses	(26,836)	(21,819)
Net loans held-for-investment	$ 1,047,631	$ 805,772

The Company had $3.9 million and $1.2 million in loans held-for-sale at December 31, 2011 and 2010, respectively. Loans held-for-sale included $3.4 million and $0 of non-accrual loans at December 31, 2011 and 2010.

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.

The Company, through its principal subsidiary, the Bank, serviced $41.3 million and $52.1 million of loans at December 31, 2011 and 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 for by the Company which, with other underwriting documents, were subsequently assigned and delivered to Freddie Mac. At December 31, 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 significant effect on our financial position or results of operations.

We provide for loan losses based on the consistent application of our documented allowance for loan loss methodology. Loan losses are charged to the allowance for loans losses and recoveries are credited to it. Additions to the allowance for loan losses are provided by charges against income based on various factors

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

which, in our judgment, deserve current recognition in estimating probable losses. Loan losses are charged-off in the period the loans, or portion thereof, are deemed uncollectible. Generally, the Company will record a loan charge-off (including a partial charge-off) to reduce a loan to the estimated fair value of the underlying collateral, less cost to sell, for collateral dependent loans. We regularly review the loan portfolio and make adjustments for loan losses in order to maintain the allowance for loan losses in accordance with U.S. generally accepted accounting principles (GAAP). At December 31, 2011 management s evaluation of estimated cash flows related to PCI loan pools was consistent with estimates utilized to determine estimated fair values on date of acquisition and therefore no provision for loan losses was deemed necessary in 2011. At December 31, 2011 and 2010, the allowance for loan losses related solely to originated loans held-for-investment and consisted primarily of the following two components:

(1) Specific allowances are established for originated impaired loans (generally defined by the company as non-accrual loans with an outstanding balance of $500,000 or greater). The amount of impairment provided for as an allowance is represented by the deficiency, if any, between the present value of expected future cash flows discounted at the original loan s effective interest rate or the underlying collateral value (less estimated costs to sell,) if the loan is collateral dependent, and the carrying value of the loan. Impaired loans that have no impairment losses are not considered for general valuation allowances described below. Generally, the Company charges down a loan to the estimated fair value of the underlying collateral, less costs to sell, and maintains an allowance for loan losses for expected losses related to discounts to facilitate a sale of the property.

(2) General allowances are established for loan losses on a portfolio basis for originated loans that do not meet the definition of impaired. The portfolio is grouped into similar risk characteristics, primarily loan type, loan-to-value, if collateral dependent, and internal credit risk ratings. We apply an estimated loss rate to each loan group. The loss rates applied are based on our cumulative prior two year loss experience adjusted, as appropriate, for the environmental factors discussed below. This evaluation is inherently subjective, as it requires material estimates that may be susceptible to significant revisions based upon changes in economic and real estate market conditions. Actual loan losses may be significantly more than the allowance for loan losses we have established, which could have a material negative effect on our financial results. Within general allowances is an unallocated reserve established to recognize losses related to the inherent subjective nature of the appraisal process and the internal credit risk rating process.

In underwriting a loan secured by real property, we require an appraisal (or an automated valuation model) of the property by an independent licensed appraiser approved by the Company s board of directors. The appraisal is subject to review by an independent third party hired by the Company. We review and inspect properties before disbursement of funds during the term of a construction loan. Generally, management obtains updated appraisals when a loan is deemed impaired. These appraisals may be more limited than those prepared for the underwriting of a new loan. In addition, when the Company acquires other real estate owned, it generally obtains a current appraisal to substantiate the net carrying value of the asset.

The adjustments to our loss experience are based on our evaluation of several environmental factors, including:

- changes in local, regional, national, and international economic and business conditions and developments that affect the collectability of our portfolio, including the condition of various market segments;
- changes in the nature and volume of our portfolio and in the terms of our loans;
- changes in the experience, ability, and depth of lending management and other relevant staff;

changes in the volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans;

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

changes in the quality of our loan review system;

changes in the value of underlying collateral for collateral-dependent loans;

the existence and effect of any concentrations of credit, and changes in the level of such concentrations; and

the effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in our existing portfolio.

In evaluating the estimated loss factors to be utilized for each loan group, management also reviews actual loss history over an extended period of time as reported by the FDIC for institutions both in our market area and nationally for periods that are believed to have experienced similar economic conditions.

We evaluate the allowance for loan losses based on the combined total of the impaired and general components for originated loans. Generally when the loan portfolio increases, absent other factors, our allowance for loan loss methodology results in a higher dollar amount of estimated probable losses. Conversely, when the loan portfolio decreases, absent other factors, our allowance for loan loss methodology results in a lower dollar amount of estimated probable losses.

Each quarter we evaluate the allowance for loan losses and adjust the allowance as appropriate through a provision for loan losses. While we use the best information available to make evaluations, future adjustments to the allowance may be necessary if conditions differ substantially from the information used in making the evaluations. In addition, as an integral part of their examination process, the OCC will periodically review the allowance for loan losses. The OCC may require us to adjust the allowance based on their analysis of information available to them at the time of their examination. Our last examination was as of September 30, 2011.

A summary of changes in the allowance for loan losses for the years ended December 31, 2011, 2010, and 2009 follows (in thousands):

	December 31,		
	2011	**2010**	**2009**
Balance at beginning of year	$ 21,819	$ 15,414	$ 8,778
Provision for loan losses	12,589	10,084	9,038
Recoveries	108	20	
Charge-offs	(7,680)	(3,699)	(2,402)
Balance at end of year	$ 26,836	$ 21,819	$ 15,414

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The following table sets forth activity in our allowance for loan losses, by loan type, for the years ended December 31, 2011 and 2010. The following table also details the amount of originated 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 allowance for loan losses that is allocated to each loan portfolio segment (in thousands).

	December 31, 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	$ 12,654	$ 570	$ 1,855	$ 5,137	$ 242	$ 719	$ 111	$ 28	$ 503	$ 21,819
Charge-offs	(5,398)	(101)	(693)	(718)	(62)	(638)	(70)			(7,680)
Recoveries	55					23	30			108
Provisions	6,809	498	27	2,353	238	1,931	115	12	606	12,589
Ending Balance	$ 14,120	$ 967	$ 1,189	$ 6,772	$ 418	$ 2,035	$ 186	$ 40	$ 1,109	$ 26,836
Ending balance: individually evaluated for impairment	$ 1,895	$ 408	$	$ 338	$ 30	$ 1,393	$	$	$	$ 4,064
Ending balance: collectively evaluated for impairment	$ 12,225	$ 559	$ 1,189	$ 6,434	$ 388	$ 642	$ 186	$ 40	$ 1,109	$ 22,772
Originated loans, net:										
Ending Balance	$ 327,141	$ 72,679	$ 23,478	$ 459,434	$ 29,906	$ 12,715	$ 59,096	$ 1,496	$	$ 985,945
Ending balance: individually evaluated for impairment	$ 43,448	$ 2,532	$ 1,709	$ 2,945	$ 1,593	$ 2,043	$	$	$	$ 54,270
Ending balance: collectively evaluated for impairment	$ 283,693	$ 70,147	$ 21,769	$ 456,489	$ 28,313	$ 10,672	$ 59,096	$ 1,496	$	$ 931,675

	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	$ 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			20
Provisions	5,238	407	(111)	5,403	32	(1,122)	91	(6)	152	10,084
Ending Balance	$ 12,654	$ 570	$ 1,855	$ 5,137	$ 242	$ 719	$ 111	$ 28	$ 503	$ 21,819
Ending balance: individually evaluated for impairment	$ 2,129	$ 369	$ 36	$ 121	$	$	$	$	$	$ 2,655
Ending balance: collectively evaluated for impairment	$ 10,525	$ 201	$ 1,819	$ 5,016	$ 242	$ 719	$ 111	$ 28	$ 503	$ 19,164
Originated loans, net:										
Ending balance	$ 339,259	$ 78,109	$ 35,077	$ 284,199	$ 28,337	$ 17,032	$ 44,517	$ 1,061	$	$ 827,591
Ending balance: individually evaluated for impairment	$ 51,324	$ 1,750	$ 4,562	$ 5,083	$	$ 500	$	$	$	$ 63,219
Ending balance: collectively evaluated for impairment	$ 287,935	$ 76,359	$ 30,515	$ 279,116	$ 28,337	$ 16,532	$ 44,517	$ 1,061	$	$ 764,372

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The Company monitors the credit quality of its loan receivables on a periodic 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 management 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 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, management has determined that commercial real estate loans and multifamily loans having loan-to-value ratios of less than 35%, and one-to-four family loans having loan-to-value ratios 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. When the lender learns of important financial developments, the risk rating is reviewed accordingly, 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 to confirm the adequacy of 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. Loans that have an internal credit rating of special mention or substandard receive a multiple of the general reserve loss factors for each 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 considered 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. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The following table details the recorded investment of originated loans receivable held-for-investment, net of deferred fees and costs, by loan type and credit quality indicator at December 31, 2011 and 2010 (in thousands).

	At December 31, 2011											
	Commercial		One- to Four-Family		Real Estate Construction and Land	Multifamily		Home Equity and Lines of Credit	Commercial and Industrial	Insurance Premium	Other	Total
	< 35% LTV	=> 35% LTV	< 60% LTV	=> 60% LTV		< 35% LTV	=> 35% LTV					
Internal Risk Rating												
Pass	$ 30,478	$ 214,120	$ 39,808	$ 27,806	$ 17,229	$ 23,595	$ 419,433	$ 27,751	$ 8,761	$ 58,817	$ 1,496	$ 869,294
Special Mention	624	23,271	1,730		631		11,989	389	1,118	142		39,894
Substandard	2,027	56,621	821	2,514	5,618	555	3,862	1,766	2,836	137		76,757
Total Loans Receivable, net	$ 33,129	$ 294,012	$ 42,359	$ 30,320	$ 23,478	$ 24,150	$ 435,284	$ 29,906	$ 12,715	$ 59,096	$ 1,496	$ 985,945

	At December 31, 2010											
	Commercial		One- to Four-Family		Real Estate Construction and Land	Multifamily		Home Equity and Lines of Credit	Commercial and Industrial	Insurance Premium	Other	Total
	< 35% LTV	=> 35% LTV	< 60% LTV	=> 60% LTV		< 35% LTV	=> 35% LTV					
Internal Risk Rating												
Pass	$ 24,826	$ 248,759	$ 49,928	$ 22,247	$ 24,767	$ 18,880	$ 256,948	$ 28,042	$ 14,110	$ 44,149	$ 1,061	$ 733,717
Special Mention	1,613	12,108	1,206	1,750	1,128		5,233	55	776	239		24,108
Substandard	1,385	50,568	623	2,355	9,182	504	2,634	240	2,146	129		69,766
Total Loans Receivable, net	$ 27,824	$ 311,435	$ 51,757	$ 26,352	$ 35,077	$ 19,384	$ 264,815	$ 28,337	$ 17,032	$ 44,517	$ 1,061	$ 827,591

Included in originated loans receivable (including 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 nonaccrual loans was $43.8 million and $59.3 million at December 31, 2011, and December 31, 2010, respectively. Generally, originated loans (both held-for-investment and held-for-sale) are placed on non-accruing status when they become 90 days or more delinquent, and remain on non-accrual status until they are brought current, have six 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.

Non-accrual amounts included loans deemed to be impaired of $36.1 million and $52.0 million at December 31, 2011, and December 31, 2010, 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 $4.3 million and $7.3 million at December 31, 2011, and December 31, 2010, respectively. Non-accrual amounts included in loans held-for-sale were $3.4 million and $0 at December 31, 2011, and December 31, 2010, respectively. Loans past due ninety days or more and still accruing interest were $85,000 and $1.6 million at December 31, 2011, and December 31, 2010, respectively, and consisted of loans that are well secured and in the process of renewal.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The following table sets forth the detail, and delinquency status, of non-performing loans (non-accrual loans and loans past due ninety days or more and still accruing), net of deferred fees and costs, at December 31, 2011 and 2010 (in thousands) excluding PCI loans which have been segregated into pools in accordance with ASC Subtopic 310-30. Each loan pool is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows.

	At December 31, 2011					
	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%						
Special Mention	$	$	$	$	$ 13	$ 13
Substandard	404		1,360	1,764		1,764
Total	404		1,360	1,764	13	1,777
LTV => 35%						
Special Mention	876		1,020	1,896		1,896
Substandard	14,657	3,438	10,559	28,654		28,654
Total	15,533	3,438	11,579	30,550		30,550
Total commercial	15,937	3,438	12,939	32,314	13	32,327
One-to-four family residential						
LTV < 60%						
Special Mention		23	335	358		358
Substandard	210		198	408		408
Total	210	23	533	766		766
LTV => 60%						
Substandard		572		572		572
Total		572		572		572
Total one-to-four family residential	210	595	533	1,338		1,338
Construction and land						
Special Mention						
Substandard	1,709			1,709		1,709
Total construction and land	1,709			1,709		1,709

Multifamily						
LTV < 35%						
Substandard	523			523		523
Total	523			523		523
LTV => 35%						
Substandard			1,179	1,179	72	1,251
Total			1,179	1,179	72	1,251
Total multifamily	523		1,179	1,702	72	1,774
Home equity and lines of credit						
Substandard	102		1,664	1,766		1,766
Total home equity and lines of credit	102		1,664	1,766		1,766
Commercial and industrial loans						
Special Mention			724	724		724
Substandard	553		90	643		643
Total commercial and industrial loans	553		814	1,367		1,367
Insurance premium loans - substandard			137	137		137
Total insurance premium loans			137	137		137
Total loans-held-for-investmet	19,034	4,033	17,266	40,333	85	40,418
Loans held-for-sale:						
Commercial						
LTV < 35%						
Substandard			263	263		263
Total			263	263		263
LTV => 35%						
Substandard	458	175	1,449	2,082		2,082
Total	458	175	1,449	2,082		2,082
Total commercial	458	175	1,712	2,345		2,345
Construction and land						
Substandard			422	422		422
Total construction and land			422	422		422
Multifamily						
LTV < 35%						
Substandard			32	32		32
Total			32	32		32

LTV => 35%						
Substandard			441	441		441
Total			441	441		441
Total multifamily			473	473		473
Commercial and industrial loans						
Substandard			208	208		208
Total commercial and industrial loans			208	208		208
Total loans held-for-sale	458	175	2,815	3,448		3,448
Total non-performing loans	**$ 19,492**	**$ 4,208**	**$ 20,081**	**$ 43,781**	**$ 85**	**$ 43,866**

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	At December 31, 2010					
	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
Real estate loans:						
Commercial						
LTV < 35%						
Special Mention	$ 29	$	$	$ 29	$	$ 29
Total	29			29		29
LTV => 35%						
Substandard	13,650	15,050	17,659	46,359		46,359
Total	13,650	15,050	17,659	46,359		46,359
Total commercial	13,679	15,050	17,659	46,388		46,388
One-to-four family residential						
LTV < 60%						
Special Mention		179	99	278	86	364
Substandard	135		197	332	291	623
Total	135	179	296	610	377	987
LTV => 60%						
Substandard		591	74	665	731	1,396
Total		591	74	665	731	1,396
Total one-to-four family residential	135	770	370	1,275	1,108	2,383
Construction and land						
Special Mention					404	404
Substandard	2,152	1,860	1,110	5,122		5,122
Total construction and land	2,152	1,860	1,110	5,122	404	5,526
Multifamily						
LTV < 35%						
Substandard		504		504		504
Total		504		504		504
LTV => 35%						
Special Mention	1,824			1,824		1,824
Substandard		423	2,112	2,535		2,535

Total	1,824	423	2,112	4,359		4,359
Total multifamily	1,824	927	2,112	4,863		4,863
Home equity and lines of credit						
Substandard			181	181	59	240
Total home equity and lines of credit			181	181	59	240
Commercial and industrial loans						
Pass					38	38
Special Mention			100	100		100
Substandard		267	956	1,223		1,223
Total commercial and industrial loans		267	1,056	1,323	38	1,361
Insurance premium loans - substandard			129	129		129
Total insurance premium loans			129	129		129
Total non-performing loans	**$ 17,790**	**$ 18,874**	**$ 22,617**	**$ 59,281**	**$ 1,609**	**$ 60,890**

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The following table sets forth the detail and delinquency status of originated loans receivable held-for-investment, net of deferred fees and costs, by performing and non-performing loans at December 31, 2011 and 2010 (in thousands).

	December 31, 2011				
	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	$ 30,478	$	$ 30,478	$	$ 30,478
Special Mention	611		611	13	624
Substandard				1,764	1,764
Total	31,089		31,089	1,777	32,866
LTV > 35%					
Pass	215,123	1,342	216,465		216,465
Special Mention	20,796	579	21,375	1,896	23,271
Substandard	19,402	6,483	25,885	28,654	54,539
Total	255,321	8,404	263,725	30,550	294,275
Total commercial	286,410	8,404	294,814	32,327	327,141
One-to-four family residential					
LTV < 60%					
Pass	39,420	388	39,808		39,808
Special Mention	974	398	1,372	358	1,730
Substandard	129	284	413	408	821
Total	40,523	1,070	41,593	766	42,359
LTV > 60%					
Pass	26,618	1,188	27,806		27,806
Special Mention					
Substandard	1,942		1,942	572	2,514
Total	28,560	1,188	29,748	572	30,320
Total one-to-four family residential	69,083	2,258	71,341	1,338	72,679
Construction and land					
Pass	14,610	3,041	17,651		17,651
Special Mention	631		631		631
Substandard	3,487		3,487	1,709	5,196

Total construction and land	18,728	3,041	21,769	1,709	23,478
Multifamily					
LTV < 35%					
Pass	23,595		23,595		23,595
Substandard				523	523
Total	23,595		23,595	523	24,118
LTV > 35%					
Pass	416,453	3,453	419,906		419,906
Special Mention	10,526	1,463	11,989		11,989
Substandard	618	1,552	2,170	1,251	3,421
Total	427,597	6,468	434,065	1,251	435,316
Total multifamily	451,192	6,468	457,660	1,774	459,434
Home equity and lines of credit					
Pass	27,721	30	27,751		27,751
Special Mention	389		389		389
Substandard				1,766	1,766
Total home equity and lines of credit	28,110	30	28,140	1,766	29,906
Commercial and industrial loans					
Pass	8,887	82	8,969		8,969
Special Mention	269	125	394	724	1,118
Substandard	1,985		1,985	643	2,628
Total commercial and industrial loans	11,141	207	11,348	1,367	12,715
Insurance premium loans					
Pass	58,391	426	58,817		58,817
Special Mention		142	142		142
Substandard				137	137
Total insurance premium loans	58,391	568	58,959	137	59,096
Other loans					
Pass	1,405	91	1,496		1,496
Total other loans	1,405	91	1,496		1,496
	$ 924,460	**$ 21,067**	**$ 945,527**	**$ 40,418**	**$ 985,945**

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	December 31, 2010				
	Performing (Accruing) Loans				
	0-29 Days Past Due	30-89 Days Past Due	Total	Non-Performing Loans	Total Loans Receivable, net
Real estate loans:					
Commercial					
LTV < 35%					
Pass	$ 24,823	$ 3	$ 24,826	$	$ 24,826
Special Mention	1,068	516	1,584	29	1,613
Substandard		1,385	1,385		1,385
Total	25,891	1,904	27,795	29	27,824
LTV > 35%					
Pass	242,131	6,628	248,759		248,759
Special Mention	11,670	438	12,108		12,108
Substandard	4,209		4,209	46,359	50,568
Total	258,010	7,066	265,076	46,359	311,435
Total commercial	283,901	8,970	292,871	46,388	339,259
One-to-four family residential					
LTV < 60%					
Pass	48,930	998	49,928		49,928
Special Mention	83	759	842	364	1,206
Substandard				623	623
Total	49,013	1,757	50,770	987	51,757
LTV > 60%					
Pass	21,429	818	22,247		22,247
Special Mention	1,750		1,750		1,750
Substandard	959		959	1,396	2,355
Total	24,138	818	24,956	1,396	26,352
Total one-to-four family residential	73,151	2,575	75,726	2,383	78,109
Construction and land					
Pass	24,767		24,767		24,767
Special Mention	225	499	724	404	1,128
Substandard	4,060		4,060	5,122	9,182
Total construction and land	29,052	499	29,551	5,526	35,077
Multifamily					
LTV < 35%					
Pass	18,656	224	18,880		18,880

Substandard				504	504
Total	18,656	224	18,880	504	19,384
LTV > 35%					
Pass	251,129	5,819	256,948		256,948
Special Mention	3,258	151	3,409	1,824	5,233
Substandard	99		99	2,535	2,634
Total	254,486	5,970	260,456	4,359	264,815
Total multifamily	273,142	6,194	279,336	4,863	284,199
Home equity and lines of credit					
Pass	27,780	262	28,042		28,042
Special Mention	55		55		55
Substandard				240	240
Total home equity and lines of credit	27,835	262	28,097	240	28,337
Commercial and industrial loans					
Pass	13,626	446	14,072	38	14,110
Special Mention	586	90	676	100	776
Substandard	923		923	1,223	2,146
Total commercial and industrial loans	15,135	536	15,671	1,361	17,032
Insurance premium loans					
Pass	43,728	421	44,149		44,149
Special Mention		239	239		239
Substandard				129	129
Total insurance premium loans	43,728	660	44,388	129	44,517
Other loans					
Pass	959	102	1,061		1,061
Total other loans	959	102	1,061		1,061
	$ 746,903	**$ 19,798**	**$ 766,701**	**$ 60,890**	**$ 827,591**

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The following table summarizes impaired loans as of December 31, 2011 and 2010 (in thousands):

	At December 31, 2011		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
With No Allowance Recorded:			
Real estate loans:			
Commercial			
LTV < 35%			
Substandard	$ 1,764	$ 1,764	$
Loss		471	
LTV => 35%			
Special Mention	3,670	3,679	
Substandard	26,284	27,906	
Construction and land			
Substandard	1,709	2,607	
Multifamily			
LTV < 35%			
Substandard	523	523	
LTV => 35%			
Substandard	870	870	
Commercial and industrial loans			
Special Mention	660	660	
Substandard	921	921	
With a Related Allowance Recorded:			
Real estate loans:			
Commercial			
LTV < 35%			
Substandard	1,766	2,132	(175)
LTV => 35%			
Special Mention	659	685	(65)
Substandard	9,305	9,305	(1,655)
One-to-four family residential			
LTV < 60%			
Special Mention	782	782	(22)
LTV => 60%			
Substandard	1,750	1,750	(386)
Multifamily			
LTV => 35%	1,552	1,552	(338)
Substandard			
Home equity and lines of credit			
Substandard	1,593	1,593	(30)
Commercial and industrial loans			
Substandard	462	462	(1,393)
Total:			
Real estate loans			
Commercial	43,448	45,942	(1,895)
One-to-four family residential	2,532	2,532	(408)

Construction and land	1,709	2,607	
Multifamily	2,945	2,945	(338)
Home equity and lines of credit	1,593	1,593	(30)
Commercial and industrial loans	2,043	2,043	(1,393)
	$ 54,270	$ 57,662	$ (4,064)

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	At December 31, 2010		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
With No Allowance Recorded:			
Real estate loans:			
Commercial			
LTV < 35%			
Special Mention	$ 661	$ 661	$
LTV => 35%			
Special Mention	4,807	4,807	
Substandard	25,590	26,870	
Construction and land			
Substandard	2,152	2,416	
Multifamily			
LTV < 35%			
Substandard	504	504	
LTV => 35%			
Special Mention	3,392	5,242	
With a Related Allowance Recorded:			
Real estate loans:			
Commercial			
LTV => 35%			
Substandard	20,766	21,782	(2,129)
One-to-four family residential			
LTV => 60%			
Special Mention	1,750	1,750	(369)
Construction and land			
Substandard	2,410	3,079	(36)
Multifamily			
LTV => 35%			
Substandard	1,187	1,632	(121)
Total:			
Real estate loans			
Commercial	51,824	54,120	(2,129)
One-to-four family residential	1,750	1,750	(369)
Construction and land	4,562	5,495	(36)
Multifamily	5,083	7,378	(121)
	$ 63,219	$ 68,743	$ (2,655)

Included in the table above at December 31, 2011, are loans with carrying balances of $27.9 million that were not written down by either charge-offs or specific reserves in our allowance for loan losses. Included in the impaired loans at December 31, 2010, are loans with carrying balances of $24.8 million that were not written down either by charge-offs or specific reserves in our allowance for loan losses. Loans not written down by charge-offs or specific reserves at December 31, 2011, and 2010, have sufficient collateral values, less costs to sell (including any discounts to facilitate a sale), to support the carrying balances of the loans.

The average recorded balance of originated impaired loans (including held-for-investment and held-for-sale) for the years ended December 31, 2011, 2010, and 2009 was approximately $58.7 million, $54.3 million, and $27.2 million, respectively. The Company recorded $2.5 million, $2.8 million and $624,000 of interest income on impaired loans for the years ended December 31, 2011, 2010 and 2009, respectively.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The following tables summarize loans that were modified in a troubled debt restructuring during the year ended December 31, 2011.

	Year Ended December 31, 2011		
	Number of Relationships	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
		(in thousands)	
Troubled Debt Restructurings:			
Commercial real estate loans			
Special Mention	2	$ 4,007	$ 2,819
Substandard	3	13,966	13,966
Construction and land			
Substandard	1	164	164
One-to-four Family			
Special Mention	3	782	782
Home equity and lines of credit			
Substandard	1	102	102
Commercial and industrial loans			
Special Mention	1	40	40
Substandard	2	1,701	1,701
Total Troubled Debt Restructurings	13	$ 20,762	$ 19,574

At December 31, 2011 and 2010 we had troubled debt restructurings of $41.6 million and $31.2 million, respectively.

Nine of the relationships in the table above were restructured to receive reduced interest rates, two relationships were provided forbearance agreements to allow the owners to liquidate the properties and two relationships were granted extended maturities.

Management classifies all troubled debt restructurings 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 a detailed 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 expert in appraisal preparation and review to ascertain the reasonableness of updated appraisals. Projecting the expected cash flows under troubled debt restructurings 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.

There have been three loans that were restructured during the last twelve months that have subsequently defaulted. The following table details these loans at December 31, 2011:

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	Year ended December 31, 2011		
	Number of Relationships	30-89 Days Past Due	90 Days or More Past Due
		(in thousands)	
Commercial real estate loans			
Substandard - Accrual *	1	$ 2,425	$
Substandard - Non-accrual	1	3,412	
Commercial and industrial loans			
Substandard - Non-accrual	1		90
Total	3	$ 5,837	$ 90

* Thirty-one days delinquent

(6) Premises and Equipment, Net

At December 31, 2011 and 2010, premises and equipment, less accumulated depreciation and amortization, consists of the following (in thousands):

	December 31, 2011	December 31, 2010
At cost:		
Land	$ 436	$ 436
Buildings and improvements	3,224	3,270
Capital leases	2,600	2,600
Furniture, fixtures, and equipment	15,155	13,724
Leasehold improvements	19,454	14,807
	40,869	34,837
Accumulated depreciation and amortization	(20,881)	(18,780)
Premises and equipment, net	$ 19,988	$ 16,057

Depreciation expense for the years ended December 31, 2011, 2010, and 2009 was $2.1 million, $1.8 million, and $1.7 million, respectively.

During the year ended December 31, 2010, the Company recognized gains of approximately $197,000 as a result of the sale of premises and equipment. The Company had no sales of premises and equipment in 2011 or 2009.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(7) Deposits

Deposit account balances at December 31, 2011 and 2010, are summarized as follows (dollars in thousands):

	December 31,			
	2011		2010	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
	(Dollars in thousands)			
Transaction:				
Negotiable orders of withdrawal	$ 91,829	0.60%	$ 76,251	1.03%
Non-interest bearing checking	156,493		111,413	
Total transaction	248,322	0.22	187,664	0.42
Savings:				
Money market	430,087	0.77	294,003	0.97
Savings-passbook and statement	334,994	0.28	338,140	0.33
Total savings	765,081	0.56	632,143	0.63
Certificates of deposit:				
Under $100,000	262,435	1.08	272,266	1.34
$100,000 or more	217,688	1.36	280,769	1.25
Total certificates of deposit	480,123	1.21	553,035	1.29
Total deposits	$ 1,493,526	0.71%	$ 1,372,842	0.87%

The Company had brokered deposits (classified as certificates of deposit in the above table) of $3.4 million and $68.4 million, at December 31, 2011 and 2010, respectively.

Scheduled maturities of certificates of deposit at December 31, 2011, are summarized as follows (in thousands):

	December 31, 2011
2012	$ 356,391
2013	40,998
2014	31,019
2015	34,581
2016 and after	17,134
Total	$ 480,123

Interest expense on deposits for the years ended December 31, 2011, 2010, and 2009 is summarized as follows (in thousands):

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	December 31, 2011	2010	2009
Negotiable order of withdrawal and money market	$ 3,624	$ 3,546	$ 3,213
Savings-passbook and statement	1,027	1,573	2,833
Certificates of deposit	7,600	8,454	12,168
	$ 12,251	$ 13,573	$ 18,214

(8) Borrowings

Borrowings consisted of securities sold under agreements to repurchase, FHLB advances, and obligations under capital leases and are summarized as follows (in thousands):

	December 31, 2011	2010
Repurchase agreements	$ 276,000	$ 243,000
Other borrowings:		
FHLB advances	201,210	146,300
Floating rate advances	3,004	
Obligations under capital leases	1,720	1,937
	$ 481,934	$ 391,237

FHLB advances are secured by a blanket lien on unencumbered securities and the Company s FHLB capital stock.

Repurchase agreements and FHLB advances have contractual maturities at December 31, 2011, as follows (in thousands):

	December 31, 2011 FHLB Advances	Repurchase Agreements
2012	$ 57,000	$ 50,000
2013	27,300	45,000
2014	10,500	56,000
2015	52,500	62,000
2016 and after	53,910	63,000
	$ 201,210	$ 276,000

Repurchase agreements have a weighted average rate of 3.20%, with all maturing in more than 90 days. The repurchase agreements are secured primarily by mortgage-backed securities with an amortized cost of $296.6 million, and a market value of $309.8 million, at December 31, 2011.

The Company has the ability to obtain additional funding from the FHLB and Federal Reserve Bank discount window of approximately $384.6 million, utilizing unencumbered securities of $427.3 million at December 31, 2011. The Company expects to have sufficient funds available to meet current commitments in the normal course of business.

Interest expense on borrowings for the years ended December 31, 2011, 2010, and 2009 is summarized as follows (in thousands):

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	December 31, 2011	2010	2009
Repurchase agreements	$ 11,207	$ 9,116	$ 7,158
FHLB advances	1,776	1,513	3,358
Over-night borrowings	20	26	53
Obligations under capital leases	159	178	194
	$ 13,162	$ 10,833	$ 10,763

(9) Income Taxes

Income tax expense (benefit) for the years ended December 31, 2011, 2010, and 2009 consists of the following (in thousands):

	December 31, 2011	2010	2009
Federal tax expense (benefit):			
Current	$ 8,319	$ 8,114	$ 9,434
Deferred	(2,257)	(1,315)	(3,758)
	6,062	6,799	5,676
State and local tax expense (benefit):			
Current	1,061	1,161	2,122
Deferred	(626)	(1,590)	(1,180)
	435	(429)	942
Total income tax expense	$ 6,497	$ 6,370	$ 6,618

The Company recorded a deferred tax liability of approximately $2.4 million as a result of the FDIC-assisted transaction.

Reconciliation between the amount of reported total income tax expense and the amount computed by multiplying the applicable statutory income tax rate for the years ended December 31, 2011, 2010, and 2009 is as follows (dollars in thousands):

	December 31, 2011	2010	2009
Tax expense at statutory rate of 35%	$ 8,162	$ 7,057	$ 6,542
Increase (decrease) in taxes resulting from:			
State tax, net of federal income tax	283	(279)	612
Bank owned life insurance	(1,041)	(796)	(613)
Incentive stock options	149	149	166

Bargain purchase gain	(1,246)		
Other, net	190	239	(89)
Income tax expense	$ 6,497	$ 6,370	$ 6,618

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2011 and 2010, are as follows (in thousands):

	December 31, 2011	December 31, 2010
Deferred tax assets:		
Allowance for loan losses	$ 10,783	$ 8,838
Deferred loan fees		33
Capitalized leases	697	802
Charitable deduction carryforward	1,340	2,153
Deferred compensation	2,399	2,135
Accrued salaries	718	525
Postretirement benefits	511	498
Equity awards	1,759	1,351
Unrealized actuarial losses on post retirement benefits	201	197
Straight-line leases adjustment	852	704
Asset retirement obligation	102	99
Reserve for accrued interest receivable	1,671	1,304
Reserve for loan commitments	135	154
New Jersey NOL		22
Employee Stock Ownership Plan	132	
Other	543	255
Total gross deferred tax assets	21,843	19,070
Deferred tax liabilities:		
Depreciation	145	213
Unrealized gains on securities - AFS	11,835	7,468
Mortgage servicing rights	24	49
Employee Stock Ownership Plan		78
Step up to fair market value of acquired loans	62	95
Step up to fair market value of acquired investment		1
Bargain purchase gain	2,297	
Deferred loan fees	179	
Other		12
Total gross deferred tax liabilities	14,542	7,916
Valuation allowance	1,038	1,038
Net deferred tax asset	$ 6,263	$ 10,116

The Company has determined that a valuation allowance should be established for certain state and local tax benefits related to the Company s contribution to the Northfield Bank Foundation. The Company has determined that it is not required to establish a valuation reserve for the remaining net deferred tax asset account since it is more likely than not that the net deferred tax assets will be realized through future reversals of existing taxable temporary differences, future taxable income and tax planning strategies. The conclusion that it is more likely than not that the remaining net deferred tax assets will be realized is based on the history of earnings and the prospects for continued profitability. Management will continue to review the tax criteria related to the recognition of deferred tax assets.

As a savings institution, the Bank is subject to a special federal tax provision regarding its frozen tax bad debt reserve. At December 31, 2011, the Bank s federal tax bad debt base-year reserve was $5.9 million, with a related net deferred tax liability of $2.8 million, which has not been recognized since the Bank does not expect that this reserve will become taxable in the foreseeable future. Events that would result in taxation of this reserve include redemptions of the Bank s stock or certain excess distributions by the Bank to the Company.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The Company did not have any material uncertain tax positions for the years ended December 31, 2011 and 2010.

The State of New York passed legislation in August of 2010 to conform the bad debt deduction allowed under Article 32 of the New York State tax law to the bad debt deduction allowed for federal income tax purposes. As a result, Northfield Bank no longer establishes, or maintains, a New York reserve for losses on loans, and is required to claim a deduction for bad debts in an amount equal to its actual loan loss experience. In addition, this legislation eliminated the potential recapture of the New York tax bad debt reserve that could have otherwise occurred in certain circumstances under New York State tax law prior to August of 2010. As a result of this new legislation, the Company reversed approximately $738,000 in deferred tax liabilities during the third quarter of 2010.

The following are the most significant years that are open for examination or under examination:

Federal tax filings for 2008 through present. The Company has received notification from the Internal Revenue Service that they intend to examine the 2009 and 2010 filings.

New York State tax filings 2007 through the present. Currently the 2007, 2008, and 2009 filings are under examination.

New York City tax filings 2007 through the present. Currently the 2007, 2008, and 2009 filings are under examination.

State of New Jersey 2008 through present.

(10) Retirement Benefits

The Company has a 401(k) plan for its employees, which grants eligible employees (those salaried employees with at least three months of service) the opportunity to invest from 2% to 15% of their base compensation in certain investment alternatives. The Company contributes an amount equal to 25% of employee contributions on the first 6% of base compensation contributed by eligible employees for the first three years of participation. Subsequent years of participation in excess of three years will increase the Company matching contribution from 25% to 50% of an employee s contributions, on the first 6% of base compensation contributed by eligible employees. A member becomes fully vested in the Company s contributions upon (a) completion of five years of service, or (b) normal retirement, early retirement, permanent disability, or death. The Company s contribution to this plan amounted to approximately $218,000, $166,000, and $156,000 for the years ended December 31, 2011, 2010, and 2009, respectively.

The Company also maintains a profit-sharing plan in which the Company can contribute to the participant s 401(k) account, at its discretion, up to the legal limit of the Internal Revenue Code. The Company did not contribute to the profit sharing plan during 2011, 2010 and 2009.

The Company maintains the Northfield Bank Employee Stock Ownership Plan (the ESOP). The ESOP is a tax-qualified plan designed to invest primarily in the Company s common stock. The ESOP provides employees with the opportunity to receive a funded retirement benefit from the Bank, based primarily on the value of the Company s common stock. The ESOP was authorized to, and did purchase, 1,756,279 shares of the Company s common stock in the Company s initial public offering at a price of $10.00 per share. This purchase was funded with a loan from Northfield Bancorp, Inc. to the ESOP. The first payment on the loan from the ESOP to the Company was due and paid on December 31, 2007, and the outstanding balance at December 31, 2011 and 2010, was $15.0 million and $15.4 million, respectively. The shares of the Company s common stock purchased in the initial public offering are pledged as collateral for the loan. Shares are released for allocation to participants as loan payments are made. A total of 61,801 and 60,570 shares were released and allocated to participants for the ESOP year ended December 31, 2011 and 2010, respectively. ESOP compensation expense for the year ended December 31, 2011, 2010, and 2009 was $790,000, $774,000, and $676,000, respectively. Cash dividends on unallocated shares are utilized to satisfy

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

required debt payments. Dividends on allocated shares are utilized to prepay debt which releases additional shares to participants.

The Company maintains a Supplemental Employee Stock Ownership Plan (the SESOP), a non-qualified plan, that provides supplemental benefits to certain executives who are prevented from receiving the full benefits contemplated by the ESOP s benefit formula due to tax law limits for tax-qualified plans. The supplemental payments for the SESOP consist of cash payments representing the value of Company shares that cannot be allocated to participants under the ESOP due to legal limitations imposed on tax-qualified plans. The Company made a contribution to the SESOP plan of $25,000, $33,000, and $41,000 for the years ended December 31, 2011, 2010, and 2009, respectively.

The Company provides post retirement medical and life insurance to a limited number of retired individuals. The Company also provides retiree life insurance benefits to all qualified employees, up to certain limits. The following tables set forth the funded status and components of postretirement benefit costs at December 31 measurement dates (in thousands):

	2011	2010	2009
Accumulated postretirement benefit obligation beginning of year	$ 1,668	$ 1,670	$ 1,559
Service cost	6	5	4
Interest cost	80	88	93
Actuarial loss	47	12	111
Benefits paid	(104)	(108)	(97)
Accumulated postretirement benefit obligation end of year	1,697	1,667	1,670
Plan assets at fair value			
Unrecognized transition obligation			
Unrecognized prior service cost			
Unrecognized loss			
Accrued liability (included in accrued expenses and other liabilities)	$ 1,697	$ 1,667	$ 1,670

The following table sets forth the amounts recognized in accumulated other comprehensive income (loss) (in thousands):

	December 31, 2011	December 31, 2010
Net loss	$ 288	$ 266
Transition obligation	67	84
Prior service cost	106	121
Loss recognized in accumulated other comprehensive income (loss)	$ 461	$ 471

The estimated net loss, transition obligation, and prior service cost that will be amortized from accumulated other comprehensive income (loss) into net periodic cost in 2012 are $27,778, $16,711, and $15,575, respectively.

The following table sets forth the components of net periodic postretirement benefit costs for the years ended December 31, 2011, 2010, and 2009 (in thousands):

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	December 31, 2011	2010	2009
Service cost	$ 6	$ 5	$ 4
Interest cost	80	88	93
Amortization of transition obligation	17	17	17
Amortization of prior service costs	15	15	15
Amortization of unrecognized loss	25	26	17
Net postretirement benefit cost included in compensation and employee benefits	$ 143	$ 151	$ 146

The assumed discount rate related to plan obligations reflects the weighted average of published market rates for high-quality corporate bonds with terms similar to those of the plans expected benefit payments, rounded to the nearest quarter percentage point. The Company s discount rate and rate of compensation increase used in accounting for the plan are as follows:

	2011	2010	2009
Assumptions used to determine benefit obligation at period end:			
Discount rate	4.00%	5.00%	5.50%
Rate of increase in compensation	4.00	4.00	4.25
Assumptions used to determine net periodic benefit cost for the year:			
Discount rate	5.00	5.50	6.25
Rate of increase in compensation	4.00	4.25	4.25

At both December 31, 2011 and 2010, a medical cost trend rate of 8.75%, decreasing 0.50% per year thereafter until an ultimate rate of 4.75% is reached, was used in the plan s valuation. The Company s healthcare cost trend rates are based, among other things, on the Company s own experience and third party analysis of recent and projected healthcare cost trends.

A one percentage-point change in assumed heath care cost trends would have the following effects (in thousands):

	One Percentage Point Increase 2011	2010	One Percentage Point Decrease 2011	2010
Effect on benefits earned and interest cost	$ 7	$ 7	$ (5)	$ (6)
Effect on accumulated postretirement benefit obligation	134	129	(119)	(115)

A one percentage-point change in assumed heath care cost trends would have the following effects (in thousands):

	One Percentage Point Increase 2011	2010	2009	One Percentage Point Decrease 2011	2010	2009
Aggregate of service and interest components of net periodic cost (benefit)	$ 7	$ 7	$ 8	$ (5)	$ (6)	$ (6)

Benefit payments of approximately $104,000, $108,000, and $97,000 were made in 2011, 2010, and 2009, respectively. The benefits expected to be paid under the postretirement health benefits plan for the next five years are as follows: $109,000 in 2012; $114,000 in 2013; $119,000 in 2014; $123,000 in 2015; and $125,000 in 2016. The benefit payments expected to be paid in the aggregate for the years 2016 through 2021 are $623,000. The expected benefits are based on the same assumptions used to measure the Company s benefit obligation at December 31, 2011, and include estimated future employee service.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The Medicare Prescription Drug, Improvement and Modernization Act of 2003, or Medicare Act, introduced both a Medicare prescription-drug benefit and a federal subsidy to sponsors of retiree health-care plans that provide a benefit at least actuarially equivalent to the Medicare benefit. The Company has evaluated the estimated potential subsidy available under the Medicare Act and the related costs associated with qualifying for the subsidy. Due to the limited number of participants in the plan, the Company has concluded that it is not cost beneficial to apply for the subsidy. Therefore, the accumulated postretirement benefit obligation information and related net periodic postretirement benefit costs do not reflect the effect of any potential subsidy.

The Company maintains a nonqualified plan to provide for the elective deferral of all or a portion of director fees by members of the participating board of directors, deferral of all or a portion of the compensation and/or annual incentive compensation payable to eligible employees of the Company, and to provide to certain officers of the Company benefits in excess of those permitted to be paid by the Company s savings plan, ESOP, and profit-sharing plan under the applicable Internal Revenue Code. The plan obligation was approximately $4,145,000 and $4,095,000 at December 31, 2011 and 2010, respectively, and is included in accrued expenses and other liabilities on the consolidated balance sheets. Expense under this plan was $151,000, $597,000, and $592,000 for the years ended December 31, 2011, 2010, and 2009, respectively. The Company invests to fund this future obligation, in various mutual funds designated as trading securities. The securities are marked-to-market through current period earnings as a component of non-interest income. Accrued obligations under this plan are credited or charged with the return on the trading securities portfolio as a component of compensation and benefits expense.

The Company entered into a supplemental retirement agreement with its former president and current director on July 18, 2006. The agreement provides for 120 monthly payments of $17,450. The present value of the obligation, of approximately $1,625,000, was recorded in compensation and benefits expense in 2006. The present value of the obligation as of December 31, 2011 and 2010, was approximately $880,000 and $1,039,000, respectively.

(11) Equity Incentive Plan

The Company maintains the Northfield Bancorp, Inc. 2008 Equity Incentive Plan to grant common stock or options to purchase common stock at specific prices to directors and employees of the Company. The Plan provides for the issuance or delivery of up to 3,073,488 shares of Northfield Bancorp, Inc. common stock subject to certain Plan limitations. 157,538 shares of stock remain available for issuance under the Plan as of December 31, 2011. All stock options and restricted stock granted to date vests in equal installments over a five year period beginning one year from the date of grant. The vesting of options and restricted stock awards may accelerate in accordance with terms of the plan. Stock options were granted at an exercise price equal to the fair value of the Company s common stock on the grant date based on quoted market prices and all have an expiration period of ten years. The fair value of stock options granted on January 30, 2009, was estimated utilizing the Black-Scholes option pricing model using the following assumptions: an expected life of 6.5 years utilizing the simplified method, risk-free rate of return of 2.17%, volatility of 35.33% and a dividend yield of 1.61%. The fair value of stock options granted on May 29, 2009, was estimated utilizing the Black-Scholes option pricing model using the following assumptions: an expected life of 6.5 years utilizing the simplified method, risk-free rate of return of 2.88%, volatility of 38.39% and a dividend yield of 1.50%. The fair value of stock options granted on January 30, 2010, was estimated utilizing the Black-Scholes option pricing model using the following assumptions: an expected life of 6.5 years utilizing the simplified method, risk-free rate of return of 2.90%, volatility of 38.29% and a dividend yield of 1.81%. The Company is expensing the grant date fair value of all employee and director share-based compensation over the requisite service periods on a straight-line basis.

During the years ended December 31, 2011, 2010 and 2009, the Company recorded $3.0 million, $3.0 million and $2.9 million, respectively, of stock-based compensation

The following table is a summary of the Company s non-vested stock options as of December 31, 2011, and changes therein during the year then ended:

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	Number of Stock Options	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Outstanding - December 31, 2008		$	$	
Granted	2,106,400	3.22	9.94	10.00
Exercised	(23,000)	3.22	9.94	
Outstanding - December 31, 2009	2,083,400	3.22	9.94	9.08
Granted	3,000	4.66	13.24	10.00
Exercised	(13,860)	3.22	9.94	
Outstanding - December 31, 2010	2,072,540	3.22	9.94	8.09
Granted				
Exercised	(15,880)	3.22	9.94	
Outstanding - December 31, 2011	2,056,660	$ 3.22	$ 9.95	7.02
Exercisable - December 31, 2011	824,080	$ 3.22	$ 9.94	6.98

Expected future stock option expense related to the non-vested options outstanding as of December 31, 2011, is $2.8 million over an average period of 2.1 years.

The following is a summary of the status of the Company s restricted shares as of December 31, 2011, and changes therein during the year then ended.

	Number of Shares Awarded	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2008		$
Granted	836,650	9.94
Vested		
Forfeited	(11,500)	9.94
Non-vested at December 31, 2009	825,150	9.94
Granted	4,400	13.24
Vested	(175,670)	9.94
Non-vested at December 31, 2010	653,880	9.97
Granted		
Vested	(165,050)	9.96
Non-vested at December 31, 2011	488,830	$ 9.97

Expected future stock award expense related to the non-vested restricted awards as of December 31, 2011, is $3.5 million over an average period of 2.1 years.

Upon the exercise of stock options, management expects to utilize treasury stock as the source of issuance for these shares.

(12) Commitments and Contingencies

The Company, in the normal course of business, is party to commitments that involve, to varying degrees, elements of risk in excess of the amounts recognized in the consolidated financial statements. These commitments include unused lines of credit and commitments to extend credit.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

At December 31, 2011, the following commitment and contingent liabilities existed that are not reflected in the accompanying consolidated financial statements (in thousands):

Commitments to extend credit	$ 32,878
Unused lines of credit	31,857
Standby letters of credit	1,769

The Company s maximum exposure to credit losses in the event of nonperformance by the other party to these commitments is represented by the contractual amount. The Company uses the same credit policies in granting commitments and conditional obligations as it does for amounts recorded in the consolidated balance sheets. These commitments and obligations do not necessarily represent future cash flow requirements. The Company evaluates each customer s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management s assessment of risk. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The guarantees generally extend for a term of up to one year and are fully collateralized. For each guarantee issued, if the customer defaults on a payment to the third party, the Company would have to perform under the guarantee. The unamortized fee on standby letters of credit approximates their fair value; such fees were insignificant at December 31, 2011. The Company maintains an allowance for estimated losses on commitments to extend credit in other liabilities. At December 31, 2011 and 2010, the allowance was $328,000 and $366,000, respectively, changes to the allowance are recorded as a component of other non-interest expense.

At December 31, 2011, the Company was obligated under non-cancelable operating leases and capitalized leases on property used for banking purposes. Most leases contain escalation clauses and renewal options which provide for increased rentals as well as for increases in certain property costs including real estate taxes, common area maintenance, and insurance.

The projected minimum annual rental payments and receipts under the capitalized leases and operating leases, are as follows (in thousands):

	Rental Payments Capitalized Leases	Rental Payments Operating Leases	Rental Receipts Operating Leases
Year ending December 31:			
2012	$ 387	$ 3,378	$ 165
2013	399	3,307	170
2014	411	3,302	190
2015	269	3,339	190
2016	247	3,135	190
Thereafter	560	31,607	1,442
Total minimum lease payments	$ 2,273	$ 48,068	$ 2,347

There are four properties with contractual operating rental payments over the term of the lease totaling $13.8 million which are not included in the above table because possession of such premises has not been delivered. Lease terms range from 15 to 20 years.

Net rental expense included in occupancy expense was approximately $2,872,000, $2,353,000, and $2,128,000 for the years ended December 31, 2011, 2010, and 2009, respectively.

In the normal course of business, the Company may be a party to various outstanding legal proceedings and claims. In the opinion of management, the consolidated financial statements will not be materially affected by the outcome of such legal proceedings and claims.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The Bank is required by regulation to maintain a certain level of cash balances on hand and/or on deposit with the Federal Reserve Bank of New York. As of December 31, 2011 and 2010, the Bank was required to maintain balances of $197,000 and $700,000, respectively.

The Bank has entered into employment agreements with its Chief Executive Officer and the other executive officers of the Bank to ensure the continuity of executive leadership, to clarify the roles and responsibilities of executives, and to make explicit the terms and conditions of executive employment. These agreements are for a term of three-years subject to review and annual renewal, and provide for certain levels of base annual salary and in the event of a change in control, as defined, or in the event of termination, as defined, certain levels of base salary, bonus payments, and benefits for a period of up to three-years.

(13) Regulatory Requirements

The OCC requires savings institutions to maintain a minimum tangible capital ratio to tangible assets of 1.5%, a minimum core capital ratio to total adjusted assets of 4.0%, and a minimum ratio of total risk-adjusted total assets of 8.0%.

Under prompt corrective action regulations, the OCC is required to take certain supervisory actions (and may take additional discretionary actions) with respect to an undercapitalized institution. Such actions could have a direct material effect on the institution s financial statements. The regulations establish a framework for the classification of savings institutions into five categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Generally, an institution is considered well capitalized if it has a core capital ratio of at least 5%, a Tier 1 risk-based capital ratio of at least 6%, and a total risk-based capital ratio of at least 10%.

The foregoing capital ratios are based in part on specific quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classifications also are subject to qualitative judgments by the regulators about capital components, risk weighting, and other factors.

Management believes that as of December 31, 2011, the Bank met all capital adequacy requirements to which it is subject. Further, the most recent OCC notification categorized the Bank as a well-capitalized institution under the prompt corrective action regulations. There have been no conditions or events since that notification that management believes have changed the Bank s capital classification.

Northfield Bancorp, Inc. is regulated, supervised, and examined by the FRB as a savings and loan holding company and, as such, is not subject to regulatory capital requirements. The Dodd-Frank Act will require the federal banking agencies to establish consolidated risk-based and leverage capital requirements for insured depository institutions, depository institution holding companies and systemically important nonbank financial companies. These requirements must be no less than those to which insured depository institutions are currently subject. As a result, on the fifth anniversary of the effective date of the Dodd-Frank Act, we will become subject to consolidated capital requirements which we have not been subject to previously.

The following is a summary of the Bank s regulatory capital amounts and ratios compared to the regulatory requirements as of December 31, 2011 and 2010, for classification as a well-capitalized institution and minimum capital (dollars in thousands).

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	Actual		Adequacy Purposes		Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2011:						
Tangible capital to tangible assets	$ 312,993	13.42%	$ 34,987	1.50%	NA	NA
Tier I capital (core) (to adjusted total assets)	312,993	13.42	93,298	4.00	116,622	5.00
Total capital (to risk-weighted assets)	330,147	24.71	106,901	8.00	133,627	10.00
As of December 31, 2010:						
Tangible capital to tangible assets	$ 292,981	13.43%	$ 32,723	1.50%	NA	NA
Tier I capital (core) (to adjusted total assets)	292,981	13.43	87,263	4.00	109,078	5.00
Total capital (to risk-weighted assets)	307,375	27.39	89,751	8.00	112,188	10.00

(14) Fair Value of Measurement

The following table presents the assets reported on the consolidated balance sheet at their estimated fair value as of December 31, 2011 and 2010, by level within the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. Financial assets and liabilities are classified in their entirety based on the level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

Level 1 Inputs Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example, interest rates, volatilities, prepayment speeds, loss severities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlations or other means.

Level 3 Inputs Significant unobservable inputs that reflect the Company s own assumptions that market participants would use in pricing the assets or liabilities.

The following tables summarize financial assets and financial liabilities measured at fair value on a recurring basis as of December 31, 2011 and 2010, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (in thousands):

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

		Fair Value Measurements at Reporting Date Using:		
	December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(in thousands)		
Measured on a recurring basis:				
Assets:				
Investment securities:				
Available-for-sale:				
Mortgage-backed securities				
GSE	$ 945,782	$	$ 945,782	$
Non-GSE	40,451		40,451	
Corporate bonds	100,657		100,657	
Equities	11,835	11,835		
Total available-for-sale	1,098,725	11,835	1,086,890	
Trading securities	4,146	4,146		
Total	$ 1,102,871	$ 15,981	$ 1,086,890	$
Measured on a non-recurring basis:				
Assets:				
Impaired loans:				
Real estate loans:				
Commercial real estate	$ 27,826	$	$	$ 27,826
One-to-four family residential mortgage	2,532			2,532
Construction and land	1,709			1,709
Multifamily	1,552			1,552
Home equity and lines of credit	1,593			1,593
Total impaired loans	35,212			35,212
Commercial and industrial loans	462			462
Other real estate owned	3,359			3,359
Total	$ 39,033	$	$	$ 39,033

		Fair Value Measurements at Reporting Date Using:		
	December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)

	(in thousands)			
Measured on a recurring basis:				
Assets:				
Investment securities:				
Available-for-sale:				
Mortgage-backed securities				
GSE	$ 977,872	$	$ 977,872	$
Non-GSE	97,267		97,267	
Corporate bonds	121,788		121,788	
GSE bonds	35,033		35,033	
Equities	12,353	12,353		
Total available-for-sale	1,244,313	12,353	1,231,960	
Trading securities	4,095	4,095		
Total	$ 1,248,408	$ 16,448	$ 1,231,960	$
Measured on a non-recurring basis:				
Assets:				
Impaired loans:				
Real estate loans:				
Commercial real estate	$ 26,951	$	$	$ 26,951
One-to-four family residential mortgage	1,381			1,381
Construction and land	4,526			4,526
Multifamily	2,890			2,890
Total impaired loans	35,748			35,748
Other real estate owned	171			171
Total	$ 35,919	$	$	$ 35,919

Available-for-Sale Securities: The estimated fair values for mortgage-backed securities, GSE bonds, and corporate securities are obtained from a nationally recognized third-party pricing service. The estimated fair values are derived primarily from cash flow models, which include assumptions for interest rates, credit losses, and prepayment speeds. Broker/dealer quotes are utilized as well when such quotes are available and deemed representative of the market. The significant inputs utilized in the cash flow models are based on

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

market data obtained from sources independent of the Company (observable inputs,) and are therefore classified as Level 2 within the fair value hierarchy. The estimated fair value of equity securities classified as Level 1, are derived from quoted market prices in active markets. Equity securities consist primarily of money market mutual funds. There were no transfers of securities between Level 1 and Level 2 during the year ended December 31, 2011.

Trading Securities: Fair values are derived from quoted market prices in active markets. The assets consist of publicly traded mutual funds.

In addition, the Company may be required, from time to time, to measure the fair value of certain other financial assets on a nonrecurring basis in accordance with U.S. generally accepted accounting principles. The adjustments to fair value usually result from the application of lower-of-cost-or-market accounting or write downs of individual assets.

Impaired Loans: At December 31, 2011, and December 31, 2010, the Company had originated impaired loans held-for-investment and held-for-sale with outstanding principal balances of $39.1 million and $38.4 million that were recorded at their estimated fair value of $35.7 million and $35.7 million, respectively. The Company recorded impairment charges of $4.1 million and $2.7 million for the years ended December 31, 2011 and 2010, respectively, and charge-offs of $7.7 million and $3.7 million for the years ended December 31, 2011 and 2010, respectively, utilizing Level 3 inputs. For purposes of estimating fair value of impaired loans, management utilizes independent appraisals, if the loan is collateral dependent, adjusted downward by management, as necessary, for changes in relevant valuation factors subsequent to the appraisal date, or the present value of expected future cash flows for non-collateral dependent loans and troubled debt restructurings.

Other Real Estate Owned: At December 31, 2011 and 2010, the Company had assets acquired through foreclosure of $3,359,000 and $171,000, respectively, recorded at estimated fair value, less estimated selling costs when acquired, thus establishing a new cost basis. Estimated fair value is generally based on independent appraisals. These appraisals include adjustments to comparable assets based on the appraisers market knowledge and experience, and are considered level 3 inputs. When an asset is acquired, the excess of the loan balance over fair value, less estimated selling costs, is charged to the allowance for loan losses. If the estimated fair value of the asset declines, a write-down is recorded through non-interest expense. The valuation of foreclosed assets is subjective in nature and may be adjusted in the future because of changes in the economic conditions.

Subsequent valuation adjustments to other real estate owned (REO) totaled $72,000 and $146,000, for the years ended December 31, 2011 and 2010, reflecting continued deterioration in estimated fair values. There were no subsequent valuation adjustments to other real estate owned for the years ended December 31, 2009. Operating costs after acquisition are expensed.

Fair Value of Financial Instruments

The FASB Accounting Standards Topic for Financial Instruments requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring or non-recurring basis. The methodologies for estimating the fair value of financial assets and financial liabilities that are measured at fair value on a recurring or non-recurring basis are discussed above. The following methods and assumptions were used to estimate the fair value of other financial assets and financial liabilities not already discussed above:

(a) Cash, Cash Equivalents, and Certificates of Deposit

Cash and cash equivalents are short-term in nature with original maturities of three months or less; the carrying amount approximates fair value. Certificates of deposits having original terms of six-months or less; carrying value generally approximates fair value. Certificate of deposits with an original maturity of six months or greater the fair value is derived from discounted cash flows.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(b) Securities (Held to Maturity)

The estimated fair values for substantially all of our securities are obtained from an independent nationally recognized pricing service. The independent pricing service utilizes market prices of same or similar securities whenever such prices are available. Prices involving distressed sellers are not utilized in determining fair value. Where necessary, the independent third-party pricing service estimates fair value using models employing techniques such as discounted cash flow analyses. The assumptions used in these models typically include assumptions for interest rates, credit losses, and prepayments, utilizing market observable data where available.

(c) Federal Home Loan Bank of New York Stock

The fair value for Federal Home Loan Bank of New York stock is its carrying value, since this is the amount for which it could be redeemed and there is no active market for this stock.

(d) Loans (Held-for-Investment)

Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as originated and purchased, and further segregated by residential mortgage, construction, land, multifamily, commercial and consumer. Each loan category is further segmented into amortizing and non-amortizing and fixed and adjustable rate interest terms and by performing and nonperforming categories. The fair value of loans is estimated by discounting the future cash flows using current prepayment assumptions and current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. This method of estimating fair value does not incorporate the exit price concept of fair value prescribed by the FASB ASC Topic for Fair Value Measurements and Disclosures.

(e) Loans (Held-for-Sale)

Held-for-sale loans are carried at the lower of aggregate cost or estimated fair value, less costs to sell, and therefore fair value is equal to carrying value.

(f) Deposits

The fair value of deposits with no stated maturity, such as non-interest-bearing demand deposits, savings, NOW and money market accounts, is equal to the amount payable on demand. The fair value of certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities.

(g) Commitments to Extend Credit and Standby Letters of Credit

The fair value of commitments to extend credit and standby letters of credit are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of off-balance-sheet commitments is insignificant and therefore not included in the following table.

(h) Borrowings

The fair value of borrowings is estimated by discounting future cash flows based on rates currently available for debt with similar terms and remaining maturity.

(i) Advance Payments by Borrowers

Advance payments by borrowers for taxes and insurance have no stated maturity; the fair value is equal to the amount currently payable.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The estimated fair values of the Company s significant financial instruments at December 31, 2011, and 2010, are presented in the following table (in thousands):

	December 31,			
	2011		2010	
	Carrying value	Estimated Fair value	Carrying value	Estimated Fair value
Financial assets:				
Cash and cash equivalents	$ 65,269	$ 65,269	$ 43,852	$ 43,852
Trading securities	4,146	4,146	4,095	4,095
Securities available-for-sale	1,098,725	1,098,725	1,244,313	1,244,313
Securities held-to-maturity	3,617	3,771	5,060	5,273
Federal Home Loan Bank of New York stock, at cost	12,677	12,677	9,784	9,784
Loans held-for-sale	3,900	3,900	1,170	1,170
Net loans held-for-investment	1,047,631	1,081,484	805,772	818,295
Financial liabilities:				
Deposits	$ 1,493,526	$ 1,499,906	$ 1,372,842	$ 1,377,068
Repurchase agreements and other borrowings	481,934	498,774	391,237	403,920
Advance payments by borrowers	2,201	2,201	693	693

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company s entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company s financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with a high degree of precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

(15) Stock Repurchase Program

On September 9, 2011, the Board of Directors of the Company authorized the continuance of the stock repurchase program. Under its current program, the Company intends to repurchase up to 2,066,379 additional shares, representing approximately 5% of its outstanding shares. The timing of the repurchases will depend on certain factors, including but not limited to, market conditions and prices, the Company s liquidity and capital requirements, and alternative uses of capital. Any repurchased shares will be held as treasury stock and will be available for general corporate purposes. The Company is conducting such repurchases in accordance with a Rule 10b5-1 trading plan. As of December 31, 2011, the company held 5,114,020 shares in treasury at a weighted average cost of $12.86 per share.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(16) Earnings Per Share

The following is a summary of the Company s earnings per share calculations and reconciliation of basic to diluted earnings per share for the periods indicated (in thousands, except share data):

	December 31, 2011	December 31, 2010	December 31, 2009
Net income available to common stockholders	$ 16,823	$ 13,793	$ 12,074
Weighted average shares outstanding-basic	40,068,991	41,387,106	42,405,774
Effect of non-vested restricted stock and stock options outstanding	446,254	281,900	126,794
Weighted average shares outstanding-diluted	40,515,245	41,669,006	42,532,568
Earnings per share-basic	$ 0.42	$ 0.33	$ 0.28
Earnings per share-diluted	$ 0.42	$ 0.33	$ 0.28

(17) Postponement of Plan of Conversion and Reorganization

On September 30, 2010, Northfield Bancorp, Inc., a federal corporation and the stock holding company for Northfield Bank, announced due to the current market conditions that Northfield Bancorp, Inc., the recently formed Delaware corporation and proposed new holding company for Northfield Bank, had postponed its stock offering in connection with the second-step conversion of Northfield Bancorp, MHC. The Company expensed approximately $1.8 million in costs incurred for the Company s postponed, second-step offering.

(18) Subsequent Events

On February 15, 2012, Northfield Bank, the wholly-owned subsidiary of Northfield Bancorp, Inc., sold the majority of its portfolio of premium finance loans at carrying value, except for $1.7 million of cancelled loans, and $4.3 million of loans originated to obligors residing in states where the purchaser is awaiting approval to own premium finance loans (Excluded Loans). At February 15, 2012, the sold loans had a carrying value of approximately $42.0 million. The Excluded Loans will be sold when the purchaser obtains approval to own them with the exception of cancelled loans, which will be held by the Bank until their ultimate resolution, which is generally a payment from the insurance carrier in the amount of the unearned premiums.

On February 22, 2012, Northfield Bancorp, Inc., Northfield Bancorp, MHC, and Northfield Bank were served with a summons and complaint related to a personal injury matter. The plaintiff is seeking damages of $40 million. The matter relates to an injury sustained by an individual on a property owned by a borrower of the Bank, which secures a loan to the Bank. The borrower is named as a co-defendant. The Bank does not operate the subject property or have any interest in the property, other than as collateral for its loan. The discovery phase is forthcoming; however, management believes the lawsuit is without merit. The Bank has $12 million in insurance coverage and the complaint is being defended by the Bank s insurer. No accrual for loss has been established at December 31, 2011.

On March 13, 2012, Northfield Bancorp, Inc. (Northfield Bancorp) and Flatbush Federal Bancorp, Inc. (Flatbush Federal Bancorp) announced the execution of an Agreement and Plan of Merger, dated as of March 13, 2012, by and among Northfield Bancorp, MHC, Northfield Bancorp, the Bank and Flatbush Federal Bancorp, MHC, Flatbush Federal Bancorp and Flatbush Federal Savings and Loan Association (the Merger Agreement). Under the terms of the Merger Agreement, consideration for the transaction will be comprised of Northfield Bancorp s common stock. Flatbush Federal Bancorp stockholders will receive 0.4748 of a share of Northfield Bancorp stock for each share of Flatbush Federal Bancorp common stock they own, subject to the terms and conditions of the Merger Agreement. The transactions contemplated by the Merger Agreement are subject to customary closing conditions, including regulatory approvals and approval from the stockholders of Flatbush Federal Bancorp and the members of Flatbush Federal Bancorp, MHC.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(19) Parent-only Financial Information

The following condensed parent company only financial information reflects Northfield Bancorp, Inc. s investment in its wholly-owned consolidated subsidiary, Northfield Bank, using the equity method of accounting.

Northfield Bancorp, Inc.

Condensed Balance Sheets

	December 31, 2011	2010
	(in thousands)	
Assets		
Cash in Northfield Bank	$ 10,679	$ 20,929
Interest-earning deposits in other financial institutions	1,558	658
Investment in Northfield Bank	347,427	319,603
Securities available-for-sale (corporate bonds)	5,327	37,472
ESOP loan receivable	14,955	15,392
Accrued interest receivable	95	505
Other assets	2,897	2,392
Total assets	$ 382,938	$ 396,951
Liabilities and Stockholders Equity		
Total liabilities	$ 288	$ 234
Total stockholders equity	382,650	396,717
Total liabilities and stockholders equity	$ 382,938	$ 396,951

Northfield Bancorp, Inc.

Condensed Statements of Income

	Years Ended December 31, 2011	2010	2009
	(in thousands)		
Interest on ESOP loan	$ 500	$ 513	$ 526
Interest income on deposit in Northfield Bank	78	100	273
Interest income on deposits in other financial institutions	3	31	590
Interest income on corporate bonds	688	1,247	603
Gain on securities transactions, net	227	38	
Undistributed earnings of Northfield Bank	16,503	14,320	11,521
Total income	17,999	16,249	13,513

Other expenses	952	2,627	1,177
Income tax expense (benefit)	224	(171)	262
Total expense	1,176	2,456	1,439
Net income	$ 16,823	$ 13,793	$ 12,074

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Northfield Bancorp, Inc.

Condensed Statements of Cash Flows

	2011	December 31, 2010 (in thousands)	2009
Cash flows from operating activities			
Net income	$ 16,823	$ 13,793	$ 12,074
Adjustments to reconcile net income to net cash provided by operating activities:			
Decrease in accrued interest receivable	410	80	288
Deferred taxes		830	1,064
(Decrease) increase in due from (to) Northfield Bank	(478)	396	312
Decrease (increase) in other assets	67	(1,178)	(1,154)
Amortization of premium on corporate bond	521	1,063	527
Gain on securities transactions, net	(227)	(38)	
Increase in other liabilities	54	100	134
Undistributed earnings of Northfield Bank	(16,503)	(14,320)	(11,521)
Net cash provided by operating activities	667	726	1,724
Cash flows from investing activities			
Dividend from Northfield Bank			14,000
Purchases of corporate bonds			(50,323)
Maturities of corporate bonds			4,290
Proceeds from sale of corporate bonds	31,068	12,088	
Principal payments on ESOP loan receivable	437	406	381
Maturities of certificate of deposits			30,153
Net cash provided by (used in) investing activities	31,505	12,494	(1,499)
Cash flows from financing activities			
Purchase of treasury stock	(37,821)	(8,213)	(19,929)
Dividends paid	(3,701)	(3,308)	(2,963)
Net cash used in financing activities	(41,522)	(11,521)	(22,892)
Net (decrease) increase in cash and cash equivalents	(9,350)	1,699	(22,667)
Cash and cash equivalents at beginning of year	21,587	19,888	42,555
Cash and cash equivalents at end of year	$ 12,237	$ 21,587	$ 19,888

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Selected Quarterly Financial Data (Unaudited)

The following tables are a summary of certain quarterly financial data for the years ended December 31, 2011 and 2010:

	2011 Quarter Ended			
	March 31	June 30	September 30	December 31
	(Dollars in thousands)			
Selected Operating Data:				
Interest income	$ 21,998	$ 22,438	$ 22,719	$ 23,862
Interest expense	6,227	6,609	6,442	6,135
Net interest income	15,771	15,829	16,277	17,727
Provision for loan losses	1,367	1,750	2,000	7,472
Net interest income after provision for loan losses	14,404	14,079	14,277	10,255
Bargain purchase gain, net of tax				3,560
Other income	3,109	2,190	1,240	1,736
Other expenses	9,953	9,584	9,786	12,207
Income before income tax expense	7,560	6,685	5,731	3,344
Income tax expense	2,590	2,338	2,035	(466)
Net income	$ 4,970	$ 4,347	$ 3,696	$ 3,810
Net income per common share - basis and diluted	$ 0.12	$ 0.11	$ 0.09	$ 0.10

	2010 Quarter Ended			
	March 31	June 30	September 30	December 31
	(Dollars in thousands)			
Selected Operating Data:				
Interest income	$ 21,007	$ 22,032	$ 21,682	$ 21,774
Interest expense	6,458	6,115	6,004	5,829
Net interest income	14,549	15,917	15,678	15,945
Provision for loan losses	1,930	2,798	3,398	1,958
Net interest income after provision for loan losses	12,619	13,119	12,280	13,987
Other income	1,723	1,866	1,501	1,752
Other expenses	9,121	8,457	11,171	9,935
Income before income tax expense	5,221	6,528	2,610	5,804
Income tax expense	1,840	2,342	215	1,973
Net income	$ 3,381	$ 4,186	$ 2,395	$ 3,831
Net income per common share - basis and diluted	$ 0.08	$ 0.10	$ 0.06	$ 0.09

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No person has been authorized to give any information or to make any representation other than as contained in this prospectus and, if given or made, such other information or representation must not be relied upon as having been authorized by Northfield Bancorp, Inc. or Northfield Bank. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby to any person in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the delivery of this prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of Northfield Bancorp, Inc. or Northfield Bank since any of the dates as of which information is furnished herein or since the date hereof.

Up to 41,975,000 Shares

Northfield Bancorp, Inc.

(Proposed Holding Company for

Northfield Bank)

COMMON STOCK

par value $0.01 per share

PROSPECTUS

Sandler O   Neill + Partners, L.P.

November 8, 2012

These securities are not deposits or accounts and are not federally insured or guaranteed.

Until December 14, 2012, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.