NEOGEN CORP
Form 4
August 12, 2013

# 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 |
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(Print or Type Responses)

1. Name and Address of Reporting Person *
BOHANNON LON M

(Last) (First) (Middle)

NEOGEN CORP, 620 LESHER PLACE

(Street)

LANSING, MI 48912

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
NEOGEN CORP [NEOG]

3. Date of Earliest Transaction (Month/Day/Year)
08/08/2013

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President & COO

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 | 08/08/2013 | | S | | 12,500 | D | $ 57.19 | 115,258 | D | |
| Common Stock | 08/09/2013 | | S | | 10,947 | D | $ 57.349 | 104,311 | 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 Own 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 |
| BOHANNON LON M<br>NEOGEN CORP<br>620 LESHER PLACE<br>LANSING, MI 48912 | X | | President & COO | |

# Signatures

| | |
|---|---|
| Steven J. Quinlan (Attorney in Fact) | 08/12/2013 |
| **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.
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Total non-accruing loans

17,771

34,947

Loans 90 days or more past due and still accruing:

Held-for-investment

32

621

Total loans 90 days or more past due and still accruing:

32

621

Total non-performing loans

17,803

35,568

Other real estate owned

634

870

Total non-performing assets

$ 18,437

$ 36,438

Loans subject to restructuring agreements and still accruing

$ 26,190

$ 25,697

Accruing loans 30 to 89 days delinquent

$ 13,331

$ 14,780

The following table details non-performing loans by loan type at December 31, 2013 and 2012. At December 31, 2013, the table includes $471,000 of multifamily non-accruing loans held-for-sale. At December 31, 2012, the table includes $3.8 million of one-to-four family non-accruing loans held-for-sale:

| | December 31, | |
|---|---|---|
| | 2013 | 2012 |
| | (in thousands) | |
| Non-accrual loans: | | |
| Real estate loans: | | |
| Commercial | $ 12,450 | $ 22,425 |
| One- to four-family residential | 2,989 | 6,333 |
| Construction and land | 108 | 2,070 |
| Multifamily | 544 | 1,169 |
| Home equity and lines of credit | 1,239 | 1,694 |
| Commercial and industrial | 441 | 1,256 |
| Total non-accrual loans: | 17,771 | 34,947 |
| Loans delinquent 90 days or more and still accruing: | | |

| | | |
|---|---|---|
| Real estate loans: | | |
| Commercial | - | 349 |
| One-to four-family residential | - | 270 |
| Other | 32 | 2 |
| Total loans delinquent 90 days or more and still accruing | 32 | 621 |
| Total non-performing loans | $ 17,803 | $ 35,568 |

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Generally loans, excluding PCI 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 consecutive months of performance under the loan terms, and factors indicating reasonable doubt about the timely collection of payments no longer exist. Therefore, loans may be current in accordance with their loan terms, or may be less than 90 days delinquent and still be on a non-accruing status.

The decrease in non-accrual loans was attributable primarily to $6.8 million of loans held-for-sale being sold, $4.7 million of loans returning to accrual status, $3.0 million of pay-offs and principal pay-downs, $968,000 of charge-offs, and the sale of $5.0 million of loans held-for-investment. The above decreases in non-accruing loans, were partially offset by $3.4 million of loans being placed on non-accrual status during the year ended December 31, 2013.

At December 31, 2013, the Company had $13.3 million of accruing loans that were 30 to 89 days delinquent, as compared to $14.8 million at December 31, 2012. The following table sets forth the total amounts of delinquencies for accruing loans that were 30 to 89 days past due by type and by amount at the dates indicated.

| | December 31, | |
|---|---|---|
| | 2013 | 2012 |
| | (in thousands) | |
| Real estate loans: | | |
| Commercial | $ 4,274 | $ 4,736 |
| One- to four-family residential | 5,644 | 5,584 |
| Construction and land | - | 159 |
| Multifamily | 2,483 | 2,731 |
| Home equity and lines of credit | 94 | 44 |
| Commercial and industrial loans | 815 | 1,467 |
| Other loans | 21 | 59 |
| Total | $ 13,331 | $ 14,780 |

Included in non-accruing loans are loans subject to restructuring agreements totaling $10.6 million and $19.3 million at December 31, 2013, and December 31, 2012, respectively. At December 31, 2013, $3.2 million, or 29.7% of the $10.6 million of loans subject to restructuring agreements, were performing in accordance with their restructured terms, as compared to $16.0 million, or 83.0%, at December 31, 2012. One relationship accounts for the entire $7.5 million of loans not performing in accordance with their restructured terms at December 31, 2013. The relationship is made of up of several loans totaling $7.5 million collateralized by real estate, with an aggregate appraised value of $9.5 million. The Company also holds loans subject to restructuring agreements that are on accrual status, which totaled $26.2 million and $25.7 million at December 31, 2013, and December 31, 2012, respectively. At December 31, 2013, all of these loans were performing in accordance with their restructured terms. Generally, the types of concessions that we make to troubled borrowers include reductions to both temporary and permanent interest rates, extensions of payment terms, and to a lesser extent forgiveness of principal and interest.

The table below sets forth the amounts and categories of the troubled debt restructurings as of December 31, 2013 and December 31, 2012.

| | At December 31, | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| | Non-Accruing | Accruing | Non-Accruing | Accruing |
| | (in thousands) | | | |
| Troubled Debt Restructurings: | | | | |
| Real estate loans: | | | | |
| Commercial | $ 9,496 | $ 21,536 | $ 16,046 | $ 21,785 |
| One- to four-family residential | 607 | 1,176 | 612 | 569 |
| Construction and land | 108 | - | 2,070 | - |
| Multifamily | - | 2,074 | - | 2,041 |
| Home equity and lines of credit | - | 341 | 96 | 356 |
| Commercial and industrial loans | 441 | 1,063 | 451 | 946 |
| | $ 10,652 | $ 26,190 | $ 19,275 | $ 25,697 |
| Performing in accordance with restructured terms | 29.65% | 100.00% | 82.96% | 100.00% |

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Allowance for loan losses. The allowance for loan losses to non-performing loans (held-for-investment) increased from 87.73% at December 31, 2012, to 150.23% at December 31, 2013. This increase was primarily attributable to a decrease in non-performing loans of $17.8 million, from $35.6 million at December 31, 2012, to $17.8 million at December 31, 2013. At December 31, 2013, 91.5% of the appraisals utilized for our impairment analysis were completed within the last nine months and 8.5% were completed within the last 18 months. All appraisals older than 12 months were reviewed by management and appropriate adjustments were made utilizing current market indices. Generally, non-performing loans are charged down to the appraised value of collateral less costs to sell, which reduces the ratio of the allowance for loan losses to non-performing loans. Downward adjustments to appraisal values, primarily to reflect “quick sale” discounts, are generally recorded as specific reserves within the allowance for loan losses.

The allowance for loan losses to originated loans held-for-investment, net, decreased to 1.93% at December 31, 2013, from 2.48% at December 31, 2012. The decrease in the Company’s allowance for loan losses during the year is primarily attributable to net charge-offs exceeding the provision recorded for the year ended December 31, 2013. Net charge-offs were $2.3 million and $3.9 million for the years ended December 31, 2013 and 2012, respectively, compared to a provision of $1.9 million and $3.5 for the years ended December 31, 2013 and 2012, respectively.

Specific reserves on impaired loans decreased $983,000, or 27.28%, from $3.6 million, at December 31, 2012, to $2.6 million at December 31, 2013. At December 31, 2013, the Company had 36 loans classified as impaired and recorded a total of $2.6 million of specific reserves on 12 of the 36 impaired loans. At December 31, 2012, the Company had 47 loans classified as impaired and recorded a total of $3.6 million of specific reserves on 17 of the 47 impaired loans.

The following table sets forth activity in our allowance for loan losses, by loan type, at December 31, for the years indicated.

| | Real estate loans | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Commercial (in thousands) | One-to-four Family Residential | Construction and Land | Multifamily | Home Equity and Lines of Credit | Commercial and Industrial | Insurance Premium Loans | Other | Purc Cred |
| 2010 | $ 12,654 | $ 570 | $ 1,855 | $ 5,137 | $ 242 | $ 719 | $ 111 | $ 28 | $ - |
| Provision for loan losses | 6,809 | 498 | 27 | 2,353 | 238 | 1,931 | 115 | 12 | - |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Recoveries | 55 | - | - | - | - | 23 | 30 | - | - |
| Charge-offs | (4,338) | (101) | (693) | (718) | (62) | (1,698) | (70) | - | - |
| 2011 | 15,180 | 967 | 1,189 | 6,772 | 418 | 975 | 186 | 40 | - |
| Provision for loan losses | 1,021 | 956 | (152) | 1,034 | 207 | 189 | (3) | (44) | 236 |
| Recoveries | 107 | - | - | 9 | - | 86 | 18 | 25 | - |
| Charge-offs | (1,828) | (1,300) | (43) | (729) | (2) | (90) | (198) | (3) | - |
| 2012 | 14,480 | 623 | 994 | 7,086 | 623 | 1,160 | 3 | 18 | 236 |
| Provision for loan losses | (654) | 648 | (1,356) | 2,945 | 728 | (557) | (3) | 1 | 352 |
| Recoveries | 1 | 18 | 567 | - | - | 201 | - | 73 | - |
| Charge-offs | (1,208) | (414) | - | (657) | (491) | (379) | - | (25) | - |
| 2013 | $ 12,619 | $ 875 | $ 205 | $ 9,374 | $ 860 | $ 425 | $ - | $ 67 | $ 588 |

During the year ended December 31, 2013, the Company recorded net charge-offs of $2.3 million, a decrease of $1.6 million, or 41.4%, as compared to the year ended December 31, 2012. The decrease in net charge-offs was primarily attributable to a $514,000 decrease in net charge-offs related to commercial real estate loans, a $610,000 decrease in net charge-offs related to construction and land loans, a $180,000 decrease in net charge-offs related to insurance premium loans, and a $904,000 decrease in net charge-offs related to one-to-four family residential real estate loans, offset by a $174,000 increase in net charge-offs related to commercial and industrial loans and a $489,000 increase in net charge-offs related to home equity loans. 2013 and 2012 net charge-offs include $471,000 related to loans transferred to held-for-sale. As a result of increases in outstanding balances the allowance for loan losses allocated to multifamily real estate loans was increased by $2.3 million, or 32.3%, from $7.1 million at December 31, 2012, to $9.4 million at December 31, 2013. In addition, as a result of reduced non-performing loans and net charge-offs incurred, the Company’s historical and general loss factors have decreased, thus decreasing the allowance for loan losses allocated to commercial real estate loans, one-to-four family residential loans, and construction and land loans. Allowance for loan losses allocated to home equity loans and commercial and industrial loans increased slightly from December 31, 2012, to December 31, 2013. This increase was primarily attributable to an increase in historical loss factors, coupled with the increased level of non-performing loans.

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Management of Market Risk

General. The majority of our assets and liabilities are monetary in nature. Consequently, our most significant form of market risk is interest rate risk. Our assets, consisting primarily of loans and mortgage-related assets, generally have longer maturities than our liabilities, which consist primarily of deposits and wholesale funding. As a result, a principal part of our business strategy involves managing interest rate risk and limiting the exposure of our net interest income to changes in market interest rates. Accordingly, our board of directors has established a management risk committee, comprised of our Chief Investment Officer, who chairs this Committee, our Chief Executive Officer, our President/Chief Operating Officer, our Chief Financial Officer, our Chief Lending Officer, and our Executive Vice President of Operations. This committee is responsible for, among other things, evaluating the interest rate risk inherent in our assets and liabilities, for recommending to the risk management committee of our board of directors the level of risk that is appropriate given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the guidelines approved by the board of directors.

We seek to manage our interest rate risk in order to minimize the exposure of our earnings and capital to changes in interest rates. As part of our ongoing asset-liability management, we currently use the following strategies to manage our interest rate risk:

- originating multifamily loans and commercial real estate loans that generally tend to have shorter maturities than one-to-four family residential real estate loans and have higher interest rates that generally reset from five to ten years;

- investing in shorter term investment grade corporate securities and mortgage-backed securities; and

- obtaining general financing through lower-cost core deposits and longer-term Federal Home Loan Bank advances and repurchase agreements.

Shortening the average term of our interest-earning assets by increasing our investments in shorter-term assets, as well as originating loans with variable interest rates, helps to better match the maturities and interest rates of our assets and liabilities, thereby reducing the exposure of our net interest income to changes in market interest rates.

Net Portfolio Value Analysis. We compute amounts by which the net present value of our assets and liabilities (net portfolio value or “NPV”) would change in the event market interest rates changed over an assumed range of rates. Our simulation model uses a discounted cash flow analysis to measure the interest rate sensitivity of NPV. Depending on current market interest rates we estimate the economic value of these assets and liabilities under the assumption that interest rates experience an instantaneous and sustained increase of 100, 200, 300, or 400 basis points, or a decrease of 100 and 200 basis points, which is based on the current interest rate environment. A basis point equals one-hundredth of one percent, and 100 basis points equals one percent. An increase in interest rates from 3% to 4% would mean, for example, a 100 basis point increase in the "Change in Interest Rates" column below.

Net Interest Income Analysis. In addition to NPV calculations, we analyze our sensitivity to changes in interest rates through our net interest income model. Net interest income is the difference between the interest income we earn on our interest-earning assets, such as loans and securities, and the interest we pay on our interest-bearing liabilities, such as deposits and borrowings. In our model, we estimate what our net interest income would be for a twelve-month period. Depending on current market interest rates we then calculate what the net interest income would be for the same period under the assumption that interest rates experience an instantaneous and sustained increase or decrease of 100, 200, 300, or 400 basis points, or a decrease of 100 and 200 basis points, which is based on the current interest rate environment.

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The table below sets forth, as of December 31, 2013, our calculation of the estimated changes in our NPV, NPV ratio, and percent change in net interest income that would result from the designated instantaneous and sustained changes in interest rates. Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, loan prepayments and deposit repricing characteristics including decay rates, and correlations to movements in interest rates, and should not be relied on as indicative of actual results (dollars in thousands).

| | | | NPV | | | | |
|---|---|---|---|---|---|---|---|
| Change in Interest Rates (basis points) | Estimated Present Value of Assets | Estimated Present Value of Liabilities | Estimated NPV | Estimated Change In NPV | Estimated Change in NPV % | Estimated NPV/Present Value of Assets Ratio | Net Interest Income Percent Change |
| +400 | $ 2,317,122 | $ 1,834,079 | $ 483,043 | $ (234,375) | (32.67) % | 20.85 % | (10.84) % |
| +300 | 2,389,483 | 1,863,451 | 526,032 | (191,386) | (26.68) | 22.01 | (7.96) |
| +200 | 2,474,496 | 1,893,723 | 580,773 | (136,645) | (19.05) | 23.47 | (5.08) |
| +100 | 2,569,820 | 1,924,935 | 644,885 | (72,533) | (10.11) | 25.09 | (2.41) |
| 0 | 2,674,545 | 1,957,127 | 717,418 | - | - | 26.82 | 0.00 |
| (100) | 2,771,974 | 1,989,259 | 782,715 | 65,297 | 9.10 | 28.24 | (0.65) |
| (200) | $ 2,865,823 | $ 2,005,886 | $ 859,937 | $ 142,519 | 19.87 % | 30.01 % | (4.43) % |

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(1) Assumes an instantaneous and sustained uniform change in interest rates at all maturities.

(2) NPV includes non-interest earning assets and liabilities.

The table above indicates that at December 31, 2013, in the event of a 200 basis point decrease in interest rates, we would experience a 19.87% increase in estimated net portfolio value and a 4.43% decrease in net interest income. In the event of a 400 basis point increase in interest rates, we would experience a 32.67% decrease in net portfolio value and a 10.84% decrease in net interest income. Our policies provide that, in the event of a 300 basis point increase/decrease or less in interest rates, our net present value ratio should decrease by no more than 400 basis points and in the event of a 200 basis point increase/decrease, our projected net interest income should decrease by no more than 20%. Additionally, our policy states that our net portfolio value should be at least 8.5% of total assets before and after such shock at December 31, 2013. At December 31, 2013, we were in compliance with all board approved policies with respect to interest rate risk management.

Certain shortcomings are inherent in the methodologies used in determining interest rate risk through changes in net portfolio value and net interest income. Our model requires us to make certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. However, we also apply consistent parallel yield curve shifts (in both directions) to determine possible changes in net interest income if the theoretical yield curve shifts occurred gradually. Net interest income analysis also adjusts the asset and liability repricing analysis based on changes in prepayment rates resulting from the parallel yield curve shifts. In addition, the net portfolio value and net interest income information presented assume that the composition of our interest-sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and assume that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although interest rate risk calculations provide an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on our net portfolio value or net interest income and will differ from actual results.

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Liquidity and Capital Resources

Liquidity is the ability to fund assets and meet obligations as they come due. Our primary sources of funds consist of deposit inflows, loan repayments, borrowings through repurchase agreements and advances from money center banks and the Federal Home Loan Bank of New York, and repayments, maturities and sales of securities. While maturities and scheduled amortization of loans and securities are reasonably predictable sources of funds, deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions, and competition. Our board risk committee is responsible for establishing and monitoring our liquidity targets and strategies in order to ensure that sufficient liquidity exists for meeting the borrowing needs and withdrawals of deposits by our customers as well as unanticipated contingencies. We seek to maintain a ratio of liquid assets (not subject to pledge) as a percentage of deposits and borrowings of 35% or greater. At December 31, 2013, this ratio was 43.25%. We believe that we had sufficient sources of liquidity to satisfy our short- and long-term liquidity needs at December 31, 2013.

We regularly adjust our investments in liquid assets based on our assessment of:

- expected loan demand;
- expected deposit flows;
- yields available on interest-earning deposits and securities; and
- the objectives of our asset/liability management program.

Our most liquid assets are cash and cash equivalents, corporate bonds, and unpledged mortgage-related securities issued or guaranteed by the U.S. Government, Fannie Mae, or Freddie Mac, that we can either borrow against or sell. We also have the ability to surrender bank owned life insurance contracts. The surrender of these contracts would subject the Company to income taxes and penalties for increases in the cash surrender values over the original premium payments.

The Company had the following primary sources of liquidity at December 31, 2013 (in thousands):

| | |
|---|---|
| Cash and cash equivalents | $ 61,239 |
| Corporate bonds | 76,491 |
| Unpledged multi-family loans | 308,700 |
| Unpledged mortgage-backed securities (Issued or guaranteed by the U.S. Government, Fannie Mae, or Freddie Mac) | 537,400 |

At December 31, 2013, we had $61.3 million in outstanding loan commitments. In addition, we had $46.1 million in unused lines of credit to borrowers. Certificates of deposit due within one year of December 31, 2013, totaled $215.7 million, or 14.4% of total deposits. If these deposits do not remain with us, we will be required to seek other sources of funds, including loan sales, securities sales, other deposit products, including replacement certificates of deposit, securities sold under agreements to repurchase (repurchase agreements), and advances from the Federal Home Loan Bank of New York and other borrowing sources. Depending on market conditions, we may be required to pay higher rates on such deposits or other borrowings than we currently pay on the certificates of deposit due on December 31, 2013. We believe, based on experience, that a significant portion of such deposits will remain with us, and we have the ability to attract and retain deposits by adjusting the interest rates offered.

We have a detailed contingency funding plan that is reviewed and reported to the board risk committee on at least a quarterly basis. This plan includes monitoring cash on a daily basis to determine the liquidity needs of the Bank. Additionally, management performs a stress test on the Bank’s retail deposits and wholesale funding sources in several scenarios on a quarterly basis. The stress scenarios include deposit attrition of up to 50%, and selling our securities available-for-sale portfolio at a discount of 20% to its current estimated fair value. The Bank continues to maintain significant liquidity under all stress scenarios.

Northfield Bancorp, Inc. is a separate legal entity from Northfield Bank and must provide for its own liquidity to fund dividend payments, stock repurchases and other corporate risk factors. The Company’s primary source of liquidity is the receipt of dividend payments from the Bank in accordance with applicable regulatory requirements and proceeds from the stock offering. At December 31, 2013, Northfield Bancorp, Inc. (unconsolidated) had liquid assets of $141.5 million.

Northfield Bank is subject to various regulatory capital requirements, including a risk-based capital measure. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk-weighted assets by assigning assets and off-balance sheet items to broad risk categories. At December 31, 2013, Northfield Bank exceeded all regulatory capital requirements and is considered “well capitalized” under regulatory guidelines. See “Supervision and Regulation” and Note 13 of the Notes to the Consolidated Financial Statements.

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The net proceeds from the second-step stock offering completed on January 24, 2013, significantly increased our liquidity and capital resources. The initial level of liquidity has been reduced as net proceeds from the stock offering have been used for general corporate purposes, including the funding of loans. Our financial condition and results of operations have been enhanced by the net proceeds from the stock offering, resulting in increased net interest-earning assets and net interest income. However, due to the increase in equity resulting from the net proceeds from the stock offering, our return on equity has been adversely affected.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Commitments. As a financial services provider, we routinely are a party to various financial instruments with off-balance-sheet risks, such as commitments to extend credit, and unused lines of credit. While these contractual obligations represent our potential future cash requirements, a significant portion of commitments to extend credit may expire without being drawn upon. Such commitments are subject to the same credit policies and approval process applicable to loans we originate. In addition, we routinely enter into commitments to sell mortgage loans; such amounts are not significant to our operations. For additional information, see Note 12 of the Notes to the Consolidated Financial Statements.

Contractual Obligations. In the ordinary course of our operations we enter into certain contractual obligations. Such obligations include leases for premises and equipment, agreements with respect to borrowed funds and deposit liabilities, and agreements with respect to investments.

The following table summarizes our significant fixed and determinable contractual obligations and other funding needs by payment date at December 31, 2013. The payment amounts represent those amounts due to the recipient and do not include any unamortized premiums or discounts or other similar carrying amount adjustments.

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| Contractual Obligations | Less Than One Year | One to Three Years | Three to Five Years | More Than Five Years | Total |
| | (In thousands) | | | | |
| Long-term debt (1) | $ 99,859 | $ 223,410 | $ 144,083 | $ - | $ 467,352 |
| Floating rate advances | 2,485 | - | - | - | 2,485 |
| Operating leases | 3,928 | 7,840 | 7,094 | 30,998 | 49,860 |
| Capitalized leases | 411 | 516 | 516 | 44 | 1,487 |
| Certificates of deposit | 215,692 | 78,571 | 8,150 | 5,489 | 307,902 |
| Total | $ 322,375 | $ 310,337 | $ 159,843 | $ 36,531 | $ 829,086 |

| | | | | | |
|---|---|---|---|---|---|
| Commitments to extend credit (2) | $ 107,357 | $ - | $ - | $ - | $ 107,357 |

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(1) Includes repurchase agreements, Federal Home Loan Bank of New York advances, and accrued interest payable at December 31, 2013.

(2) Includes unused lines of credit which are assumed to be funded within the year.

During 2012, we sold the rights to service Freddie Mac loans to a third-party bank. 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 the time of sale to the third-party, 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.

Impact of Recent Accounting Standards and Interpretations

In February 2013, the FASB issued ASU No. 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." This ASU adds new disclosure requirements for items reclassified out of accumulated other comprehensive income to be in a single location in the financial statements. The Company's disclosures of the components of accumulated other comprehensive income are disclosed in its Statements of Comprehensive Income. The new guidance became effective for all interim and annual periods beginning January 1, 2013, and is to be applied prospectively. The adoption of this pronouncement 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.

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In January, 2014, the FASB issued ASU No. 2014-04, “Receivables – Troubled Debt Restructurings by Creditors (subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure.” This ASU clarifies that if an in-substance repossession occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure, or the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal arrangement. This ASU will require interim and annual disclosure of both, the amount of foreclosed residential real estate property held by the creditor and the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. ASU No. 2014-04 is effective for annual and interim periods beginning after December 15, 2014. The Company’s adoption of this pronouncement is not expected to have a material impact on the Company’s consolidated financial statements.

Impact of Inflation and Changing Prices

Our consolidated financial statements and related notes have been prepared in accordance with GAAP. GAAP generally requires the measurement of financial position and operating results in terms of historical dollars without consideration for changes in the relative purchasing power of money over time due to inflation. The effect of inflation is reflected in the increased cost of our operations. Unlike industrial companies, our assets and liabilities are primarily monetary in nature. As a result, changes in market interest rates have a greater effect on our performance than inflation.

ITEM 7A.QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

For information regarding market risk see Item 7- “Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Management of Market Risk.”

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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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, 2013 and 2012, and the related consolidated statements of comprehensive (loss) income, changes in stockholders' equity, and cash flows for each of the years in the three year period ended December 31, 2013. 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, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2013, 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, 2013, based on criteria established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 17, 2014 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Short Hills, New Jersey

March 17, 2014

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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, 2013, based on criteria established in Internal Control – Integrated Framework (1992) 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 the Company's 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. Also, 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, 2013, based on criteria established in Internal Control – Integrated Framework (1992) 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, 2013 and 2012, and the related consolidated statements of comprehensive (loss) income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2013, and our report dated March 17, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Short Hills, New Jersey

March 17, 2014

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NORTHFIELD BANCORP, INC.  AND SUBSIDIARIES

Consolidated Balance Sheets

| | At December 31, | |
|---|---|---|
| | 2013 | 2012 |
| | (In thousands, except share data) | |
| ASSETS: | | |
| Cash and due from banks | $ 15,348 | $ 25,354 |
| Interest-bearing deposits in other financial institutions | 45,891 | 103,407 |
| Total cash and cash equivalents | 61,239 | 128,761 |
| Trading securities | 5,998 | 4,677 |
| Securities available-for-sale, at estimated fair value (encumbered $197,896 in 2013 and $254,190 in 2012) | 937,085 | 1,275,631 |
| Securities held-to-maturity, at amortized cost (estimated fair value of $2,309 in 2012) (encumbered $0 in 2012) | - | 2,220 |
| Loans held-for-sale | 471 | 5,447 |
| Purchased credit-impaired (PCI) loans held-for-investment | 59,468 | 75,349 |
| Loans acquired | 77,817 | 101,433 |
| Originated loans held-for-investment, net | 1,352,191 | 1,066,200 |
| Loans held-for-investment, net | 1,489,476 | 1,242,982 |
| Allowance for loan losses | (26,037) | (26,424) |
| Net loans held-for-investment | 1,463,439 | 1,216,558 |
| Accrued interest receivable | 8,137 | 8,154 |
| Bank owned life insurance | 125,113 | 93,042 |
| Federal Home Loan Bank of New York stock, at cost | 17,516 | 12,550 |
| Premises and equipment, net | 29,057 | 29,785 |
| Goodwill | 16,159 | 16,159 |
| Other real estate owned | 634 | 870 |
| Other assets | 37,916 | 19,347 |
| Total assets | $ 2,702,764 | $ 2,813,201 |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| LIABILITIES: | | |
| Deposits | $ 1,492,689 | $ 1,956,860 |
| Securities sold under agreements to repurchase | 181,000 | 226,000 |
| Other borrowings | 289,325 | 193,122 |
| Advance payments by borrowers for taxes and insurance | 6,441 | 3,488 |
| Accrued expenses and other liabilities | 17,201 | 18,858 |
| Total liabilities | 1,986,656 | 2,398,328 |
| | | |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock, $0.01 par value; 10,000,000 shares authorized, none issued or outstanding | - | - |

| | | |
|---|---|---|
| Common stock, $0.01 par value: 150,000,000 shares authorized, 58,226,326 and 46,904,286 shares issued at December 31, 2013 and 2012, respectively, 57,926,233 and 41,486,819 outstanding at December 31, 2013 and 2012, respectively | 582 | 469 |
| Additional paid-in-capital | 508,609 | 230,253 |
| Unallocated common stock held by employee stock ownership plan | (26,985) | (13,965) |
| Retained earnings | 242,180 | 249,892 |
| Accumulated other comprehensive (loss) income | (4,650) | 18,231 |
| Treasury stock at cost; 300,093 and 5,417,467 shares at December 31, 2013 and 2012, respectively | (3,628) | (70,007) |
| Total stockholders' equity | 716,108 | 414,873 |
| Total liabilities and stockholders' equity | $ 2,702,764 | $ 2,813,201 |

See accompanying notes to consolidated financial statements.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive (Loss) Income

| | Years ended December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| | (in thousands, except share data) | | |
| Interest income: | | | |
| Loans | $ 68,472 | $ 61,514 | $ 55,066 |
| Mortgage-backed securities | 21,920 | 26,791 | 32,033 |
| Other securities | 1,459 | 2,588 | 3,314 |
| Federal Home Loan Bank of New York dividends | 536 | 591 | 439 |
| Deposits in other financial institutions | 83 | 55 | 165 |
| Total interest income | 92,470 | 91,539 | 91,017 |
| Interest expense: | | | |
| Deposits | 6,501 | 9,837 | 12,251 |
| Borrowings | 10,447 | 12,807 | 13,162 |
| Total interest expense | 16,948 | 22,644 | 25,413 |
| Net interest income | 75,522 | 68,895 | 65,604 |
| Provision for loan losses | 1,927 | 3,536 | 12,589 |
| Net interest income after provision for loan losses | 73,595 | 65,359 | 53,015 |
| Non-interest income: | | | |
| Bargain purchase gain, net of taxes | - | - | 3,560 |
| Fees and service charges for customer services | 3,182 | 3,005 | 2,946 |
| Income on bank owned life insurance | 3,607 | 2,883 | 2,973 |
| Gain on securities transactions, net | 3,217 | 2,534 | 2,603 |
| Other-than-temporary impairment losses on securities | (434) | (24) | (1,152) |
| Portion recognized in other comprehensive income (before taxes) | - | - | 743 |
| Net impairment losses on securities recognized in earnings | (434) | (24) | (409) |
| Other | 589 | 188 | 162 |
| Total non-interest income | 10,161 | 8,586 | 11,835 |
| Non-interest expense: | | | |
| Compensation and employee benefits | 27,142 | 24,096 | 21,626 |
| Occupancy | 9,709 | 8,192 | 6,297 |
| Furniture and equipment | 1,751 | 1,463 | 1,204 |
| Data processing | 4,301 | 3,739 | 2,775 |
| Professional fees | 2,885 | 3,279 | 2,334 |
| FDIC insurance | 1,432 | 1,628 | 1,629 |
| Other | 6,653 | 6,601 | 5,665 |
| Total non-interest expense | 53,873 | 48,998 | 41,530 |
| Income before income tax expense | 29,883 | 24,947 | 23,320 |
| Income tax expense | 10,736 | 8,916 | 6,497 |
| Net income | $ 19,147 | $ 16,031 | $ 16,823 |
| Net income per common share: | | | |
| Basic | $ 0.35 | $ 0.30 | $ 0.30 |
| Diluted | $ 0.34 | $ 0.29 | $ 0.30 |
| Weighted average shares outstanding - basic | 54,637,680 | 54,339,467 | 56,216,794 |

| | | | |
|---|---|---|---|
| Weighted average shares outstanding - diluted | 55,560,309 | 55,115,680 | 56,842,888 |
| Other comprehensive (loss) income: | | | |
| Unrealized (losses) gains on securities: | | | |
| Net unrealized holding (losses) gains on securities | $ (37,449) | $ 3,418 | $ 13,267 |
| Less: reclassification adjustment for net gains included in net income (included in gain on securities transactions, net) | (2,254) | (2,150) | (2,754) |
| Net unrealized (losses) gains | (39,703) | 1,268 | 10,513 |
| Post retirement benefits adjustment | 1,134 | 85 | 10 |
| Reclassification adjustment for OTTI impairment included in net income (included OTTI losses on securities) | 434 | 24 | 409 |
| Other comprehensive (loss) income, before tax | (38,135) | 1,377 | 10,932 |
| Income tax (benefit) expense related to net unrealized holding (losses) gains on securities | (14,980) | 1,432 | 5,306 |
| Income tax expense related to reclassification adjustment for gains included in net income | (902) | (860) | (1,102) |
| Income tax expense related to post retirement benefits adjustment | 454 | 34 | 4 |
| Income tax benefit related to reclassification adjustment for OTTI impairment included in net income | 174 | 10 | 164 |
| Other comprehensive (loss) income, net of tax | (22,881) | 761 | 6,560 |
| Comprehensive (loss) income | $ (3,734) | $ 16,792 | $ 23,383 |

See accompanying notes to consolidated financial statements.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders’ Equity

| | For the years ended December 31, 2013, 2012 and 2011 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | | | Unallocated Common Stock | | Accumulated Other | |
| | | Par | Additional Paid-in | Held by the Employee Stock | Retained | Comprehensive Income (Loss), | Treasur |
| | Shares | Value | Capital | Ownership Plan | Earnings | Net of tax | Stock |
| | (In thousands, except share data) | | | | | | |
| Balance at December 31, 2010 | 45,632,611 | $ 456 | $ 205,863 | $ (15,188) | $ 222,655 | $ 10,910 | $ (27 |
| Net income | | | | | 16,823 | | |
| Other comprehensive income | | | | | | 6,560 | |
| ESOP shares allocated or committed to be released | | | 206 | 618 | | | |
| Stock compensation expense | | | 3,047 | | | | |
| Additional tax benefit on equity awards | | | 186 | | | | |
| Exercise of stock options | | | | | (1) | | 16 |
| Cash dividends declared ($0.16 per common share) | | | | | (3,701) | | |
| Treasury stock (average cost of $13.52 per share) | | | | | | | (37,821 |
| | 45,632,611 | $ 456 | $ 209,302 | $ (14,570) | $ 235,776 | $ 17,470 | $ (65 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Balance at December 31, 2011 | | | | | | | |
| Net income | | | | | 16,031 | | |
| Other comprehensive income | | | | | | 761 | |
| ESOP shares allocated or committed to be released | | | 273 | 605 | | | |
| Stock compensation expense | | | 3,029 | | | | |
| Additional tax benefit on equity awards | | | 204 | | | | |
| Common stock issued to complete merger | 1,271,675 | 13 | 17,445 | | | | |
| Exercise of stock options | | | | | (193) | | 121 |
| Cash dividends declared ($0.09 per common share) | | | | | (1,722) | | |
| Treasury stock (average cost of $13.81 per share) | | | | | | | (4,344) |
| Balance at December 31, 2012 | 46,904,286 | $ 469 | $ 230,253 | $ (13,965) | $ 249,892 | $ 18,231 | $ (70 |
| Net income | | | | | 19,147 | | |
| Other comprehensive income, net of tax | | | | | | (22,881) | |
| ESOP shares allocated or committed to be released | | | 484 | 1,204 | | | |
| Stock compensation expense | | | 3,349 | | | | |
| Additional tax benefit on equity awards | | | 296 | | | | |
| Corporate reorganization: | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Merger of Northfield Bancorp, MHC | (24,641,684) | (246) | 370 | | | | |
| Exchange of common stock | (16,845,135) | (169) | 169 | | | | |
| Treasury stock retired | (5,417,467) | (54) | (69,953) | | | | 70,007 |
| Proceeds of stock offering, net of costs | 56,777,462 | 568 | 329,396 | | | | |
| Purchase of common stock by ESOP | 1,422,357 | 14 | 14,224 | (14,224) | | | |
| Exercise of stock options | 26,507 | | 21 | | | | |
| Cash dividends declared ($0.49 per common share) | | | | | (26,859) | | |
| Treasury stock (average cost of $12.09 per share) | | | | | | | (3,628) |
| Balance at December 31, 2013 | 58,226,326 | $ 582 | $ 508,609 | $ (26,985) | $ 242,180 | $ (4,650) | $ (3 |

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, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| | (In thousands) | | |
| Cash flows from operating activities: | | | |
| Net income | $ 19,147 | $ 16,031 | $ 16,823 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Provision for loan losses | 1,927 | 3,536 | 12,589 |
| ESOP and stock compensation expense | 5,037 | 3,907 | 3,871 |
| Depreciation | 3,634 | 2,824 | 2,151 |
| Amortization of premiums, and deferred loan costs, net of (accretion) of discounts, and deferred loan fees | 1,949 | 339 | 1,653 |
| Amortization of mortgage servicing rights | - | 57 | 60 |
| Income on bank owned life insurance | (3,607) | (2,883) | (2,973) |
| Gain on sale of premises and equipment and other real estate owned | (397) | - | (84) |
| Net (gain) loss on sale of loans held-for-sale | (60) | 106 | (20) |
| Proceeds from sale of loans held-for-sale | 12,726 | 17,107 | 11,206 |
| Origination of loans held-for-sale | (3,986) | (13,314) | (10,467) |
| Gain on securities transactions, net | (3,217) | (2,534) | (2,603) |
| Bargain purchase gain, net of tax | - | - | (3,560) |
| Net impairment losses on securities recognized in earnings | 434 | 24 | 409 |
| Net purchases of trading securities | (358) | (147) | (202) |
| Decrease in accrued interest receivable | 17 | 899 | 125 |
| Decrease (increase) in other assets | 978 | 4,316 | (1,659) |
| Decrease in prepaid FDIC assessment | - | 1,415 | 1,609 |
| Deferred taxes | (4,033) | (2,733) | (2,883) |
| (Decrease) increase in accrued expenses and other liabilities | (623) | (1,289) | 1,196 |
| Amortization of core deposit intangible | 440 | 316 | 219 |
| Net cash provided by operating activities | 30,008 | 27,977 | 27,460 |
| Cash flows from investing activities: | | | |
| Net increase in loans receivable | (253,145) | (96,339) | (169,258) |
| (Purchase) redemptions of Federal Home Loan Bank of New York stock, net | (4,966) | 585 | (2,628) |
| Purchases of securities available-for-sale | (289,562) | (801,492) | (476,918) |
| Principal payments and maturities on securities available-for-sale | 331,536 | 420,271 | 403,389 |
| Principal payments and maturities on securities held-to-maturity | - | 32,275 | 1,442 |
| Proceeds from sale of securities available-for-sale | 259,551 | 207,700 | 182,658 |
| Purchase of bank owned life insurance | (28,464) | (7,729) | - |
| Proceeds from sale of premises and equipment and other real estate owned | 519 | 3,240 | 571 |
| Purchases and improvements of premises and equipment | (2,916) | (8,035) | (6,082) |

| | | | |
|---|---|---|---|
| Net cash acquired in business combinations | - | 4,721 | 77,449 |
| Net cash provided by (used in) investing activities | 12,553 | (244,803) | 10,623 |
| Cash flows from financing activities: | | | |
| Net increase (decrease) in deposits | (174,617) | 352,766 | (67,550) |
| Dividends paid | (26,859) | (1,722) | (3,701) |
| Net proceeds from sale of common stock | 54,648 | - | - |
| Merger of Northfield Bancorp, MHC | 124 | - | - |
| Purchase of common stock for ESOP | (14,224) | - | - |
| Exercise of stock options | 21 | 16 | 15 |
| Purchase of treasury stock | (3,628) | (4,344) | (37,821) |
| Additional tax benefit on equity awards | 296 | 204 | 186 |
| Increase in advance payments by borrowers for taxes and insurance | 2,953 | 1,287 | 1,508 |
| Repayments under capital lease obligations | (289) | (251) | (217) |
| Proceeds from securities sold under agreements to repurchase and other borrowings | 539,250 | 398,439 | 584,508 |
| Repayments related to securities sold under agreements to repurchase and other borrowings | (487,758) | (466,077) | (493,594) |
| Net cash (used in) provided by financing activities | (110,083) | 280,318 | (16,666) |
| Net (decrease) increase in cash and cash equivalents | (67,522) | 63,492 | 21,417 |
| Cash and cash equivalents at beginning of period | 128,761 | 65,269 | 43,852 |
| Cash and cash equivalents at end of period | $ 61,239 | $ 128,761 | $ 65,269 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows – (Continued)

| | Years Ended December 31, 2013 | 2012 | 2011 |
|---|---|---|---|
| | (In thousands) | | |
| Supplemental cash flow information: | | | |
| Cash paid during the period for: | | | |
| Interest | $ 17,177 | $ 22,997 | $ 25,008 |
| Income taxes | 16,196 | 7,991 | 9,483 |
| Non-cash transactions: | | | |
| Transfers of held-to-maturity securities to available-for-sale securities | 2,200 | - | - |
| Loans charged-off, net | 2,314 | 3,949 | 7,572 |
| Transfers of loans to other real estate owned | - | 306 | 2,509 |
| Other real estate owned charged-off | 124 | 512 | 26 |
| (Decrease) in due to broker for purchases of securities available-for-sale | - | - | (70,747) |
| Transfers of loans to held-for-sale, at fair value | 3,704 | 5,446 | 7,497 |
| Deposits utilized to purchase common stock | 289,554 | - | - |
| Acquisition: | | | |
| Non-cash assets acquired, at fair value: | | | |
| Securities available-for-sale | - | - | 21,195 |
| Securities held-to-maturity | - | 32,700 | - |
| Loans | - | 81,876 | 91,917 |
| Core deposit intangible | - | 592 | 1,160 |
| Other real estate owned | - | 823 | 1,166 |
| Accrued interest receivable | - | 443 | 862 |
| FHLB NY stock | - | 458 | 265 |
| Bank owned life insurance | - | 4,652 | - |
| Premises and equipment | - | 4,586 | - |
| Other assets | - | 5,792 | 633 |
| Total non-cash assets acquired | - | 131,922 | 117,198 |
| Non-cash liabilities assumed, at fair value: | | | |
| Deposits | - | 110,568 | 188,234 |
| Borrowings | - | 5,077 | - |
| Other liabilities | - | 3,540 | 2,853 |
| Total non-cash liabilities assumed | - | 119,185 | 191,087 |
| Net non-cash assets acquired | - | 12,737 | (73,889) |
| Net cash and cash equivalents acquired | - | 4,721 | 77,449 |
| Common stock issued in acquisition | - | 13 | - |

See accompanying notes to consolidated financial statements.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to 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 (GAAP), and are used in preparing and presenting these consolidated financial statements.

(a) Plan of Conversion and Reorganization

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 converted from the mutual holding company form of organization to the fully public form on January 24, 2013. The MHC was merged into the Company, and the MHC no longer exists. The Company merged into a new Delaware corporation named Northfield Bancorp, Inc. As part of the conversion, the MHC’s ownership interest of the Company was offered for sale in a public offering. The existing publicly held shares of the Company, which represented the remaining ownership interest in the Company, were exchanged for new shares of common stock of Northfield Bancorp, Inc., the new Delaware Corporation. The exchange ratio ensured that immediately after the conversion and public offering, the public shareholders of the Company owned 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 was completed, all of the capital stock of Northfield Bank was owned by Northfield Bancorp, Inc., the Delaware Corporation.

The Plan provided for the establishment 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 is not 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 in qualifying deposits will not restore an eligible account holder’s interest in the liquidation accounts.

Direct costs of the conversion and public offering were deferred and reduced the proceeds from the shares sold in the public offering. Costs of $11.5 million were incurred related to the conversion.

Share and per share amounts have been restated to reflect the completion of our second-step conversion on January 24, 2013 at a conversion ratio of 1.4029 unless noted otherwise.

(b) 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.

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.

(c) 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.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

(d) Cash Equivalents

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

(e) 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. 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. If we intend to hold securities in an unrealized loss position until the loss is recovered, which may be at maturity, 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.

(f) Loans

During 2012 and 2011, the Company acquired loans with deteriorated credit quality, herein referred to as purchased credit-impaired (PCI) 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 four 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) 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, and (4) acquired loans with no evidence of credit deterioration, which are held-for-investment, and initially valued at an estimated fair value on the date of acquisition, with no initial related allowance for loan losses.

Originated and acquired 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 generally 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 2013 and 2012, 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 and acquired 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 and acquired impaired loans to be all originated and acquired non-accrual loans held-for-investment with an outstanding balance of $500,000 or greater and all loans restructured in troubled debt restructurings (TDRs). Originated and acquired impaired loans held-for-investment are individually assessed to determine that the loan's carrying

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

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, if any, 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 of collateral (less estimated costs to sell) if the loan is collateral dependent. Such amounts are charged-off when considered appropriate. Homogeneous loans with balances less than $500,000, which are not considered TDRs, 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 or operation of such collateral. Specific reserves on impaired loans which are not considered collateral dependent are charged-off when such amounts are not considered to be collectible. The provision for loan losses is based on management's evaluation of the adequacy of the allowance which considers, among other things, impaired loans held-for-investment, deterioration in PCI loans subsequent to acquisition, past loan loss experience, known and inherent risks in the portfolio, and existing adverse situations that may affect borrowers' ability to repay. 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 repayment 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 loan's 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 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 sooner 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 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 based on expected cash flows. 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.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

(g) 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, 2013, and 2012.

(h) 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.

(i) 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.

(j) Goodwill

Intangible assets resulting from acquisitions under the purchase method of accounting consist of goodwill and other intangible assets. Goodwill is not amortized and is subject to an annual assessment for impairment. The goodwill impairment analysis is generally a two-step test. However, we may, under Accounting Standards Update (ASU) No. 2011-08, "Testing Goodwill for Impairment," first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under this new ASU, we are not required to calculate the fair value of a reporting unit if, based on a qualitative assessment, we determine that it was more likely than not that the unit's fair value was not less than its carrying amount. During 2013, we elected to perform step one of the two-step goodwill impairment test for our reporting unit, but (under the ASU) we may choose to perform the optional qualitative assessment in future periods.

Goodwill is allocated to Northfield's reporting unit at the date goodwill is actually recorded. If the carrying value of a reporting unit exceeds its estimated fair value, a second step in the analysis is performed to determine the amount of impairment, if any. The second step compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying value of a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded equal to the excess amount in the current period earnings.

As of December 31, 2013, the carrying value of goodwill totaled $16.2 million. The Company performed its annual goodwill impairment test, as of December 31, 2013, and determined that the fair value of the Company's single reporting unit to be in excess of its carrying value. 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.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

(k) 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.

(l) 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.

(m) 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.

(n) Comprehensive (Loss) Income

Comprehensive (loss) 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 (loss) income is presented in the Consolidated Statements of Comprehensive (Loss) Income.

(o) 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 (loss) 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 comprehensive (loss) income. The fair value of common stock awards is based on the closing price of

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

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.

(p) 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.

(q) 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 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, 2013, 2012, and 2011, there were 922,629, 776,213, and 626,094 dilutive shares outstanding, respectively.

(r) 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 Combinations

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 Bank assumed approximately $188.6 million in liabilities including approximately $188.3 million in deposits and acquired approximately $185.0 million in assets, including approximately $132.8 million in loans. The loans acquired by Northfield Bank principally consisted of commercial loans and commercial real estate loans. Northfield did not purchase $5.6 million in SBA Loans, and $5.9 million in other loans which were retained by 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 Comprehensive (Loss) Income for the year ended December 31, 2011.

On November 2, 2012, Northfield Bancorp, Inc. completed its acquisition of Flatbush Federal Bancorp, Inc. and its wholly-owned subsidiary, Flatbush Federal Savings and Loan Association, in an all stock transaction. Stockholders of Flatbush Federal Bancorp, Inc. received 0.4748 shares of Northfield Bancorp, Inc. common stock for each share of Flatbush Federal Bancorp, Inc. common stock that they owned as of the close of business November 2, 2012. After the completion of the merger, Flatbush Federal Bancorp, Inc. stockholders owned approximately 3.1% of the combined Company.

Utilizing the acquisition method, the Northfield Bancorp, Inc. acquired total assets of $136.6 million including $81.9 million in loans (primarily one-to-four family and commercial real estate loans) and $32.7 million in securities, and assumed total liabilities of $119.2 million including $110.6 million of deposits and equity of $17.5 million.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

(3)Securities Available-for-Sale

The following is a comparative summary of mortgage-backed securities and other securities available-for-sale at December 31, 2013 and 2012 (in thousands):

| | 2013 | | | |
|---|---|---|---|---|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | Estimated fair value |
| Mortgage-backed securities: | | | | |
| Pass-through certificates: | | | | |
| Government sponsored enterprises (GSE) | $ 366,884 | $ 8,573 | $ 5,113 | $ 370,344 |
| Real estate mortgage investment conduits (REMICs): | | | | |
| GSE | 497,575 | 1,699 | 14,047 | 485,227 |
| Non-GSE | 4,474 | 126 | 48 | 4,552 |
| | 868,933 | 10,398 | 19,208 | 860,123 |
| Other securities: | | | | |
| Equity investments-mutual funds | 510 | - | - | 510 |
| Corporate bonds | 76,491 | 66 | 105 | 76,452 |
| | 77,001 | 66 | 105 | 76,962 |
| Total securities available-for-sale | $ 945,934 | $ 10,464 | $ 19,313 | $ 937,085 |

| | 2012 | | | |
|---|---|---|---|---|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | Estimated fair value |
| Mortgage-backed securities: | | | | |
| Pass-through certificates: | | | | |
| GSE | $ 456,441 | $ 22,996 | $ 99 | $ 479,338 |
| Real estate mortgage investment conduits (REMICs): | | | | |
| GSE | 694,087 | 7,092 | 62 | 701,117 |
| Non-GSE | 7,543 | 266 | 33 | 7,776 |
| | 1,158,071 | 30,354 | 194 | 1,188,231 |
| Other securities: | | | | |
| Equity investments-mutual funds | 12,998 | — | — | 12,998 |
| Corporate bonds | 73,708 | 694 | — | 74,402 |
| | 86,706 | 694 | — | 87,400 |
| Total securities available-for-sale | $ 1,244,777 | $ 31,048 | $ 194 | $ 1,275,631 |

The following is a summary of the expected maturity distribution of debt securities available-for-sale other than mortgage backed securities at December 31, 2013 (in thousands):

| Available-for-sale | Amortized cost | Estimated fair value |
|---|---|---|
| Due in one year or less | $ - | $ - |
| Due after one year through five years | 76,491 | 76,452 |
| | $ 76,491 | $ 76,452 |

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, 2013, and December 31, 2012, securities available-for-sale with a carrying value of $14.4 million and $14.3 million, respectively, were pledged to secure deposits. See Note 8 for further discussion regarding securities pledged for borrowings.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

For the year ended December 31, 2013, the Company had gross proceeds of $259.6 million on sales of securities available-for-sale with gross realized gains and gross realized losses of approximately $3.1 million and $128,000, respectively. For the year ended December 31, 2012, the Company had gross proceeds of $207.7 million on sales of securities available-for-sale with gross realized gains and gross realized losses of approximately $3.0 million and $490,000, respectively. 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 and $177,000, 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 in earnings other-than-temporary impairment charges of $434,000 during the year ended December 31, 2013, related to one equity investment in a mutual fund. The Company recognized in earnings other-than-temporary impairment charges of $24,000 during the year ended December 31, 2012, related to one equity investment in a mutual fund. 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 following is a rollforward of 2013, 2012, and 2011 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):

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Balance, beginning of year | $ - | $ 578 | $ 330 |
| Additions to the credit component on debt securities in which other-than-temporary impairment was not previously recognized | - | - | 248 |
| Reductions due to sales | - | (578) | - |
| Cumulative pre-tax credit losses, end of year | $ - | $ - | $ 578 |

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, 2013 and 2012, were as follows (in thousands):

| | December 31, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | 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 | $ 5,087 | $ 150,473 | $ 26 | $ 4,482 | $ 5,113 | $ 154,955 |
| REMICs: | | | | | | |
| GSE | 12,923 | 283,419 | 1,124 | 44,606 | 14,047 | 328,025 |
| Non-GSE | 23 | 1,092 | 25 | 442 | 48 | 1,534 |
| Other securities: | | | | | | |
| Corporate bonds | 105 | 44,763 | - | - | 105 | 44,763 |
| Total | $ 18,138 | $ 479,747 | $ 1,175 | $ 49,530 | $ 19,313 | $ 529,277 |

| | December 31, 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 | $ 99 | $ 14,156 | $ - | $ - | $ 99 | $ 14,156 |
| REMICs: | | | | | | |
| GSE | 58 | 100,310 | 4 | 7,633 | 62 | 107,943 |
| Non-GSE | - | - | 33 | 604 | 33 | 604 |
| Total | $ 157 | $ 114,466 | $ 37 | $ 8,237 | $ 194 | $ 122,703 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

The Company held 29 pass-through GSE mortgage-backed securities, six REMIC GSE mortgage-backed securities, and one REMIC non-GSE mortgage-backed security that were in a continuous unrealized loss position of greater than twelve months, 17 pass-through GSE mortgage-backed securities, 16 REMIC mortgage-backed securities issued or guaranteed by GSEs, nine corporate securities, and one REMIC non-GSE mortgage-backed security that were in an unrealized loss position of less than twelve months, and rated investment grade at December 31, 2013. 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 company had no held-to-maturity securities at December 31 2013, the following is a summary of mortgage-backed securities held-to-maturity at December 31 2012 (in thousands):

| | 2012 Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
|---|---|---|---|---|
| Mortgage-backed securities: | | | | |
| Pass-through certificates: | | | | |
| GSE | $ 465 | $ 31 | $ - | $ 496 |
| Real estate mortgage investment conduits (REMICs): | | | | |
| GSE | 1,755 | 58 | - | 1,813 |
| Total securities held-to-maturity | $ 2,220 | $ 89 | $ - | $ 2,309 |

The Company transferred its held-to-maturity securities to available-for-sale during the year ended December 31, 2013, and did not sell any held-to-maturity securities during the years ended December 31, 2012 and 2011.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

(5)Loans

Loans held-for-investment, net, consists of the following (in thousands):

| | December 31, 2013 | 2012 |
|---|---|---|
| Real estate loans: | | |
| Multifamily | $ 870,951 | $ 610,129 |
| Commercial mortgage | 340,174 | 315,450 |
| One-to-four family residential mortgage | 64,753 | 64,733 |
| Home equity and lines of credit | 46,231 | 33,573 |
| Construction and land | 14,152 | 23,243 |
| Total real estate loans | 1,336,261 | 1,047,128 |
| Commercial and industrial loans | 10,162 | 14,786 |
| Other loans | 2,310 | 1,830 |
| Total commercial and industrial and other loans | 12,472 | 16,616 |
| Deferred loan cost, net | 3,458 | 2,456 |
| Originated loans held-for-investment, net | 1,352,191 | 1,066,200 |
| PCI Loans | 59,468 | 75,349 |
| Loans acquired: | | |
| Multifamily | 3,930 | 5,763 |
| Commercial mortgage | 13,254 | 17,053 |
| One-to-four family residential mortgage | 60,262 | 78,237 |
| Construction and land | 371 | 380 |
| Total loans acquired | 77,817 | 101,433 |
| Loans held for investment, net | 1,489,476 | 1,242,982 |
| Allowance for loan losses | (26,037) | (26,424) |
| Net loans held-for-investment | $ 1,463,439 | $ 1,216,558 |

The Company had $471,000 and $5.4 million in loans held-for-sale at December 31, 2013 and 2012, respectively. Loans held-for-sale included $471,000 and $5.4 million of non-accrual loans at December 31, 2013 and 2012. At December 31, 2012, $3.8 million of non-accruing loans held-for-sale were associated with the Flatbush Merger (the "Merger").

PCI loans, primarily acquired as part of a Federal Deposit Insurance Corporation-assisted transaction, totaled $59.5 million at December 31, 2013 as compared to $71.5 million at December 31, 2012. The Company accounts for PCI loans utilizing generally accepting accounting principles applicable to loans acquired with deteriorated credit quality. PCI loans consist of approximately 37% commercial real estate and 47% commercial and industrial loans, with the remaining balance in residential and home equity loans.  The following details the accretable yield (in thousands):

| | For The Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| Balance at the beginning of year | $ | 43,431 | $ | 42,493 |
| Accretable yield at purchase date | - | | 833 | |
| Accretion into interest income | (5,701) | | (6,424) | |
| Net reclassification from non-accretable difference (1) | (5,266) | | 6,529 | |
| Balance at end of year | $ | 32,464 | $ | 43,431 |

(1) Due to re-casting of cash flows for loan pools acquired in the 2011 FDIC-assisted transaction.

At December 31, 2013 and 2012, PCI loans included $3.6 million and $3.1 million, respectively, of loans acquired as part of the Merger.

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

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

During 2012, we sold the servicing rights of loans sold to Freddie Mac to a third-party bank. 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 the time of sale to the third-party, 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.

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 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 in order to maintain the allowance for loan losses in accordance with U.S. GAAP. At December 31, 2013 and 2012, the allowance for loan losses related to loans held-for-investment (excluding PCI loans) consisted primarily of the following two components:

(1) Specific allowances are established for impaired loans (generally defined by the Company as non-accrual loans with an outstanding balance of $500,000 or greater and all loans restructured in troubled debt restructurings). The amount of impairment, if any, provided for as a specific reserve determined 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 allowances described below. Generally, the Company charges down a loan to the estimated fair value of the underlying collateral, less costs to sell for collateral dependent loans and, if necessary, maintains a specific reserve in the allowance for loan losses related to cash flow dependent impaired loans where the present value of the expected future cash flows, discounted at the loan's original contractual interest rate, is less than the carrying value of the loan unless management determines that such shortfall should be charged off.

(2) General allowances are established for loan losses on a portfolio basis for 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 net 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.

Additionally, loans acquired with no evidence of credit deterioration are held-for-investment and initially valued at an estimated fair value on the date of acquisition, with no initial related allowance for loan losses. These loans are evaluated for impairment on quarterly basis as part of our analysis of the allowance for loan losses.

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;

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

· 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;

· 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 net 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 date was as of September 30, 2013.

A summary of changes in the allowance for loan losses for the years ended December 31, 2013, 2012, and 2011 follows (in thousands):

| | December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Balance at beginning of year | $ 26,424 | $ 26,836 | $ 21,819 |
| Provision for loan losses | 1,927 | 3,536 | 12,589 |
| Recoveries | 860 | 245 | 108 |
| Charge-offs | (3,174) | (4,193) | (7,680) |
| Balance at end of year | $ 26,037 | $ 26,424 | $ 26,836 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

The following table sets forth activity in our allowance for loan losses, by loan type, for the years ended December 31, 2013 and 2012. 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, 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Real Estate | | | | | | |
| | Commercial | One-to-Four Family | Construction and Land | Multifamily | Home Equity and Lines of Credit | Commercial and Industrial | Other |
| Allowance for loan losses: | | | | | | | |
| Beginning Balance | $ 14,480 | $ 623 | $ 994 | $ 7,086 | $ 623 | $ 1,160 | $ 21 |
| Charge-offs | (1,208) | (414) | - | (657) | (491) | (379) | (25) |
| Recoveries | 1 | 18 | 567 | - | - | 201 | 73 |
| Provisions | (654) | 648 | (1,356) | 2,945 | 728 | (557) | (2) |
| Ending Balance | $ 12,619 | $ 875 | $ 205 | $ 9,374 | $ 860 | $ 425 | $ 67 |
| Ending balance: individually evaluated for impairment | $ 2,385 | $ 19 | $ - | $ 117 | $ 7 | $ 104 | $ - |
| Ending balance: collectively evaluated for impairment | $ 10,234 | $ 856 | $ 205 | $ 9,257 | $ 853 | $ 321 | $ 67 |
| Originated loans, net: Ending Balance | $ 340,534 | $ 65,289 | $ 14,161 | $ 872,901 | $ 46,825 | $ 10,202 | $ 2,279 |
| Ending balance: individually | $ 32,194 | $ 1,115 | $ 109 | $ 2,074 | $ 1,341 | $ 1,504 | $ - |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| evaluated for impairment | | | | | | | | | | | | | |
| Ending balance: collectively evaluated for impairment | $ | 308,340 | $ | 64,174 | $ | 14,052 | $ | 870,827 | $ | 45,484 | $ | 8,698 | $ 2,279 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

| | December 31, 2012 Real Estate | | | | | | |
|---|---|---|---|---|---|---|---|
| | Commercial | One-to-Four Family | Construction and Land | Multifamily | Home Equity and Lines of Credit | Commercial and Industrial | Other |
| Allowance for loan losses: | | | | | | | |
| Beginning Balance | $ 15,180 | $ 967 | $ 1,189 | $ 6,772 | $ 418 | $ 975 | $ 226 |
| Charge-offs | (1,828) | (1,300) | (43) | (729) | (2) | (90) | (201) |
| Recoveries | 107 | - | - | 9 | - | 86 | 43 |
| Provisions | 1,021 | 956 | (152) | 1,034 | 207 | 189 | (47) |
| Ending Balance | $ 14,480 | $ 623 | $ 994 | $ 7,086 | $ 623 | $ 1,160 | $ 21 |
| Ending balance: individually evaluated for impairment | $ 2,753 | $ 5 | $ - | $ 317 | $ 123 | $ 417 | $ - |
| Ending balance: collectively evaluated for impairment | $ 11,727 | $ 618 | $ 994 | $ 6,769 | $ 500 | $ 743 | $ 21 |
| Originated loans, net: Ending balance | $ 315,603 | $ 65,354 | $ 23,255 | $ 611,469 | $ 33,879 | $ 14,810 | $ 1,830 |
| Ending balance: individually evaluated for impairment | $ 41,568 | $ 2,061 | $ - | $ 2,040 | $ 1,943 | $ 4,087 | $ - |
| | $ 274,035 | $ 63,293 | $ 23,255 | $ 609,429 | $ 31,936 | $ 10,723 | $ 1,830 |

Ending
balance:
collectively
evaluated
for
impairment

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

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

The Company maintains a credit risk rating system as part of the risk assessment of its loan portfolio. The Company's lending officers are required to assign a credit risk rating to each loan in their portfolio at origination. 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 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 accruing 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.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to 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, 2013 and 2012 (in thousands).

| | At December 31, 2013 Real Estate | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Multifamily | | Commercial | | One-to-Four Family | | Construction and Land | Hor Equ Lin Cre |
| | < 35% LTV | => 35% LTV | < 35% LTV | => 35% LTV | < 60% LTV | => 60% LTV | | |
| Internal Risk Rating | | | | | | | | |
| Pass | $ 40,966 | $ 817,923 | $ 42,995 | $ 240,472 | $ 28,595 | $ 30,241 | $ 13,458 | $ 4 |
| Special Mention | 309 | 7,866 | 1,304 | 12,938 | 2,289 | 703 | 595 | 469 |
| Substandard | 821 | 5,016 | 1,333 | 41,492 | 1,388 | 2,073 | 108 | 1,2 |
| Originated loans held-for-investment, net | $ 42,096 | $ 830,805 | $ 45,632 | $ 294,902 | $ 32,272 | $ 33,017 | $ 14,161 | $ 4 |

| | At December 31, 2012 Real Estate | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Multifamily | | Commercial | | One-to-Four Family | | Construction and Land | Hor Equ Lin Cre |
| | < 35% LTV | => 35% LTV | < 35% LTV | => 35% LTV | < 60% LTV | => 60% LTV | | |
| Internal Risk Rating | | | | | | | | |
| Pass | $ 19,438 | $ 575,434 | $ 30,284 | $ 211,679 | $ 32,120 | $ 28,091 | $ 12,536 | $ 3 |
| Special Mention | 115 | 10,444 | 185 | 23,521 | 1,422 | 384 | 5,137 | 659 |
| Substandard | 510 | 5,528 | 1,699 | 48,235 | 1,066 | 2,271 | 5,582 | 1,69 |
| Originated loans held-for-investment, net | $ 20,063 | $ 591,406 | $ 32,168 | $ 283,435 | $ 34,608 | $ 30,746 | $ 23,255 | $ 3 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

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 $17.7 million and $34.9 million at December 31, 2013, and December 31, 2012, 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, or sooner if considered appropriate by management, 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 $13.5 million and $26.0 million at December 31, 2013, and December 31, 2012, 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 $3.8 million and $3.5 million at December 31, 2013, and December 31, 2012, respectively. Non-accrual amounts included in loans held-for-sale were $471,000 million and $5.4 million at December 31, 2013, and December 31, 2012, respectively. Loans past due ninety days or more and still accruing interest were $32,000 and $621,000 at December 31, 2013, and December 31, 2012, respectively, and consisted of loans that are well secured and in the process of renewal.

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, 2013 and 2012 (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.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

-

| | At December 31, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | Total Non-Performing Loans | | | | | |
| | Non-Accruing Loans | | | | | |
| | 0-29 Days Past Due | 30-89 Days Past Due | 90 Days or More Past Due | Total | 90 Days or More Past Due and Accruing | Total Non-Performing Loans |
| Loans held-for-investment: | | | | | | |
| Real estate loans: | | | | | | |
| Commercial | | | | | | |
| LTV < 35% | | | | | | |
| Special Mention | $ - | $ - | $ - | $ - | $ - | $ - |
| Total | - | - | - | - | - | - |
| LTV => 35% | | | | | | |
| Special Mention | - | - | 335 | 335 | - | 335 |
| Substandard | 3,606 | 421 | 7,836 | 11,863 | - | 11,863 |
| Total | 3,606 | 421 | 8,171 | 12,198 | - | 12,198 |
| Total commercial | 3,606 | 421 | 8,171 | 12,198 | - | 12,198 |
| One-to-four family residential | | | | | | |
| LTV < 60% | | | | | | |
| Special Mention | - | 16 | 114 | 130 | - | 130 |
| Substandard | - | 418 | 186 | 604 | - | 604 |
| Total | - | 434 | 300 | 734 | - | 734 |
| LTV => 60% | | | | | | |
| Substandard | - | 189 | 993 | 1,182 | - | 1,182 |
| Total | - | 189 | 993 | 1,182 | - | 1,182 |
| Total one-to-four family residential | - | 623 | 1,293 | 1,916 | - | 1,916 |
| Construction and land | | | | | | |
| Substandard | 108 | - | - | 108 | - | 108 |
| Total construction and land | 108 | - | - | 108 | - | 108 |
| Multifamily | | | | | | |
| LTV => 35% | | | | | | |
| Substandard | - | - | - | - | - | - |
| Total multifamily | - | - | - | - | - | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| Multifamily | | | | | | |
| LTV => 35% | | | | | | |
| Substandard | - | - | 73 | 73 | - | 73 |
| Total Multifamily | - | - | 73 | 73 | - | 73 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Home equity and lines of credit | | | | | | |
| Pass | - | - | - | - | - | - |
| Special Mention | - | - | - | - | - | - |
| Substandard | - | - | 1,239 | 1,239 | - | 1,239 |
| Total home equity and lines of credit | - | - | 1,239 | 1,239 | - | 1,239 |
| Commercial and industrial loans | | | | | | |
| Pass | - | - | - | - | - | - |
| Special Mention | - | - | - | - | - | - |
| Substandard | - | - | 441 | 441 | - | 441 |
| Total commercial and industrial loans | - | - | 441 | 441 | - | 441 |
| Other loans | | | | | | |
| Pass | - | - | - | - | 32 | 32 |
| Total other loans | - | - | - | - | 32 | 32 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

| | | | | | | |
|---|---|---|---|---|---|---|
| Total non-performing loans held-for-investment | $ 3,714 | $ 1,044 | $ 11,217 | $ 15,975 | $ 32 | $ 16,007 |
| Loans acquired: | | | | | | |
| One-to-four family residential | | | | | | |
| LTV < 60% | | | | | | |
| Substandard | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| LTV => 60% | | | | | | |
| Substandard | 607 | - | 466 | 1,073 | - | 1,073 |
| Total | 607 | - | 466 | 1,073 | - | 1,073 |
| Total one-to-four family residential | 607 | - | 466 | 1,073 | - | 1,073 |
| | | | | | | |
| Commercial | | | | | | |
| LTV> 35% | | | | | | |
| Special Mention | $ - | $ - | $ 252 | $ 252 | $ - | $ 252 |
| Total | - | - | 252 | 252 | - | 252 |
| | | | | | | |
| Total non-performing loans acquired | 607 | - | 718 | 1,325 | - | 1,325 |
| Total non-performing loans | $ 4,321 | $ 1,044 | $ 11,935 | $ 17,300 | $ 32 | $ 17,332 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

| | At December 31, 2012<br>Total Non-Performing Loans<br>Non-Accruing Loans | | | | | |
|---|---|---|---|---|---|---|
| | 0-29 Days Past Due | 30-89 Days Past Due | 90 Days or More Past Due | Total | 90 Days or More Past Due and Accruing | Total Non-Performing Loans |
| Loans held-for-investment: | | | | | | |
| Real estate loans: | | | | | | |
| Commercial | | | | | | |
| LTV < 35% | | | | | | |
| Substandard | $ 1,699 | $ - | $ - | $ 1,699 | $ - | $ 1,699 |
| Total | 1,699 | - | - | 1,699 | - | 1,699 |
| LTV => 35% | | | | | | |
| Substandard | 13,947 | 442 | 5,565 | 19,954 | 349 | 20,303 |
| Total | 13,947 | 442 | 5,565 | 19,954 | 349 | 20,303 |
| Total commercial | 15,646 | 442 | 5,565 | 21,653 | 349 | 22,002 |
| One-to-four family residential | | | | | | |
| LTV < 60% | | | | | | |
| Special Mention | - | 19 | 229 | 248 | 119 | 367 |
| Substandard | - | 429 | - | 429 | - | 429 |
| Total | - | 448 | 229 | 677 | 119 | 796 |
| LTV => 60% | | | | | | |
| Substandard | 233 | 201 | 1,437 | 1,871 | 151 | 2,022 |
| Total | 233 | 201 | 1,437 | 1,871 | 151 | 2,022 |
| Total one-to-four family residential | 233 | 649 | 1,666 | 2,548 | 270 | 2,818 |
| Construction and land | | | | | | |
| Substandard | 2,070 | - | - | 2,070 | - | 2,070 |
| Total construction and land | 2,070 | - | - | 2,070 | - | 2,070 |
| Multifamily | | | | | | |
| LTV => 35% | | | | | | |
| Substandard | | | 279 | 279 | - | 279 |
| Total multifamily | - | - | 279 | 279 | - | 279 |
| Home equity and lines of credit | | | | | | |
| Substandard | 107 | - | 1,587 | 1,694 | - | 1,694 |
| Total home equity and lines of credit | 107 | - | 1,587 | 1,694 | - | 1,694 |
| Commercial and industrial loans | | | | | | |
| Substandard | 532 | - | 724 | 1,256 | - | 1,256 |
| | 532 | - | 724 | 1,256 | - | 1,256 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total commercial and industrial loans | | | | | | |
| Other loans | | | | | | |
| Pass | - | - | - | - | 2 | 2 |
| Total other loans | - | - | - | - | 2 | 2 |
| Total non-performing loans held-for-investment | $ 18,588 | $ 1,091 | $ 9,821 | $ 29,500 | $ 621 | $ 30,121 |
| Loans held-for-sale: | | | | | | |
| Commercial | | | | | | |
| LTV => 35% | | | | | | |
| Substandard | - | | 773 | 773 | - | 773 |
| Total commercial | - | - | 773 | 773 | - | 773 |
| One-to-four family residential | | | | | | |
| LTV => 60% | | | | | | |
| Substandard | 122 | - | 3,662 | 3,784 | - | 3,784 |
| Total one-to-four family residential | 122 | - | 3,662 | 3,784 | - | 3,784 |
| Multifamily | | | | | | |
| LTV => 35% | | | | | | |
| Substandard | - | - | 890 | 890 | - | 890 |

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

| | | | | | | |
|---|---|---|---|---|---|---|
| Total multifamily | - | - | 890 | 890 | - | 890 |
| Total non-performing loans held-for-sale | 122 | - | 5,325 | 5,447 | - | 5,447 |
| Total non-performing loans | $ 18,710 | $ 1,091 | $ 15,146 | $ 34,947 | $ 621 | $ 35,568 |

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to 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, 2013 and 2012 (in thousands).

| | December 31, 2013 | | | | |
|---|---|---|---|---|---|
| | 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 | $ 42,995 | $ - | $ 42,995 | $ - | $ 42,995 |
| Special Mention | 1,304 | - | 1,304 | - | 1,304 |
| Substandard | 1,333 | - | 1,333 | - | 1,333 |
| Total | 45,632 | - | 45,632 | - | 45,632 |
| LTV > 35% | | | | | |
| Pass | 239,544 | 928 | 240,472 | - | 240,472 |
| Special Mention | 10,927 | 1,676 | 12,603 | 335 | 12,938 |
| Substandard | 28,949 | 680 | 29,629 | 11,863 | 41,492 |
| Total | 279,420 | 3,284 | 282,704 | 12,198 | 294,902 |
| Total commercial | 325,052 | 3,284 | 328,336 | 12,198 | 340,534 |
| One-to-four family residential | | | | | |
| LTV < 60% | | | | | |
| Pass | 28,216 | 379 | 28,595 | - | 28,595 |
| Special Mention | 1,746 | 413 | 2,159 | 130 | 2,289 |
| Substandard | 269 | 515 | 784 | 604 | 1,388 |
| Total | 30,231 | 1,307 | 31,538 | 734 | 32,272 |
| LTV > 60% | | | | | |
| Pass | 27,575 | 2,666 | 30,241 | - | 30,241 |
| Special Mention | 703 | - | 703 | - | 703 |
| Substandard | 522 | 369 | 891 | 1,182 | 2,073 |
| Total | 28,800 | 3,035 | 31,835 | 1,182 | 33,017 |
| Total one-to-four family residential | 59,031 | 4,342 | 63,373 | 1,916 | 65,289 |
| Construction and land | | | | | |
| Pass | 13,458 | - | 13,458 | - | 13,458 |
| Special Mention | 595 | - | 595 | - | 595 |
| Substandard | - | - | - | 108 | 108 |
| Total construction and land | 14,053 | - | 14,053 | 108 | 14,161 |
| Multifamily | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| LTV < 35% | | | | | |
| Pass | 40,638 | 328 | 40,966 | - | 40,966 |
| Special Mention | 94 | 215 | 309 | - | 309 |
| Substandard | 821 | - | 821 | - | 821 |
| Total | 41,553 | 543 | 42,096 | - | 42,096 |
| LTV > 35% | | | | | |
| Pass | 817,923 | - | 817,923 | - | 817,923 |
| Special Mention | 6,751 | 1,115 | 7,866 | - | 7,866 |
| Substandard | 4,118 | 825 | 4,943 | 73 | 5,016 |
| Total | 828,792 | 1,940 | 830,732 | 73 | 830,805 |
| Total multifamily | 870,345 | 2,483 | 872,828 | 73 | 872,901 |
| Home equity and lines of credit | | | | | |
| Pass | 45,116 | 1 | 45,117 | - | 45,117 |
| Special Mention | 376 | 93 | 469 | - | 469 |
| Substandard | - | - | - | 1,239 | 1,239 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

| | | | | | |
|---|---|---|---|---|---|
| Total home equity and lines of credit | 45,492 | 94 | 45,586 | 1,239 | 46,825 |
| Commercial and industrial loans | | | | | |
| Pass | 7,415 | 73 | 7,488 | - | 7,488 |
| Special Mention | 962 | - | 962 | - | 962 |
| Substandard | 570 | 741 | 1,311 | 441 | 1,752 |
| Total commercial and industrial loans | 8,947 | 814 | 9,761 | 441 | 10,202 |
| Other loans | | | | | |
| Pass | 2,226 | 21 | 2,247 | 32 | 2,279 |
| Total other loans | 2,226 | 21 | 2,247 | 32 | 2,279 |
| Total loans held-for-investment | $ 1,325,146 | $ 11,038 | $ 1,336,184 | $ 16,007 | $ 1,352,191 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

| | December 31, 2013 | | | | |
|---|---|---|---|---|---|
| | Performing (Accruing) Loans | | | | |
| | 0-29 Days Past Due | 30-89 Days Past Due | Total | Non-Performing Loans | Total Loans Receivable, net |
| LTV < 60% | | | | | |
| Pass | 43,112 | 1,195 | 44,307 | - | 44,307 |
| Special Mention | 306 | 104 | 410 | - | 410 |
| Substandard | 136 | 4 | 140 | - | 140 |
| Total | 43,554 | 1,303 | 44,857 | - | 44,857 |
| LTV => 60% | | | | | |
| Pass | 13,838 | - | 13,838 | - | 13,838 |
| Special Mention | 232 | - | 232 | - | 232 |
| Substandard | 262 | - | 262 | 1,073 | 1,335 |
| Total | 14,332 | - | 14,332 | 1,073 | 15,405 |
| Total one-to-four family residential | 57,886 | 1,303 | 59,189 | 1,073 | 60,262 |
| Commercial | | | | | |
| LTV < 35% | | | | | |
| Pass | $ 2,143 | $ - | 2,143 | $ - | $ 2,143 |
| Special Mention | 189 | - | 189 | - | 189 |
| Substandard | 937 | 529 | 1,466 | - | 1,466 |
| Total | 3,269 | 529 | 3,798 | - | 3,798 |
| LTV > 35% | | | | | |
| Pass | 8,742 | 461 | 9,203 | - | 9,203 |
| Substandard | - | - | - | 252 | 252 |
| Total | 8,742 | 461 | 9,203 | 252 | 9,455 |
| Total commercial | 12,011 | 990 | 13,001 | 252 | 13,253 |
| Construction and land | | | | | |
| Substandard | 372 | - | 372 | - | 372 |
| Total construction and land | 372 | - | 372 | - | 372 |
| Multifamily | | | | | |
| LTV < 35% | | | | | |
| Pass | $ 588 | $ - | $ 588 | $ - | $ 588 |
| Substandard | 490 | - | 490 | - | 490 |
| Total | 1,078 | - | 1,078 | - | 1,078 |
| LTV => 35% | | | | | |
| Pass | 2,262 | - | 2,262 | - | 2,262 |
| Special Mention | 590 | - | 590 | - | 590 |
| Total | 2,852 | - | 2,852 | - | 2,852 |
| Total multifamily | 3,930 | - | 3,930 | - | 3,930 |
| Total loans acquired | 74,199 | 2,293 | 76,492 | 1,325 | 77,817 |
| | $ 1,399,345 | $ 13,331 | $ 1,412,676 | $ 17,332 | $ 1,430,008 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

| | December 31, 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 | $ 29,424 | $ 860 | $ 30,284 | $ - | $ 30,284 |
| Special Mention | 185 | - | 185 | - | 185 |
| Substandard | - | - | - | 1,699 | 1,699 |
| Total | 29,609 | 860 | 30,469 | 1,699 | 32,168 |
| LTV > 35% | | | | | |
| Pass | 208,908 | 2,771 | 211,679 | - | 211,679 |
| Special Mention | 22,416 | 1,105 | 23,521 | - | 23,521 |
| Substandard | 27,932 | - | 27,932 | 20,303 | 48,235 |
| Total | 259,256 | 3,876 | 263,132 | 20,303 | 283,435 |
| Total commercial | 288,865 | 4,736 | 293,601 | 22,002 | 315,603 |
| One-to-four family residential | | | | | |
| LTV < 60% | | | | | |
| Pass | 29,154 | 2,966 | 32,120 | - | 32,120 |
| Special Mention | 1,055 | - | 1,055 | 367 | 1,422 |
| Substandard | 448 | 189 | 637 | 429 | 1,066 |
| Total | 30,657 | 3,155 | 33,812 | 796 | 34,608 |
| LTV > 60% | | | | | |
| Pass | 26,963 | 1,128 | 28,091 | - | 28,091 |
| Special Mention | 384 | - | 384 | - | 384 |
| Substandard | 249 | - | 249 | 2,022 | 2,271 |
| Total | 27,596 | 1,128 | 28,724 | 2,022 | 30,746 |
| Total one-to-four family residential | 58,253 | 4,283 | 62,536 | 2,818 | 65,354 |
| Construction and land | | | | | |
| Pass | 12,377 | 159 | 12,536 | - | 12,536 |
| Special Mention | 5,137 | - | 5,137 | - | 5,137 |
| Substandard | 3,512 | - | 3,512 | 2,070 | 5,582 |
| Total construction and land | 21,026 | 159 | 21,185 | 2,070 | 23,255 |
| Multifamily | | | | | |
| LTV < 35% | | | | | |
| Pass | 19,438 | - | 19,438 | - | 19,438 |
| Special Mention | - | 115 | 115 | - | 115 |
| Substandard | 510 | - | 510 | - | 510 |
| Total | 19,948 | 115 | 20,063 | - | 20,063 |

| | | | | | |
|---|---|---|---|---|---|
| LTV > 35% | | | | | |
| Pass | 574,686 | 748 | 575,434 | - | 575,434 |
| Special Mention | 9,134 | 1,310 | 10,444 | - | 10,444 |
| Substandard | 4,909 | 340 | 5,249 | 279 | 5,528 |
| Total | 588,729 | 2,398 | 591,127 | 279 | 591,406 |
| Total multifamily | 608,677 | 2,513 | 611,190 | 279 | 611,469 |
| Home equity and lines of credit | | | | | |
| Pass | 31,482 | 44 | 31,526 | - | 31,526 |
| Special Mention | 659 | - | 659 | - | 659 |
| Substandard | - | - | - | 1,694 | 1,694 |
| Total home equity and lines of credit | 32,141 | 44 | 32,185 | 1,694 | 33,879 |
| Commercial and industrial loans | | | | | |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

| | | | | | |
|---|---|---|---|---|---|
| Pass | 10,356 | 636 | 10,992 | - | 10,992 |
| Special Mention | 753 | - | 753 | - | 753 |
| Substandard | 978 | 831 | 1,809 | 1,256 | 3,065 |
| Total commercial and industrial loans | 12,087 | 1,467 | 13,554 | 1,256 | 14,810 |
| Other loans | | | | | |
| Pass | 1,743 | 59 | 1,802 | 2 | 1,804 |
| Substandard | 26 | - | 26 | - | 26 |
| Total other loans | 1,769 | 59 | 1,828 | 2 | 1,830 |
| | $ 1,022,818 | $ 13,261 | $ 1,036,079 | $ 30,121 | $ 1,066,200 |

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NORTHFIELD BANCORP, INC.  AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

The following table summarizes impaired loans as of December 31, 2013 and 2012 (in thousands):

| | At December 31, 2013 | | |
|---|---|---|---|
| | Recorded Investment | Unpaid Principal Balance | Related Allowance |
| With No Allowance Recorded: | | | |
| Real estate loans: | | | |
| Commercial | | | |
| LTV < 35% | | | |
| Pass | $ 3,405 | $ 3,542 | $ - |
| Substandard | - | 706 | - |
| LTV => 35% | | | |
| Pass | 19,689 21,382 | 21,383 | - |
| Substandard | - | - | - |
| Construction and land | | | |
| Substandard | 108 | 91 | - |
| One-to-four family residential | | | |
| LTV < 60% | | | |
| Special Mention | 507 | 507 | - |
| Substandard | 269 | 269 | - |
| LTV => 60% | | | |
| Substandard | - | - | - |
| Multifamily | | | |
| LTV < 35% | | | |
| Substandard | 593 | 1,064 | - |
| LTV > 35% | | | |
| Substandard | - | - | - |
| Commercial and industrial loans | | | |
| Special Mention | 210 | 219 | - |
| Substandard | 853 | 1,008 | - |
| With a Related Allowance Recorded: | | | |
| Real estate loans: | | | |
| Commercial | | | |
| LTV => 35% | | | |
| Special Mention | 2,289 | 2,672 | (52) |
| Substandard | 6,810 | 6,937 | (2,333) |
| One-to-four family residential | | | |
| LTV > 60% | | | |
| Pass | - | - | - |
| Substandard | 340 | 340 | (19) |
| LTV < 60% | | | |
| Special Mention | - | - | - |
| Multifamily | | | |
| LTV => 35% | | | |

| | | | |
|---|---|---|---|
| Substandard | 1,481 | 1,481 | (117) |
| Home equity and lines of credit | | | |
| Special Mention | 342 | 342 | (7) |
| Substandard | 1,000 | 1,395 | - |
| Commercial and industrial loans | | | |
| Substandard | 441 | 485 | (104) |
| Total: | | | |
| Real estate loans | | | |
| Commercial | 32,193 | 35,240 | (2,385) |

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NORTHFIELD BANCORP, INC.  AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

| | | | |
|---|---|---|---|
| One-to-four family residential | 1,116 | 1,116 | (19) |
| Construction and land | 108 | 91 | - |
| Multifamily | 2,074 | 2,545 | (117) |
| Home equity and lines of credit | 1,342 | 1,737 | (7) |
| Commercial and industrial loans | 1,504 | 1,712 | (104) |
| | $ 38,337 | $ 42,441 | $ (2,632) |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

| | At December 31, 2012 | | |
|---|---|---|---|
| | Recorded Investment | Unpaid Principal Balance | Related Allowance |
| With No Allowance Recorded: | | | |
| Real estate loans: | | | |
| Commercial | | | |
| LTV < 35% | | | |
| Substandard | $ 1,699 | $ 1,699 | $ - |
| LTV => 35% | | | |
| Pass | 2,774 | 2,774 | - |
| Special Mention | 1,037 | 1,045 | - |
| Substandard | 24,691 | 25,897 | - |
| Construction and land | | | |
| Substandard | 2,373 | 3,031 | - |
| One-to-four family residential | | | |
| LTV < 60% | | | |
| Substandard | 49 | 49 | - |
| LTV => 60% | | | |
| Substandard | 2,841 | 4,141 | - |
| Multifamily | | | |
| LTV < 35% | | | |
| Substandard | 510 | 510 | - |
| Commercial and industrial loans | | | |
| Special Mention | 38 | 38 | - |
| Substandard | 1,527 | 1,527 | - |
| With a Related Allowance Recorded: | | | |
| Real estate loans: | | | |
| Commercial | | | |
| LTV => 35% | | | |
| Special Mention | 637 | 664 | (57) |
| Substandard | 11,645 | 12,045 | (2,696) |
| One-to-four family residential | | | |
| LTV < 60% | | | |
| Special Mention | 520 | 520 | (5) |
| Multifamily | | | |
| LTV => 35% | | | |
| Substandard | 1,640 | 2,111 | (317) |
| Home equity and lines of credit | | | |
| Special Mention | 356 | 356 | (18) |
| Substandard | 1,587 | 1,589 | (105) |
| Commercial and industrial loans | | | |
| Substandard | 491 | 491 | (417) |
| Total: | | | |
| Real estate loans | | | |
| Commercial | 42,483 | 44,124 | (2,753) |
| One-to-four family residential | 3,410 | 4,710 | (5) |

| | | | |
|---|---|---|---|
| Construction and land | 2,373 | 3,031 | - |
| Multifamily | 2,150 | 2,621 | (317) |
| Home equity and lines of credit | 1,943 | 1,945 | (123) |
| Commercial and industrial loans | 2,056 | 2,056 | (417) |
| | $ 54,415 | $ 58,487 | $ (3,615) |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

Included in the table above at December 31, 2013, are loans with carrying balances of $21.8 million that were not written down by charge-offs or for which there is no specific reserves in our allowance for loan losses. Included in the impaired loans at December 31, 2012, are loans with carrying balances of $24.9 million that were not written down by charge-offs or for which there is no specific reserves in our allowance for loan losses. Loans not written down by charge-offs or specific reserves at December 31, 2013 and 2012, have sufficient collateral values, less costs to sell (including any discounts to facilitate a sale), or sufficient future cash flows 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, 2013, 2012, and 2011 was approximately $43.9 million, $54.3 million, and $58.7 million, respectively. The Company recorded $2.0 million, $2.8 million and $2.8 million of interest income on impaired loans for the years ended December 31, 2013, 2012, and 2011, respectively.

The following tables summarize loans that were modified in a troubled debt restructuring during the year ended December 31, 2013 and 2012:

| | Year Ended December 31, 2013 | | |
|---|---|---|---|
| | Number of Relationships (in thousands) | Pre-Modification Outstanding Recorded Investment | Post-Modification Outstanding Recorded Investment |
| Troubled Debt Restructurings | | | |
| One-to-four Family | | | |
| Pass | 1 | $ 70 | $ 70 |
| Special Mention | 1 | 331 | 331 |
| Substandard | 2 | 606 | 606 |
| Total Troubled Debt Restructurings | 4 | $ 1,007 | $ 1,007 |

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

| | Year Ended December 31, 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 | $ | 6,251 | $ | 6,251 |
| One-to-four Family | | | | | |
| Substandard | 2 | 489 | | 489 | |
| Home equity and lines of credit | | | | | |
| Special Mention | 2 | 356 | | 356 | |
| Total Troubled Debt Restructurings | 5 | $ | 7,096 | $ | 7,096 |

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

At December 31, 2013 and 2012 we had troubled debt restructurings of it $1 million and $45.0 million, respectively.

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 which are not collateral dependent is inherently subjective and requires, among other things, an evaluation of the borrower's current and projected financial condition.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

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 4 loans to one borrower that were restructured during the last twelve months that subsequently defaulted.

The following table details this loan at December 31, 2013 and 2012:

| | Year Ended December 31, 2013 | | |
|---|---|---|---|
| | Number of Relationships (in thousands) | 30-89 Days Past Due | 90 Days or More Past Due |
| Commercial & Industrial | | | |
| Substandard - non-accrual | 1 | $ - | $ 441 |
| Total | 1 | - | 441 |
| CRE | | | |
| Substandard - non-accrual | 3 | - | 7,052 |
| Total | 3 | - | 7,052 |
| Total | 4 | $ - | $ 7,493 |

| | Year Ended December 31, 2012 | | |
|---|---|---|---|
| | Number of Relationships (in thousands) | Pre-Modification Outstanding Recorded Investment | Post-Modification Outstanding Recorded Investment |
| One-to-four Family | | | |
| Substandard - non-accrual | 1 | $ - | $ 256 |
| Total | 1 | $ - | $ 256 |

(6)Premises and Equipment, Net

At December 31, 2013 and 2012, premises and equipment, less accumulated depreciation and amortization, consists of the following (in thousands):

| | December 31, 2013 | 2012 |
|---|---|---|
| At cost: | | |
| Land | $ 2,026 | $ 2,036 |
| Buildings and improvements | 6,647 | 5,950 |
| Capital leases | 2,600 | 2,600 |
| Furniture, fixtures, and equipment | 18,969 | 17,299 |
| Leasehold improvements | 26,126 | 25,577 |
| | 56,368 | 53,462 |
| Accumulated depreciation and amortization | (27,311) | (23,677) |
| Premises and equipment, net | $ 29,057 | $ 29,785 |

Depreciation expense for the years ended December 31, 2013, 2012, and 2011 was $3.6 million, $2.8 million, and $2.2 million, respectively.

The Company realized a gain of $397,000 from the sale of vacant land adjacent to a branch in 2013, and no sales of premises and equipment in 2012 or 2011.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

(7)Deposits

Deposit account balances are summarized as follows (dollars in thousands):

| | December 31, 2013 Amount | Weighted Average Rate | 2012 Amount | Weighted Average Rate |
|---|---|---|---|---|
| Transaction: | | | | |
| Negotiable orders of withdrawal | $ 129,955 | 0.31% | $ 117,762 | 0.37% |
| Non-interest bearing checking | 235,355 | - | 209,639 | - |
| Total transaction | 365,310 | 0.11 | 327,401 | 0.13 |
| Savings: | | | | |
| Money market | 438,562 | 0.25 | 514,069 | 0.46 |
| Savings | 380,915 | 0.10 | 622,998 | 0.21 |
| Total savings | 819,477 | 0.18 | 1,137,067 | 0.32 |
| Certificates of deposit: | | | | |
| Under $100,000 | 172,175 | 0.83 | 251,387 | 0.96 |
| $100,000 or more | 135,727 | 1.39 | 241,005 | 1.25 |
| Total certificates of deposit | 307,902 | 1.08 | 492,392 | 1.10 |
| Total deposits | $ 1,492,689 | 0.35% | $ 1,956,860 | 0.49% |

The Company had brokered deposits (classified as certificates of deposit in the above table) of $695,000 and $664,000, at December 31, 2013 and 2012, respectively.

Scheduled maturities of certificates of deposit are summarized as follows (in thousands):

| | December 31, 2013 |
|---|---|
| 2014 | $ 215,692 |
| 2015 | 55,551 |
| 2016 | 23,020 |
| 2017 | 8,150 |
| 2018 | 4,798 |
| Thereafter | 691 |
| Total | $ 307,902 |

Interest expense on deposits is summarized as follows (in thousands):

| | December 31, 2013 | 2012 | 2011 |
|---|---|---|---|
| Negotiable order of withdrawal and money market | $ 1,956 | $ 3,226 | $ 3,624 |
| Savings-passbook and statement | 679 | 910 | 1,027 |
| Certificates of deposit | 3,866 | 5,701 | 7,600 |
| | $ 6,501 | $ 9,837 | $ 12,251 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

(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, | |
|---|---|---|
| | 2013 | 2012 |
| Repurchase agreements | $ 181,000 | $ 226,000 |
| Other borrowings: | | |
| FHLB advances | 285,661 | 188,260 |
| Floating rate advances | 2,485 | 3,394 |
| Obligations under capital leases | 1,179 | 1,468 |
| | $ 470,325 | $ 419,122 |

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 as follows (in thousands):

| | December 31, 2013 | |
|---|---|---|
| | FHLB Advances | Repurchase Agreements |
| 2014 | $ 43,168 | $ 56,000 |
| 2015 | 52,500 | 62,000 |
| 2016 | 53,910 | 55,000 |
| 2017 | 74,003 | 6,000 |
| 2018 | 62,080 | 2,000 |
| | $ 285,661 | $ 181,000 |

At December 31, 2013 repurchase agreements have a weighted average rate of 2.70%, with the exception of one repurchase agreement that matures late in the first quarter of 2014 at a rate of 2.92%, all maturing in more than 90 days. The repurchase agreements are secured primarily by mortgage-backed securities with an amortized cost of $192.7 million, and a fair value of $197.9 million, at December 31, 2013. At December 31, 2012 repurchase agreements had a weighted average rate of 3.02%, all maturing in more than 90 days. The repurchase agreements were secured primarily by mortgage-backed securities with an amortized cost of $242.4 million, and a fair value of $254.2 million, at December 31, 2012.

The Company has the ability to obtain additional funding from the FHLB and Federal Reserve Bank discount window of approximately $797.3 million, utilizing unencumbered securities of $537.4 million and multifamily loans of $308.7 million at December 31, 2013. The Company expects to have sufficient funds available to meet current commitments in the normal course of business.

Interest expense on borrowings is summarized as follows (in thousands):

| | December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Repurchase agreements | $ 6,492 | $ 8,573 | $ 11,207 |
| FHLB advances | 3,836 | 4,071 | 1,776 |
| Over-night borrowings | 10 | 27 | 20 |
| Obligations under capital leases | 109 | 136 | 159 |
| | $ 10,447 | $ 12,807 | $ 13,162 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

(9)Income Taxes

Income tax expense (benefit) consists of the following (in thousands):

| | December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Federal tax expense (benefit): | | | |
| Current | $ 12,493 | $ 10,081 | $ 8,319 |
| Deferred | (2,758) | (1,876) | (2,257) |
| | 9,735 | 8,205 | 6,062 |
| State and local tax expense (benefit): | | | |
| Current | 2,276 | 1,568 | 1,061 |
| Deferred | (1,275) | (857) | (626) |
| | 1,001 | 711 | 435 |
| Total income tax expense | $ 10,736 | $ 8,916 | $ 6,497 |

The Company recorded net deferred tax assets of approximately $1.6 million as a result of the acquisition of Flatbush Federal Bancorp at December 31, 2012. The Company recorded a deferred tax liability of approximately $2.4 million as a result of the FDIC-assisted transaction at December 31, 2011.

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, 2013, 2012, and 2011 is as follows (dollars in thousands):

| | December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Tax expense at statutory rate of 35% | $ 10,459 | $ 8,731 | $ 8,162 |
| Increase (decrease) in taxes resulting from: | | | |
| State tax, net of federal income tax | 651 | 462 | 283 |
| Bank owned life insurance | (1,262) | (1,009) | (1,041) |
| Merger related costs | - | 207 | - |
| Incentive stock options | 149 | 149 | 149 |
| Uncertain tax position | 448 | 231 | - |
| Bargain purchase gain | - | - | (1,246) |

| | | | |
|---|---|---|---|
| Other, net | 291 | 145 | 190 |
| Income tax expense | $ 10,736 | $ 8,916 | $ 6,497 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to 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, 2013 and 2012, are as follows (in thousands):

| | December 31, | |
|---|---|---|
| | 2013 | 2012 |
| Deferred tax assets: | | |
| Allowance for loan losses | $ 10,387 | $ 11,373 |
| Capitalized leases | 492 | 607 |
| Deferred compensation | 2,500 | 2,503 |
| Accrued salaries | 737 | 742 |
| Postretirement benefits | 539 | 519 |
| Equity awards | 2,686 | 2,183 |
| Unrealized actuarial losses on post retirement benefits | - | 197 |
| Straight-line leases adjustment | 1,032 | 1,024 |
| Asset retirement obligation | 102 | 102 |
| Reserve for accrued interest receivable | 1,233 | 1,806 |
| Reserve for loan commitments | 180 | 144 |
| Employee Stock Ownership Plan | 241 | 195 |
| Other | 493 | 619 |
| Depreciation | 1,259 | 582 |
| Fair value adjustments of acquired loans | 5,381 | 433 |
| Fair value adjustments of pension benefit obligations | 172 | 732 |
| Unrealized losses securities | 3,556 | - |
| Total gross deferred tax assets | 30,990 | 23,761 |
| Deferred tax liabilities: | | |
| Unrealized gains on securities – AFS | - | 12,332 |
| Unrealized actuarial gains on post retirement benefits | 478 | - |
| Fair value adjustments of acquired securities | 17 | 754 |
| Fair value adjustments of deposit liabilities | 45 | 46 |
| Deferred loan fees | 1,105 | 531 |
| Total gross deferred tax liabilities | 1,645 | 13,663 |
| Net deferred tax asset | $ 29,345 | $ 10,098 |

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 carryforward for state and local benefits expired during 2012 which resulted in the elimination of the deferred tax asset and corresponding valuation allowance. 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, 2013, and December 31, 2012, 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.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

A reconciliation of the Company's uncertain tax positions are as follows (in thousands):

| | December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Beginning balance | $ 231 | $ - | $ - |
| Additions based on tax positions related to prior years | 448 | 231 | - |
| Ending balance | $ 679 | $ 231 | $ - |

The Company recorded an additional federal tax provision of $448,000 in 2013 to increase its liability for uncertain tax positions primarily due to denied deductions identified in the federal tax filings from 2009 to 2010 as a result of the on-going Internal Revenue Service's audit over the respective tax years, related to the Company's stock offering in 2010.

The following years are open for examination or under examination:

- Federal tax filings for 2009 through present. The 2009 and 2010 filings are currently under audit.
- New York State tax filings 2010 through the present.
- New York City tax filings 2007 through the present. Currently the 2007, 2008, and 2009 filings are under examination.
- State of New Jersey 2010 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 $266,000,  $226,000, and $218,000 for the years ended December 31, 2013, 2012, and 2011, 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 2013, 2012 and 2011.

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, 2,463,884 shares of the Company's common stock in the Company's initial public offering at a price of $7.13 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, 2013 and 2012, was $13.9 million and $14.5 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 81,631 and 84,887 shares were released and allocated to participants for the ESOP years ended December 31, 2013 and 2012, respectively.  ESOP compensation expense for the year ended December 31, 2013, 2012, and 2011 was $972,000,  $856,000, and $790,000, respectively.  Cash dividends on unallocated shares are utilized to satisfy required debt payments.  Dividends on allocated shares are utilized to prepay debt which releases additional shares to participants.

Upon completion of the Company's second-step conversion, a second ESOP was offered to employees in 2013; authorized to, and did purchase, 1,422,357 shares of the Company's common stock at a price of $10.00 per share.  The purchase was funded with a loan from Northfield Bancorp, Inc. to the second ESOP.  The first payment on the loan from the ESOP to the Company was due and paid on December 31, 2013, and the outstanding balance at December 31, 2013 was $13.9 million.  The shares of the Company's common stock purchased in the second-step conversion are pledged as collateral for the loan.  Shares are released for allocation to participants as loan payments are made.  A total of 47,412 shares were released and allocated to participants for the second ESOP year ended December 31, 2013.  The second ESOP compensation expense for the year ended December 31, 2013 was $568,000.  Cash

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

dividends on unallocated shares are utilized to satisfy 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 $38,000, $25,000, and $25,000 for the years ended December 31, 2013, 2012, and 2011, 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):

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Accumulated postretirement benefit obligation beginning of year | $ 1,778 | $ 1,697 | $ 1,668 |
| Service cost | 9 | 7 | 6 |
| Interest cost | 56 | 66 | 80 |
| Actuarial (gain) loss | (455) | 115 | 47 |
| Benefits paid | (94) | (107) | (104) |
| Accumulated postretirement benefit obligation end of year | 1,294 | 1,778 | 1,697 |
| Accrued liability (included in accrued expenses and other liabilities) | $ 1,294 | $ 1,778 | $ 1,697 |

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

| | December 31, | |
|---|---|---|
| | 2013 | 2012 |
| Net (gain) loss | $ (116) | $ 376 |
| Transition obligation | 33 | 50 |
| Prior service cost | 74 | 90 |

| | | |
|---|---|---|
| (Gain) Loss recognized in accumulated other comprehensive income | $ (9) | $ 516 |

The estimated net gain, transition obligation, and prior service cost that will be amortized from accumulated other comprehensive income (loss) into net periodic cost in 2014 are $11,000, $17,000, and $25,000 respectively.

The following table sets forth the components of net periodic postretirement benefit costs for the years ended December 31, 2013, 2012, and 2011 (in thousands):

| | December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Service cost | $ 9 | $ 7 | $ 6 |
| Interest cost | 56 | 66 | 80 |
| Amortization of transition obligation | 17 | 17 | 17 |
| Amortization of prior service costs | 16 | 15 | 15 |
| Amortization of unrecognized loss | 36 | 28 | 25 |
| Net postretirement benefit cost included in compensation and employee benefits | $ 134 | $ 133 | $ 143 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

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:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Assumptions used to determine benefit obligation at period end: | | | |
| Discount rate | 4.25% | 3.25% | 4.00% |
| Rate of increase in compensation | 4.00 | 4.00 | 4.00 |
| Assumptions used to determine net periodic benefit cost for the year: | | | |
| Discount rate | 3.25 | 4.00 | 5.00 |
| Rate of increase in compensation | 4.00 | 4.00 | 4.00 |

At December 31, 2013, 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 | | One Percentage Point Decrease | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Effect on benefits earned and interest cost | $ 5 | $ 6 | $ (4) | $ (5) |
| Effect on accumulated postretirement benefit obligation | 89 | 136 | (80) | (122) |

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

| | One Percentage Point Increase | | | One Percentage Point Decrease | | |
|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2013 | 2012 | 2011 |
| Aggregate of service and interest | | | | | | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| components of net periodic cost (benefit) | $ | 5 | $ | 6 | $ | 7 | $ | (4) | $ | (5) | $ | (5) |

Benefit payments of approximately $94,000, $107,000, and $104,000 were made in 2013, 2012, and 2011, respectively. The benefits expected to be paid under the postretirement health benefits plan for the next five years are as follows: $98,000 in 2014; $101,000 in 2015; $103,000 in 2016; $105,000 in 2017 and $105,000 in 2018. The benefit payments expected to be paid in the aggregate for the years 2019 through 2023 are $505,000. The expected benefits are based on the same assumptions used to measure the Company's benefit obligation at December 31, 2013, and include estimated future employee service.

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 also maintained a defined benefit pension plan (the Plan) covering certain employees and individuals from the Merger, which was terminated in February 2014 and is further described in Note 17, Subsequent Events.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

The following tables set forth the Plan's funded status and components of postretirement benefit costs at December 31 measurement dates (in thousands):

| | 2013 | 2012 |
|---|---|---|
| Accumulated postretirement benefit obligation beginning of year | $ 7,646 | $ - |
| Service cost | - | - |
| Interest cost | 225 | 38 |
| Actuarial (gain) | (1,261) | - |
| Benefits paid | (247) | (38) |
| Acquisition | - | 7,646 |
| Accumulated postretirement benefit obligation end of year | 6,363 | 7,646 |
| Plan assets at fair value | 6,763 | 7,030 |
| Net asset (liability) | $ 400 | $ (616) |

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

| | December 31, | |
|---|---|---|
| | 2013 | 2012 |
| Net (gain) recognized in accumulated other comprehensive income | $ (1,143) | $ (109) |

The following table sets forth the components of net periodic postretirement benefit costs (in thousands):

| | December 31, | |
|---|---|---|
| | 2013 | 2012 |
| Service cost | $ - | $ - |
| Interest cost | 225 | 38 |
| Expected return on assets | (207) | $ (35) |
| Net postretirement benefit cost included in compensation and employee benefits | $ 18 | $ 3 |

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. Additionally, the assumed long-term rate-of-return-on-assets reflects historical returns earned on equities and fixed income securities, adjusted to reflect expectations of future returns as applied to the plan's target allocation of asset classes. The Company's discount rate, long-term rate-of-return on plan assets, and amortization period are as follows:

| | 2013 | 2012 |
|---|---|---|
| Assumptions used to determine benefit obligation at period end: | | |
| Discount rate | 3.75% | 3.00% |
| Assumptions used to determine net periodic benefit cost for the year: | | |
| Discount rate | 3.00 | 3.00 |
| Long term rate of return on plan assets | 3.00 | 3.00 |
| Amortization period | 8.09 | 8.09 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

The fair values of the Plan's assets by asset category are as follows:

| | Fair Value Measurements at Reporting Date Using: | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 31, 2013 (in thousands) | | Quoted Prices in Active Markets for Identical Assets (Level 1) | | Significant Other Observable Inputs (Level 2) | | Significant Unobservable Inputs (Level 3) | |
| Assets measured on a recurring basis: | | | | | | | | |
| Common / Collective Trusts - Fixed Income Market Duration Fixed (h) | $ | 1,166 | $ | - | $ | 1,166 | $ | - |
| Mutual Funds - Fixed Income Intermediate Duration (k) | 2,354 | | 2,354 | | - | | - | |
| Cash Equivalents - Money market | $ | 3,242 | $ | 3,242 | $ | - | $ | - |
| Total | $ | 6,762 | $ | 5,596 | $ | 1,166 | $ | - |

| | Fair Value Measurements at Reporting Date Using: | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 31, 2012 (in thousands) | | Quoted Prices in Active Markets for Identical Assets (Level 1) | | Significant Other Observable Inputs (Level 2) | | Significant Unobservable Inputs (Level 3) | |
| Assets measured on a recurring basis: | | | | | | | | |
| Mutual Funds - Equity | | | | | | | | |
| Large-Cap Value (a) | $ | 664 | $ | 664 | $ | - | $ | - |
| Small-Cap Core (b) | 869 | | 869 | | $ | - | $ | - |
| Large-Cap Growth (c) | 490 | | 490 | | $ | - | $ | - |
| International Core (d) | 809 | | 809 | | $ | - | $ | - |

| | | | | |
|---|---|---|---|---|
| Common / Collective Trusts - Equity | | | | |
| Large-Cap Core (e) | 778 | - | 778 | - |
| Large-Cap Value (f) | 389 | - | 389 | - |
| Large-Cap Growth (g) | 517 | - | 517 | - |
| Common / Collective Trusts - Fixed Income | | | | |
| Market Duration Fixed (h) | 2,514 | - | 2,514 | - |
| Total | $ 7,030 | $ 2,832 | $ 4,198 | $ - |

(a) This category consists of investments whose sector and industry exposures are maintained within a narrow band around Russell 1000 index. The portfolio holds approximately 150 stocks.

(b) This category contains stocks whose sector weightings are maintained within a narrow band around those of the Russell 2000 index. The portfolio will typically hold more than 150 stocks.

(c) This category consists of a mutual fund that seeks fast growth large-cap companies with sustainable franchises and positive price momentum. The portfolio holds 60- 90 stocks.

(d) This category has investments in medium to large non-U.S. companies, including high quality, durable growth companies and companies based in countries with stable economic and political systems.

(e) This fund tracks the performance of the S&P 500 Index by purchasing the securities represented in the Index in approximately the same weightings as the Index.

(f) This category contains large-cap stocks with above-average yield. The portfolio typically holds between 60 and 70 stocks.

(g) This category consists of a portfolio of between 35 and 55 stocks of fast-growing, predictable and cyclical large cap growth companies.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

(h) This category consists of an index fund that tracks the Barclays Capital U.S. Aggregate Bond Index. The fund invests in Treasury, agency, corporate, mortgage-backed and asset-backed securities.

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 $6.0 million and $4.7 million at December 31, 2013 and 2012, respectively, and is included in accrued expenses and other liabilities on the consolidated balance sheets. Expense under this plan was $963,000, $384,000, and $151,000 for the years ended December 31, 2013, 2012, and 2011, 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 director in 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, 2013 and 2012, was approximately $536,000 and $712,000, 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 4,311,796 shares of Northfield Bancorp, Inc. common stock subject to certain Plan limitations. 211,530 shares of stock remain available for issuance under the Plan as of December 31, 2013. 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 fair value of stock options granted on July 26, 2013, 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 1.39%, volatility of 35.33% and a dividend yield of 1.98%.  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, 2013, 2012, and 2011, the Company recorded,  $3.2 million,  $3.0 million and $3.0 million of stock-based compensation.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

The following table is a summary of the Company’s non-vested stock options as of December 31, 2013, and changes therein during the year 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 | 2,885,288 | $ 2.30 | $ 7.09 | 7.02 |
| Forfeited | (19,500) | 2.30 | 7.09 | - |
| Exercised | (59,876) | 2.30 | 7.09 | - |
| Outstanding-December 31, 2012 | 2,805,912 | 2.30 | 7.09 | 6.07 |
| Granted | 20,900 | 3.06 | 11.97 | 9.58 |
| Exercised | (26,507) | 2.30 | 7.09 | - |
| Outstanding-December 31, 2013 | 2,800,305 | $ 2.30 | $ 7.13 | 5.16 |
| Exercisable-December 31, 2013 | 2,285,445 | $ 2.30 | $ 7.09 | 5.16 |

Expected future stock option expense related to the non-vested options outstanding as of December 31, 2013, is $170,000 over an average period of 1.7 years.

The following is a summary of the status of the Company’s restricted shares as of December 31, 2013, and changes therein during the year then ended:

| | Number of Shares Awarded | Weighted Average Grant Date Fair Value |
|---|---|---|
| Non-vested at December 31, 2011 | 685,780 | $ 7.11 |
| Vested | (228,182) | 7.10 |
| Forfeited | (2,694) | 7.09 |
| Non-vested at December 31, 2012 | 454,904 | 7.11 |
| Granted | 13,300 | 11.97 |
| Vested | (225,595) | 7.10 |
| Forfeited | (2,526) | 7.09 |
| Non-vested at December 31, 2013 | 240,083 | $ 7.29 |

Expected future stock award expense related to the non-vested restricted awards as of December 31, 2013, is $294,000 over an average period of 2.4 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.

At December 31, 2013 and 2012, the following commitment and contingent liabilities existed that are not reflected in the accompanying consolidated financial statements (in thousands):

| | December 31, | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| Commitments to extend credit | $ | 61,277 | $ | 34,450 |
| Unused lines of credit | 46,080 | | 28,955 | |
| Standby letters of credit | $ | 604 | $ | 550 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

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, 2013 and at December 31, 2012. The Company maintains an allowance for estimated losses on commitments to extend credit in other liabilities. At December 31, 2013 and 2012, the allowance was $430,000 and $350,000, respectively, changes to the allowance are recorded as a component of other non-interest expense.

At December 31, 2013, 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 |
|---|---|---|
| Year ending December 31: | | |
| 2014 | $ 411 | $ 3,928 |
| 2015 | 269 | 3,980 |
| 2016 | 247 | 3,860 |
| 2017 | 254 | 3,738 |
| 2018 | 262 | 3,356 |
| Thereafter | 44 | 30,998 |
| Total minimum lease payments | $ 1,487 | $ 49,860 |

Net rental expense included in occupancy expense was approximately $4.2 million, $3.9 million, and $2.9 million for the years ended December 31, 2013, 2012, and 2011, 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.

During 2013 the Federal Reserve Bank abolished the cash balance on deposit requirement. Previously the Bank was 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, 2012, the Bank was required to maintain balances of $1.0 million.

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%.

NORTHFIELD BANCORP, INC.  AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

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, 2013 and December 31, 2012, 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, 2013 and 2012, for classification as a well-capitalized institution and minimum capital (dollars in thousands):

| | OCC Requirements | | | | | |
|---|---|---|---|---|---|---|
| | Actual Amount | Ratio | For Capital Adequacy Purposes Amount | Ratio | For Well Capitalized Under Prompt Corrective Action Provisions Amount | Ratio |
| As of December 31, 2013: | | | | | | |
| Tangible capital to tangible assets | $ 535,007 | 19.88% | $ 40,363 | 1.50% | $ NA | NA % |
| Tier I capital (core) (to adjusted total assets) | 535,007 | 19.88 | 107,635 | 4.00 | 134,544 | 5.00 |
| Total capital (to risk-weighted assets) | 559,187 | 28.94 | 154,570 | 8.00 | 193,213 | 10.00 |
| As of December 31, 2012: | | | | | | |
| Tangible capital to tangible assets | $ 350,562 | 12.65% | $ 41,563 | 1.50% | $ NA | NA % |
| Tier I capital (core) (to adjusted total assets) | 350,562 | 12.65 | 110,836 | 4.00 | 138,545 | 5.00 |
| Total capital (to risk-weighted assets) | 371,461 | 22.30 | 133,281 | 8.00 | 166,601 | 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, 2013 and 2012, 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.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

The following tables summarize financial assets and financial liabilities measured at fair value on a recurring basis as of December 31, 2013 and 2012, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (in thousands):

| | Fair Value Measurements at Reporting Date Using: | | | |
|---|---|---|---|---|
| | December 31, 2013 (in thousands) | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Measured on a recurring basis: | | | | |
| Assets: | | | | |
| Investment securities: | | | | |
| Available-for-sale: | | | | |
| Mortgage-backed securities | | | | |
| GSE | $ 855,571 | $ - | $ 855,571 | $ - |
| Non-GSE | 4,552 | - | 4,552 | - |
| Other securities | | | | |
| Corporate bonds | 76,452 | - | 76,452 | - |
| Equities | 510 | 510 | - | - |
| Total available-for-sale | 937,085 | 510 | 936,575 | - |
| Trading securities | 5,998 | 5,998 | - | - |
| Total | $ 943,083 | $ 6,508 | $ 936,575 | $ - |
| Measured on a non-recurring basis: | | | | |
| Assets: | | | | |
| Impaired loans: | | | | |
| Real estate loans: | | | | |
| Commercial real estate | $ 23,572 | $ - | $ - | $ 23,572 |
| One-to-four family residential mortgage | 340 | - | - | 340 |
| Construction and land | 109 | - | - | 109 |
| Multifamily | 1,579 | - | - | 1,579 |
| Home equity and lines of credit | 1,342 | - | - | 1,342 |
| Total impaired real estate loans | 26,942 | - | - | 26,942 |
| Commercial and industrial loans | 616 | - | - | 616 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Other real estate owned | 634 | | - | | - | | 634 | |
| Total | $ | 28,192 | $ | - | $ | - | $ | 28,192 |

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

| | | Fair Value Measurements at Reporting Date Using: | | |
|---|---|---|---|---|
| | December 31, 2012 (in thousands) | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Measured on a recurring basis: | | | | |
| Assets: | | | | |
| Investment securities: | | | | |
| Available-for-sale: | | | | |
| Mortgage-backed securities | | | | |
| GSE | $ 1,180,455 | $ - | $ 1,180,455 | $ - |
| Non-GSE | 7,776 | - | 7,776 | - |
| Other securities | | | | |
| Corporate bonds | 74,402 | - | 74,402 | - |
| Equities | 12,998 | 12,998 | - | - |
| Total available-for-sale | 1,275,631 | 12,998 | 1,262,633 | - |
| Trading securities | 4,677 | 4,677 | - | - |
| Total | $ 1,280,308 | $ 17,675 | $ 1,262,633 | $ - |
| Measured on a non-recurring basis: | | | | |
| Assets: | | | | |
| Impaired loans: | | | | |
| Real estate loans: | | | | |
| Commercial real estate | $ 29,109 | $ - | $ - | $ 29,109 |
| One-to-four family residential mortgage | 1,827 | - | - | 1,827 |
| Construction and land | 2,070 | - | - | 2,070 |
| Multifamily | 1,530 | - | - | 1,530 |
| Home equity and lines of credit | 1,943 | - | - | 1,943 |
| Total impaired real estate loans | 36,479 | - | - | 36,479 |
| Commercial and industrial loans | 452 | - | - | 452 |
| Other real estate owned | 870 | - | - | 870 |
| Total | $ 37,801 | $ - | $ - | $ 37,801 |

The following table presents qualitative information for Level 3 assets measured at fair value on a non-recurring basis at December 31, 2013:

| | Fair Value (in thousands) | | Valuation Methodology | Unobservable Inputs | Range of Inputs |
|---|---|---|---|---|---|
| Impaired loans | $ | 27,558 | Appraisals | Discount for costs to sell | 7.0% |
| | | | | Discount for quick sale | 10.0% - 25.0% |
| | | | Discounted cash flows | Interest rates | 1.1% - 7.5% |
| Other real estate owned | $ | 634 | Appraisals | Discount for costs to sell | 7.0% |

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 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, 2013.

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

NORTHFIELD BANCORP, INC.  AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

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, 2013, and December 31, 2012, the Company had originated impaired loans held-for-investment and held-for-sale with outstanding principal balances of $31.7 million and $43.7 million that were recorded at their estimated fair value of $27.6 million and $36.9 million, respectively.  The Company recorded impairment charges of $2.5 million and $3.6 million for the years ended December 31, 2013 and 2012, respectively, and net charge-offs of $2.3 million and $3.9 million for the years ended December 31, 2013 and 2012, 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, 2013 and 2012, the Company had assets acquired through foreclosure of $634,000 and $870,000, 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.

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.

(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 non-performing 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.

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

(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 Financial Statements – (Continued)

The estimated fair values of the Company's significant financial instruments at December 31, 2013, and 2012, are presented in the following table (in thousands):

| | December 31, 2013 | | | | |
|---|---|---|---|---|---|
| | | Estimated Fair Value | | | |
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | | |
| Cash and cash equivalents | $ 61,239 | $ 61,239 | $ - | $ - | $ 61,239 |
| Trading securities | 5,998 | 5,998 | - | - | 5,998 |
| Securities available-for-sale | 937,085 | 510 | 936,575 | - | 937,085 |
| Federal Home Loan Bank of New York stock, at cost | 17,516 | - | 17,516 | - | 17,516 |
| Loans held-for-sale | 471 | - | - | 471 | 471 |
| Net loans held-for-investment | 1,489,476 | - | - | 1,472,096 | 1,472,096 |
| Financial liabilities: | | | | | |
| Deposits | $ 1,492,689 | $ - | $ 1,495,810 | $ - | $ 1,495,810 |
| Repurchase agreements and other borrowings | 470,325 | - | 476,893 | - | 476,893 |
| Advance payments by borrowers | 6,441 | - | 6,441 | - | 6,441 |

| | December 31, 2012 | | | | |
|---|---|---|---|---|---|
| | | Estimated Fair Value | | | |
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | | |
| Cash and cash equivalents | $ 128,761 | $ 128,761 | $ - | $ - | $ 128,761 |
| Trading securities | 4,677 | 4,677 | - | - | 4,677 |
| Securities available-for-sale | 1,275,631 | 12,998 | 1,262,633 | - | 1,275,631 |
| Securities held-to-maturity | 2,220 | - | 2,309 | - | 2,309 |
| Federal Home Loan Bank of New York stock, at cost | 12,550 | - | 12,550 | - | 12,550 |
| Loans held-for-sale | 5,447 | - | - | 5,447 | 5,447 |
| Net loans held-for-investment | 1,216,558 | - | - | 1,289,599 | 1,289,599 |
| Financial liabilities: | | | | | |
| Deposits | $ 1,956,860 | $ - | $ 1,962,053 | $ - | $ 1,962,053 |
| Repurchase agreements and other borrowings | 419,122 | - | 432,719 | - | 432,719 |
| Advance payments by borrowers | 3,488 | - | 3,488 | - | 3,488 |

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 July 31, 2013, Northfield Bancorp, Inc.'s (the "Company") Board of Directors authorized the repurchase of up to 300,093 shares of common stock to fund grants of restricted stock under its 2008 Equity Incentive Plan.  The Company has received a non-objection letter from the Federal Reserve Board with respect to these repurchases, and anticipates conducting such repurchases in

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

accordance with a Rule 10b5-1 trading plan. Federal Reserve Board regulations permit a company to repurchase shares of common stock within one year of a mutual-to-stock conversion to fund an existing restricted stock plan.

As of December 31, 2012, the Company had repurchased a total of 5,417,467 shares of its common stock under its prior repurchase plans at an average price of $12.91 per share. The above shares have not been restated for the second step conversion completed on January 24, 2013, because they were retired as part of the conversion.

(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, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Net income available to common stockholders | $ 19,147 | $ 16,031 | $ 16,823 |
| Weighted average shares outstanding-basic | 54,637,680 | 54,339,467 | 56,216,794 |
| Effect of non-vested restricted stock and stock options outstanding | 922,629 | 776,213 | 626,094 |
| Weighted average shares outstanding-diluted | 55,560,309 | 55,115,680 | 56,842,888 |
| Earnings per share-basic | $ 0.35 | $ 0.30 | $ 0.30 |
| Earnings per share-diluted | $ 0.34 | $ 0.29 | $ 0.30 |

(17)Subsequent Events

On February 10, 2014, the Company terminated the Flatbush Federal Savings and Loan Association Pension Plan which resulted in the reclassification of approximately $1.0 million in gains ($600,000, net of tax) from other comprehensive income into net income.

In February of 2014, we commenced a share repurchase program. Under the program, management is authorized to repurchase up to 2,896,975 in shares in the open market or through privately negotiated transactions. We have repurchased approximately $28.6 million of common stock, representing 2,258,973 shares, under the program through

March 14, 2014.

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

(18)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, 2013 | 2012 |
|---|---|---|
| | (in thousands) | |
| Assets | | |
| Cash in Northfield Bank | $ 141,331 | $ 7,541 |
| Interest-earning deposits in other financial institutions | 224 | - |
| Investment in Northfield Bank | 547,216 | 386,324 |
| Securities available-for-sale (corporate bonds) | - | 5,173 |
| ESOP loan receivable | 27,799 | 14,525 |
| Accrued interest receivable | - | 94 |
| Other assets | 80 | 2,015 |
| Total assets | $ 716,650 | $ 415,672 |
| Liabilities and Stockholders' Equity | | |
| Total liabilities | $ 542 | $ 799 |
| Total stockholders' equity | 716,108 | 414,873 |
| Total liabilities and stockholders' equity | $ 716,650 | $ 415,672 |

Northfield Bancorp, Inc.

Condensed Statements of Comprehensive (Loss) Income

Years Ended

| | December 31, 2013 | 2012 | 2011 |
|---|---|---|---|
| | (in thousands) | | |
| Interest on ESOP loan | $ 904 | $ 490 | $ 500 |
| Interest income on deposit in Northfield Bank | 286 | 18 | 78 |
| Interest income on deposits in other financial institutions | - | - | 3 |
| Interest income on corporate bonds | 13 | 157 | 688 |
| Gain on securities transactions, net | - | - | 227 |
| Undistributed earnings of Northfield Bank | 19,157 | 16,360 | 16,503 |
| Total income | 20,360 | 17,025 | 17,999 |
| Other expenses | 1,188 | 1,249 | 952 |
| Income tax (benefit) expense | 25 | (255) | 224 |
| Total expense | 1,213 | 994 | 1,176 |
| Net income | $ 19,147 | $ 16,031 | $ 16,823 |
| Comprehensive (loss) income | | | |
| Net income | $ 19,147 | $ 16,031 | $ 16,823 |
| Other comprehensive (loss) income, net of tax | (22,881) | 761 | 6,560 |
| Comprehensive (loss) income | $ (3,734) | $ 16,792 | $ 23,383 |

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NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to Financial Statements – (Continued)

Northfield Bancorp, Inc.

Condensed Statements of Cash Flows

| | December 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| | (in thousands) | | |
| Cash flows from operating activities | | | |
| Net income | $ 19,147 | $ 16,031 | $ 16,823 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Decrease in accrued interest receivable | 94 | 1 | 410 |
| (Decrease) increase in due to Northfield Bank | (541) | (704) | (478) |
| Decrease (increase) in other assets | 1,271 | 1,394 | 57 |
| Amortization of premium on corporate bond | - | 68 | 521 |
| Gain on securities transactions, net | - | - | (227) |
| (Decrease) Increase in other liabilities | (556) | 510 | 54 |
| Undistributed earnings of Northfield Bank | (19,157) | (16,360) | (16,503) |
| Net cash provided by operating activities | 258 | 940 | 657 |
| Cash flows from investing activities | | | |
| Additional investment in Northfield Bank | (172,299) | - | - |
| Maturities of corporate bonds | 5,173 | - | - |
| Loan to ESOP | (14,224) | - | - |
| Proceeds from sale of corporate bonds | - | - | 31,068 |
| Net cash (used in) provided by investing activities | (181,350) | - | - 31,068 |
| Cash flows from financing activities | | | |
| Proceeds from sale of common stock | 344,202 | - | - |
| Principal payments on ESOP loan receivable | 950 | 430 | 437 |
| Purchase of treasury stock | (3,628) | (4,344) | (37,811) |
| Dividends paid | (26,859) | (1,722) | (3,701) |
| Merger of Northfield Bancorp, MHC | 124 | - | - |
| Exercise of stock options | 21 | - | - |
| Additional tax benefit on stock awards | 296 | - | - |
| Net cash provided by (used in) financing activities | 315,106 | (5,636) | - (41,075) |
| Net (decrease) increase in cash and cash equivalents | 134,014 | (4,696) | (9,350) |
| Cash and cash equivalents at beginning of year | 7,541 | 12,237 | 21,587 |
| Cash and cash equivalents at end of year | $ 141,555 | $ 7,541 | $ 12,237 |

NORTHFIELD BANCORP, INC. AND SUBSIDIARIES

Notes to 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, 2013 and 2012:

| | 2013 Quarter Ended | | | |
|---|---|---|---|---|
| | March 31 | June 30 | September 30 | December 31 |
| | (Dollars in thousands, except per share data) | | | |
| Selected Operating Data: | | | | |
| Interest income | $ 23,516 | $ 22,954 | $ 23,380 | $ 22,620 |
| Interest expense | 4,751 | 4,199 | 4,060 | 3,938 |
| Net interest income | 18,765 | 18,755 | 19,320 | 18,682 |
| Provision for loan losses | 277 | 417 | 817 | 416 |
| Net interest income after provision for loan losses | 18,488 | 18,338 | 18,503 | 18,266 |
| Other income | 3,256 | 1,698 | 2,588 | 2,619 |
| Other expenses | 14,366 | 13,209 | 13,309 | 12,989 |
| Income before income tax expense | 7,378 | 6,827 | 7,782 | 7,896 |
| Income tax expense | 2,586 | 2,528 | 2,682 | 2,940 |
| Net income | $ 4,792 | $ 4,299 | $ 5,100 | $ 4,956 |
| Net income per common share- basic | $ 0.09 | $ 0.08 | $ 0.09 | $ 0.09 |
| Net income per common share- diluted | $ 0.09 | $ 0.08 | $ 0.09 | $ 0.08 |

| | 2012 Quarter Ended | | | |
|---|---|---|---|---|
| | March 31 | June 30 | September 30 | December 31 |
| | (Dollars in thousands, except per share data) | | | |
| Selected Operating Data: | | | | |
| Interest income | $ 22,739 | $ 22,760 | $ 22,690 | $ 23,350 |
| Interest expense | 5,814 | 5,747 | 5,691 | 5,392 |
| Net interest income | 16,925 | 17,013 | 16,999 | 17,958 |
| Provision for loan losses | 615 | 544 | 502 | 1,875 |
| Net interest income after provision for loan losses | 16,310 | 16,469 | 16,497 | 16,083 |
| Other income | 3,975 | 1,430 | 1,710 | 1,471 |
| Other expenses | 12,642 | 11,801 | 12,028 | 12,527 |
| Income before income tax expense | 7,643 | 6,098 | 6,179 | 5,027 |
| Income tax expense | 2,695 | 2,150 | 2,285 | 1,786 |
| Net income | $ 4,948 | $ 3,948 | $ 3,894 | $ 3,241 |
| Net income per common share- basic | $ 0.10 | $ 0.07 | $ 0.07 | $ 0.06 |
| Net income per common share- diluted | $ 0.09 | $ 0.07 | $ 0.07 | $ 0.06 |

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ITEM 9.CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A.CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

John W. Alexander, our Chief Executive Officer, and William R. Jacobs, our Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) the "Exchange Act" as of December 31, 2013. Based upon their evaluation, they each found that our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fourth quarter of 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting and we identified no material weaknesses requiring corrective action with respect to those controls.

Management Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as such term is defined in Rule 13a-15(f) in the Exchange Act. The Company's internal control system is a process designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and 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 our financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, 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.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (1992). Based on our assessment we believe that, as of December 31, 2013, the Company's internal control over financial reporting is effective based on those criteria.

The Company's independent registered public accounting firm that audited the consolidated financial statements has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2013, and it is included in Item 8, under Part II of this Annual Report on Form 10-K. This report appears on page 65 of the document.

ITEM 9B.OTHER INFORMATION

None

PART III

ITEM 10.DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The sections of the Company’s definitive proxy statement for the Company’s 2014 Annual Meeting of the Stockholders (the “2014 Proxy Statement”) entitled “Proposal I-Election of Directors,” “Other Information-Section 16(a) Beneficial Ownership Reporting Compliance,” “Corporate Governance and Board Matters -Codes of Conduct and Ethics,” “Stockholder Communications,” and “Board of Directors, Leadership Structure, Role in Risk Oversight, Meetings and Standing Committees-Audit Committee” are incorporated herein by reference.

ITEM 11.EXECUTIVE COMPENSATION

The sections of the Company’s 2014 Proxy Statement entitled “Corporate Governance and Board Matters-Director Compensation,” and “Executive Compensation” are incorporated herein by reference.

ITEM 12.SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The sections of the Company’s 2014 Proxy Statement entitled “Voting Securities and Principal Holders Thereof”, “Corporate Governance and Board Matters – Equity Compensation Plans Approved by Stockholders” and “Proposal I-Election of Directors” are incorporated herein by reference.

Set forth below is information as of December 31, 2013, with respect to compensation plans (other than our employee stock ownership plan) under which equity securities of the Company are authorized for issuance.

| | Equity Compensation Plan Information | | |
|---|---|---|---|
| | Number of Securities to be Issued Upon Exercise of Outstanding Options, | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights(1) | Number of Securities Remaining Available for Future Issuance Under Stock-Based Compensation |

| | | | | |
|---|---|---|---|---|
| | Warrants and Rights | | | Plans (Excluding Securities Reflected in First Column) |
| Equity compensation plans approved by security holders | 3,040,388 | $ | 7.14 | 211,530 |
| Equity compensation plans not approved by security holders | N/A | N/A | | N/A |
| Total | 3,040,388 | $ | 7.14 | 211,530 |

ITEM 13.CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The section of the Company’s 2014 Proxy Statement entitled “Corporate Governance and Board Matters-Transactions with Certain Related Persons” is incorporated herein by reference.

ITEM 14.PRINCIPAL ACCOUNTING FEES AND SERVICES

The sections of the Company’s 2014 Proxy Statement entitled “Audit-Related Matters-Policy for Approval of Audit and Permitted Non-audit Services” and “Auditor Fees and Services” are incorporated herein by reference.

PART IV

ITEM 15.EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The following documents are filed as part of this Form 10-K.

(A) Report of Independent Registered Public Accounting Firm
(B) Consolidated Balance Sheets - at December 31, 2013, and 2012
(C) Consolidated Statements of Comprehensive (Loss) Income - Years ended December 31, 2013, 2012, and 2011
(D) Consolidated Statements of Changes in Stockholders' Equity - Years ended December 31, 2013, 2012, and 2011
(E) Consolidated Statements of Cash Flows - Years ended December 31, 2013, 2012, and 2011
(F) Notes to Consolidated Financial Statements.

(a)(2)Exhibits

3.1 Certificate of Incorporation of Northfield Bancorp, Inc. ***
3.2 Bylaws of Northfield Bancorp, Inc. ***
4 Form of Common Stock Certificate of Northfield Bancorp, Inc. ***
10.1 Amended Employment Agreement with Kenneth J. Doherty (10) †
10.2 Amended Employment Agreement with Steven M. Klein (10) †
10.3 Supplemental Executive Retirement Agreement with Albert J. Regen (1) †
10.4 Northfield Bank 2014 Management Cash Incentive Compensation Plan (4) †
10.5 Short Term Disability and Long Term Disability for Senior Management (1) †
10.6 Northfield Bank Non-Qualified Deferred Compensation Plan (3) †
10.7 Northfield Bank Non Qualified Supplemental Employee Stock Ownership Plan (3) †
10.8 Amended Employment Agreement with John W. Alexander (2) †
10.9 Amended Employment Agreement with Michael J. Widmer (2) †
10.10 Amendment to Northfield Bank Non-Qualified Deferred Compensation Plan (6) †
10.11 Amendment to Northfield Bank Non-Qualified Supplemental Employee Stock Ownership Plan (6) †
10.12 Northfield Bancorp, Inc. 2008 Equity Incentive Plan (5) †
10.13 Form of Director Non-Statutory Stock Option Award Agreement under the 2008 Equity Incentive Plan (6) †
10.14 Form of Director Restricted Stock Award Agreement under the 2008 Equity Incentive Plan (6) †
10.15 Form of Employee Non-Statutory Stock Option Award Agreement under the 2008 Equity

| | |
|---|---|
| | Incentive Plan (6) † |
| 10.16 | Form of Employee Incentive Stock Option Award Agreement under the 2008 Equity Incentive Plan (6) † |
| 10.17 | Form of Employee Restricted Stock Award Agreement under the 2008 Equity Incentive Plan (6) † |
| 10.18 | Northfield Bancorp, Inc. Management Cash Incentive Plan (7) † |
| 10.19 | Group Term Replacement Plan (9) † |
| 10.20 | Agreement and General Release with Madeline G. Frank dated March 15, 2012 (11) † |
| 10.21 | Addendum to Employment Agreement with Steven M. Klein (12) † |
| 21 | Subsidiaries of Registrant (1) |
| 23 | Consent of KPMG LLP * |
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 * |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 * |
| 32 | Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101 | The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2013, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Changes in Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to Consolidated Financial Statements. ** |

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† Management contract or compensation plan or arrangement.

* Filed herewith.

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** Furnished, not filed

*** Previously filed

(1)Incorporated by reference to the Registration Statement on Form S-1 of Northfield Bancorp, Inc. (File No. 333-143643), originally filed with the Securities and Exchange Commission on June 11, 2007.

(2)Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K, dated December 18, 2013, filed with the Securities and Exchange Commission on December 23, 2013 (File Number 001-33732).

(3)Incorporated by reference to Northfield Bancorp Inc.'s Annual Report on Form 10-K, dated December 31, 2007, filed with the Securities and Exchange Commission on March 31, 2008 (File Number 001-33732).

(4)Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K, dated January 29, 2014, filed with the Securities and Exchange Commission on January 31, 2014 (File Number 001-35791).

(5)Incorporated by reference to Northfield Bancorp Inc.'s Proxy Statement Pursuant to Section 14(a) filed with the Securities and Exchange Commission on November 12, 2008 (File Number 001-33732).

(6)Incorporated by reference to Northfield Bancorp Inc.'s Annual Report on Form 10-K, dated December 31, 2008, filed with the Securities and Exchange Commission on March 16, 2009 (File Number 001-33732).

(7)Incorporated by reference to Appendix A of Northfield Bancorp Inc.'s Definitive Proxy Statement for the 2009 Annual Meeting of Stockholders (File No. 001-33732) as filed with the Securities and Exchange Commission on April 23, 2009).

(8)Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K, dated March 25, 2009, filed with the Securities and Exchange Commission on March 27, 2009 (File Number 001-33732).

(9)Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K, dated April 28, 2010, filed with the Securities and Exchange Commission on April 29, 2010 (File Number 001-33732).

(10)Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K, dated June 26, 2013, filed with the Securities and Exchange Commission on July 2, 2013 (File Number 001-33732).

(11)Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K, dated March 15, 2012, filed with the Securities and Exchange Commission on March 15, 2012 (File Number 001-33732).

(12)Incorporated by reference to Northfield Bancorp Inc.'s Current Report on Form 8-K, dated January 28, 2013, filed with the Securities and Exchange Commission on January 30, 2013 (File Number 001-35791).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORTHFIELD BANCORP, INC.

Date:March 17, 2014 By:/s/ John W. Alexander
John W. Alexander
Chairman and Chief Executive Officer
(Duly Authorized Representative)

Pursuant to the requirements of the Securities Exchange of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| Signatures | Title | Date |
|---|---|---|
| /s/ John W. Alexander<br>John W. Alexander | Chairman and Chief Executive Officer (Principal Executive Officer) | March 17, 2014 |
| /s/ William R. Jacobs<br>William R. Jacobs | Chief Financial Officer<br>(Principal Financial and Accounting Officer) | March 17, 2014 |
| /s/ John R. Bowen<br>John R. Bowen | Director | March 17, 2014 |
| /s/ Annette Catino<br>Annette Catino | Director | March 17, 2014 |
| /s/ Gil Chapman | Director | March 17, 2014 |

Gil Chapman

| | | |
|---|---|---|
| /s/ John P. Connors, Jr | Director | |
| John P. Connors, Jr. | | March 17, 2014 |
| /s/ John J. DePierro | Director | |
| John J. DePierro | | March 17, 2014 |
| /s/ Timothy C. Harrison | Director | |
| Timothy C. Harrison | | March 17, 2014 |
| /s/ Karen J. Kessler | Director | |
| Karen J. Kessler | | March 17, 2014 |
| /s/ Steven M. Klein | Director | |
| Steven M. Klein | | March 17, 2014 |
| /s/ Susan Lamberti | Director | |
| Susan Lamberti | | March 17, 2014 |
| /s/ Frank P. Patafio | Director | |
| Frank P. Patafio | | March 17, 2014 |
| /s/ Patrick E. Scura, Jr. | Director | March 17, 2014 |
| Patrick E. Scura, Jr. | | |

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