

NORTHEAST COMMUNITY BANCORP INC
Form 10-Q
August 14, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from _____ to _____

Commission file number: 0-51852

Northeast Community Bancorp, Inc.

(Exact name of registrant as specified in its charter)

United States of America

(State or other jurisdiction of incorporation or organization)

06-1786701

(I.R.S. Employer Identification No.)

325 Hamilton Avenue, White Plains, New York **10601**
(Address of principal executive offices) (Zip
Code)

(914) 684-2500
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer Accelerated Filer
Non-accelerated Filer Smaller Reporting Company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 7, 2015, there were 12,228,802 shares of the registrant's common stock outstanding.

NORTHEAST COMMUNITY BANCORP, INC.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)**

	June 30, 2015	December 31, 2014
	(In thousands, except share and per share data)	
ASSETS		
Cash and amounts due from depository institutions	\$ 6,535	\$ 3,676
Interest-bearing deposits	25,212	30,334
Cash and cash equivalents	31,747	34,010
Certificates of deposit	150	150
Securities available-for-sale	37	40
Securities held-to-maturity (fair value of \$5,937 and \$6,805, respectively)	5,785	6,595
Loans receivable, net of allowance for loan losses of \$3,900 and \$3,816, respectively	447,361	423,445
Premises and equipment, net	11,763	11,718
Investments in restricted stock, at cost	2,024	1,933
Bank owned life insurance	21,421	21,113
Accrued interest receivable	1,658	1,453
Goodwill	749	749
Intangible assets	254	284
Other real estate owned	8,707	8,733
Other assets	5,657	5,202
Total assets	\$ 537,313	\$ 515,425
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits:		
Non-interest bearing	\$ 41,638	\$ 37,088
Interest bearing	352,316	336,964
Total deposits	393,954	374,052
Advance payments by borrowers for taxes and insurance	3,968	3,338
Federal Home Loan Bank advances	31,670	30,000
Accounts payable and accrued expenses	4,230	4,225
Total liabilities	433,822	411,615
Stockholders' equity:		

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Preferred stock, \$0.01 par value; 1,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value; 19,000,000 shares authorized; 13,225,000 shares issued; outstanding: 12,228,802 and 12,331,202 shares, respectively	132	132
Additional paid-in capital	56,971	57,007
Unearned Employee Stock Ownership Plan (“ESOP”) shares	(2,722)	(2,851)
Retained earnings	55,847	55,548
Treasury stock – at cost, 996,198 and 893,798 shares, respectively	(6,721)	(5,999)
Accumulated other comprehensive loss	(16)	(27)
Total stockholders’ equity	103,491	103,810
Total liabilities and stockholders’ equity	\$ 537,313	\$ 515,425

See Notes to Unaudited Consolidated Financial Statements

Table of Contents**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands, except share and per share data)			
INTEREST INCOME:				
Loans	\$5,235	\$4,789	\$10,358	\$9,480
Interest-earning deposits	16	5	27	9
Securities – taxable	52	74	116	147
Total Interest Income	5,303	4,868	10,501	9,636
INTEREST EXPENSE:				
Deposits	948	812	1,855	1,566
Borrowings	41	33	78	98
Total Interest Expense	989	845	1,933	1,664
Net Interest Income	4,314	4,023	8,568	7,972
PROVISION (CREDIT) FOR LOAN LOSSES	—	(217)	667	(217)
Net Interest Income after Provision (Credit) for Loan Losses	4,314	4,240	7,901	8,189
NON-INTEREST INCOME:				
Other loan fees and service charges	111	130	224	236
Earnings on bank owned life insurance	154	155	307	308
Investment advisory fees	200	196	387	399
Other	5	6	10	11
Total Non-Interest Income	470	487	928	954
NON-INTEREST EXPENSES:				
Salaries and employee benefits	1,980	2,095	4,019	4,353
Occupancy expense	315	356	722	777
Equipment	149	136	281	296
Outside data processing	285	291	571	544
Advertising	6	10	24	21
Other real estate owned expense	95	37	516	112
FDIC insurance premiums	96	121	190	248
Other	871	1,015	1,757	1,854
Total Non-Interest Expenses	3,797	4,061	8,080	8,205
Income before Provision for Income Taxes	987	666	749	938
PROVISION FOR INCOME TAXES	252	210	170	267
Net Income	\$735	\$456	\$579	\$671
Net Income per Common Share - Basic and Diluted	\$0.06	\$0.04	\$0.05	\$0.06
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	11,955	12,094	11,980	12,145
Dividends Declared per Common Share	\$0.03	\$0.03	\$0.06	\$0.06

See Notes to Unaudited Consolidated Financial Statements

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	Three Months Ended June 30, (In thousands)		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$735	\$456	\$579	\$671
Other comprehensive income:				
Unrealized loss on securities available-for-sale arising during the period	—	(2)	(1)	(2)
Defined benefit pension:				
Reclassification adjustments out of accumulated other comprehensive loss:				
Amortization of prior service cost (1)	5	5	10	11
Amortization of actuarial gain (1)	(2)	(1)	(4)	(2)
Actuarial gains arising during period	7	15	14	30
Total	10	17	19	37
Income tax effect (2)	(4)	(7)	(8)	(15)
Total other comprehensive income	6	10	11	22
Total comprehensive income	\$741	\$466	\$590	\$693

(1) Amounts are included in salaries and employees benefits in the unaudited consolidated statements of income as part of net periodic pension cost. See Note 10 for further information.

(2) Amounts are included in provision for income taxes in the unaudited consolidated statements of income.

See Notes to Unaudited Consolidated Financial Statements

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	Common Stock	Additional Paid-in Capital	Unearned ESOP Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Equity
Balance at December 31, 2013	\$ 132	\$ 57,083	\$ (3,111)	\$ 54,428	\$ (4,291)	\$ (73)	\$ 104,168
Net income	—	—	—	671	—	—	671
Other comprehensive income	—	—	—	—	—	22	22
Purchase of 190,750 shares of treasury stock	—	—	—	—	(1,390)	—	(1,390)
Cash dividend declared (\$0.06 per share)	—	—	—	(289)	—	—	(289)
ESOP shares earned	—	(36)	130	—	—	—	94
Balance – June 30, 2014	\$ 132	\$ 57,047	\$ (2,981)	\$ 54,810	\$ (5,681)	\$ (51)	\$ 103,276
Balance at December 31, 2014	\$ 132	\$ 57,007	\$ (2,851)	\$ 55,548	\$ (5,999)	\$ (27)	\$ 103,810
Net income	—	—	—	579	—	—	579
Other comprehensive income	—	—	—	—	—	11	11
Purchase of 102,400 shares of treasury stock	—	—	—	—	(722)	—	(722)
Cash dividend declared (\$0.06 per share)	—	—	—	(280)	—	—	(280)
ESOP shares earned	—	(36)	129	—	—	—	93
Balance – June 30, 2015	\$ 132	\$ 56,971					