

(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 November 9, 2012, there were 12,644,752 shares of the registrant's common stock outstanding.

Explanatory Note

In connection with the filing of this Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (“Form 10-Q”), Northeast Community Bancorp, Inc. (the “Company”) is relying on Release No. 68224 issued by the Securities and Exchange Commission (the “SEC”), titled “Order Under Section 17A and Section 36 of the Securities Exchange Act of 1934 Granting Exemptions from Specified Provisions of the Exchange Act and Certain Rules Thereunder,” which provides that filings by registrants unable to meeting filing deadlines due to Hurricane Sandy and its aftermath shall be considered timely so long as the filing is made on or before November 21, 2012, and the conditions contained therein are satisfied. The Company was unable to file its Form 10-Q on a timely basis due to the disruptions caused by Hurricane Sandy on the Company’s offices and employees, as well as the Company’s independent auditors, which are all primarily located in regions of New York and New Jersey that were impacted by Hurricane Sandy.

NORTHEAST COMMUNITY BANCORP, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

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ASSETS	
Cash and amounts due from depository institutions	\$6
Interest-bearing deposits	4
Cash and cash equivalents	4
Certificates of deposit	6
Securities available-for-sale	1
Securities held-to-maturity (fair value of \$13,647 and \$16,662, respectively)	1
Loans receivable, net of allowance for loan losses of \$5,705 and \$7,397, respectively	3
Premises and equipment, net	1
Federal Home Loan Bank of New York stock, at cost	1
Bank owned life insurance	1
Accrued interest receivable	9
Goodwill	1
Intangible assets	4
Real estate owned	-
Other assets	6
Total assets	\$4
LIABILITIES AND STOCKHOLDERS' EQUITY	
Liabilities	
Deposits:	
Non-interest bearing	\$2
Interest bearing	2
Total deposits	3
Advance payments by borrowers for taxes and insurance	4
Federal Home Loan Bank advances	1
Accounts payable and accrued expenses	3
Total liabilities	3
Stockholders' equity:	
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; 12,644,752 shares outstanding	1
Additional paid-in capital	5
Unearned Employee Stock Ownership Plan ("ESOP") shares	(

Retained earnings	5
Treasury stock – at cost, 580,248 shares	(
Accumulated other comprehensive loss	(
Total stockholders' equity	1
Total liabilities and stockholders' equity	\$4

See Notes to Consolidated Financial Statements

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

	Three Months Ended September 30, 2012		Nine Months Ended September 30, 2012	
	2011	2012	2011	2012
	(In thousands, except per share data)			
INTEREST INCOME:				
Loans	\$4,817	\$5,378	\$14,678	\$16,314
Interest-earning deposits	7	9	29	29
Securities – taxable	116	186	379	548
Total Interest Income	4,940	5,573	15,086	16,891
INTEREST EXPENSE:				
Deposits	634	1,127	2,451	3,428
Borrowings	139	161	419	482
Total Interest Expense	773	1,288	2,870	3,910
Net Interest Income	4,167	4,285	12,216	12,981
PROVISION FOR LOAN LOSSES	1,912	393	2,029	1,113
Net Interest Income after Provision for Loan Losses	2,255	3,892	10,187	11,868
NON-INTEREST INCOME:				
Other loan fees and service charges	293	96	716	244
Gain (loss) on disposition of equipment	—	15	(9)	10
Earnings on bank owned life insurance	163	149	448	442
Investment advisory fees	242	259	681	670
Other	4	(2)	10	5
Total Non-Interest Income	702	517	1,846	1,371
NON-INTEREST EXPENSES:				
Salaries and employee benefits	2,554	1,862	6,928	5,182
Occupancy expense	375	294	983	884
Equipment	219	173	577	458
Outside data processing	265	185	780	592
Advertising	81	58	194	122
FDIC insurance premiums	91	87	283	315
Other	1,219	1,072	3,485	2,579
Total Non-Interest Expenses	4,804	3,731	13,230	10,132

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Income (Loss) before Provision (Benefit) for Income Taxes	(1,847)	678	(1,197)	3,107
PROVISION (BENEFIT) FOR INCOME TAXES	(847)	211	(714)	1,081
Net Income (Loss)	\$(1,000)	\$467	\$(483)	\$2,026
Net Income (Loss) per Common Share – Basic	\$(0.08)	\$0.04	\$(0.04)	\$0.16
Weighted Average Number of Common Shares Outstanding – Basic	12,298	12,277	12,292	12,518
Dividends Declared per Common Share	\$—	\$0.03	\$0.06	\$0.09

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	Three Months Ended September 30, (In thousands)		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net income (Loss)				
Other comprehensive income (loss):	\$ (1,000)	\$ 467	\$ (483)	\$ 2,026
Pension liability – DRP, net of taxes of \$50, \$6, \$84, and \$21, respectively	(63)	8	(126)	66
Unrealized loss on securities available for sale, net of taxes of \$0	—	—	—	(1)
Total comprehensive income (loss)	\$ (1,063)	\$ 475	\$ (609)	\$ 2,091

See Notes to Consolidated Financial Statements

Table of Contents**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)****Nine Months Ended September 30, 2012 and 2011 (in thousands)**

	Common Stock	Additional Paid-in Capital	Unearned ESOP Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Equity
Balance at December 31, 2010	\$ 132	\$ 57,391	\$ (3,888)	\$ 55,335	\$ (664)	\$ (167)	\$ 108,139
Net income				2,026			2,026
Other comprehensive income						65	65
Purchase of 470,048 shares of treasury stock	—	—	—	—	(3,049)	—	(3,049)
Cash dividend declared (\$.09 per share)	—	—	—	(463)	—	—	(463)
ESOP shares earned	—	(72)	194	—	—	—	122
Balance – September 30, 2011	\$ 132	\$ 57,319	\$ (3,694)	\$ 56,898	\$ (3,713)	\$ (102)	\$ 106,840
Balance at December 31, 2011	\$ 132	\$ 57,292	\$ (3,629)	\$ 57,076	\$ (3,712)	\$ (94)	\$ 107,065
Net loss				(483)			(483)
Other comprehensive loss						(126)	(126)
Cash dividend declared (\$.06 per share)				(518)			(518)
ESOP shares earned		(83)	194				111
Balance – September 30, 2012	\$ 132	\$ 57,209	\$ (3,435)	\$ 56,075	\$ (3,712)	\$ (220)	\$ 106,049

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30, 2012 2011 (In thousands)	
Cash Flows from Operating Activities:		
Net income (loss)	\$(483)	\$2,026
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Net amortization of securities premiums and discounts, net	33	34
Provision for loan losses	2,029	1,113
Depreciation	497	515
Net amortization of deferred loan fees and costs	147	118
Amortization of intangible assets	20	45
Deferred income tax expense (benefit)	529	(228)
Accretion of discount on note payable	—	6
Retirement plan expense	303	507
(Gain) loss on disposal of equipment	9	(10)
Earnings on bank owned life insurance	(448)	(442)
ESOP compensation expense	111	122
Decrease in accrued interest receivable	537	160
Decrease in other assets	(1,006)	663
Increase (decrease) in accounts payable and accrued expenses	(2,136)	136
Net Cash Provided by Operating Activities	142	4,765
Cash Flows from Investing Activities:		
Net decrease in loans	7,211	6,684
Purchase of securities held-to-maturity	—	(984)
Principal repayments on securities available-for-sale	17	10
Principal repayments on securities held-to-maturity	3,007	3,360
Proceeds from maturities of certificates of deposit	1,992	—
Redemption of Federal Home Loan Bank of New York stock	278	251
Proceeds from disposition of equipment	—	10
Purchases of bank owned life insurance	(2,500)	—
Purchases of premises and equipment	(3,935)	(1,334)
Net Cash Provided by Investing Activities	6,070	7,997
Cash Flows from Financing Activities:		
Net increase (decrease) in deposits	(34,637)	2,448
Proceeds from FHLB of NY advances	—	10,000
Repayment of FHLB of NY advances	(5,000)	(15,000)
Purchase of treasury stock	—	(3,049)
Increase in advance payments by borrowers for taxes and insurance	661	913
Cash dividends paid to minority shareholders	(518)	(463)
Net Cash Used in Financing Activities	(39,494)	(5,151)
Net Increase (Decrease) in Cash and Cash Equivalents	(33,282)	7,611
Cash and Cash Equivalents - Beginning	82,583	44,453

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Cash and Cash Equivalents - Ending	\$49,301	\$52,064
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SUPPLEMENTARY CASH FLOWS INFORMATION

Income taxes paid	\$2,375	\$705
Interest paid	\$2,870	\$3,428

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES

Real estate owned transferred to premises and equipment	\$620	\$—
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See Notes to Consolidated Financial Statements

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NORTHEAST COMMUNITY BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION

Northeast Community Bancorp, Inc. (the “Company”) is a federally-chartered corporation organized as a mid-tier holding company for Northeast Community Bank (the “Bank”), in conjunction with the Bank’s reorganization from a mutual savings bank to the mutual holding company structure on July 5, 2006. The Bank is a New York State-chartered savings bank and completed its conversion from a federally-chartered savings bank effective as of the close of business on June 29, 2012. The accompanying unaudited consolidated financial statements include the accounts of the Company, the Bank and the Bank’s wholly owned subsidiaries, New England Commercial Properties, LLC (“NECP”) and NECB Financial Services Group, LLC. NECB Financial Services Group was formed by the Bank in the second quarter of 2012 as a complement to the Bank’s existing investment advisory and financial planning services division, Hayden Wealth Management. As of the filing of this Form 10-Q NECB Financial Services Group has not conducted any business. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements were prepared in accordance with generally accepted accounting principles for interim financial information as well as instructions for Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information or disclosures necessary for the presentation of financial position, results of operations, changes in stockholders’ equity and cash flows in conformity with accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine-month periods ended September 30, 2012 are not necessarily indicative of the results that may be expected for the full year or any other interim period. The December 31, 2011 consolidated statement of financial condition data was derived from audited consolidated financial statements, but does not include all disclosures required by U.S. generally accepted accounting principles. That data, along with the interim financial information presented in the consolidated statements of financial condition, operations, comprehensive income (loss), stockholders’ equity, and cash flows should be read in conjunction with the consolidated financial statements and notes thereto, included in the Company’s annual report on Form 10-K for the year ended December 31, 2011.

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain recorded amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimate pertains to the allowance for loan losses. In preparing these consolidated financial statements, the Company evaluated the events that occurred after September 30, 2012 and through the date these consolidated financial statements were issued.

Loans

Loans are stated at unpaid principal balances plus net deferred loan origination fees and costs less an allowance for loan losses. Interest on loans receivable is recorded on the accrual basis. An allowance for uncollected interest is established on loans where management has determined that the borrowers may be unable to meet contractual principal and/or interest obligations or where interest or principal is 90 days or more past due, unless the loans are well secured and in the process of collection. When a loan is placed on nonaccrual, an allowance for uncollected interest is established and charged against current income. Thereafter, interest income is not recognized unless the financial condition and payment record of the borrower warrant the recognition of interest income. Interest on loans that have been restructured is accrued according to the renegotiated terms, unless on non-accrual. Net loan origination fees and costs are deferred and amortized into income over the contractual lives of the related loans by use of the level yield method. Past due status of loans is based upon the contractual due date.

Allowance for Loan Losses

The allowance for loan losses represents management's estimate of losses inherent in the loan portfolio as of the statement of financial condition date and is recorded as a reduction to loans. The allowance for loan losses is increased by the provision for loan losses, and decreased by charge-offs, net of recoveries. Loans deemed to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance. All, or part, of the principal balance of loans receivable are charged off to the allowance as soon as it is determined that the repayment of all, or part, of the principal balance is highly unlikely.

The allowance for loan losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management performs a quarterly evaluation of the adequacy of the allowance. The allowance is based on the Company's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, composition of the loan portfolio, current economic conditions, and other relevant factors.

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NOTE 1 – BASIS OF PRESENTATION (Continued)

Allowance for Loan Losses (Continued)

This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available.

The allowance consists of specific and general reserves. The specific component relates to loans that are classified as impaired. For loans that are classified as impaired, a specific allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment records, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis.

The Company does not evaluate consumer or residential one- to four-family loans for impairment, unless such loans are part of a larger relationship that is impaired, or are classified as a troubled debt restructuring.

Loans whose terms are modified are classified as troubled debt restructurings if the Company grants such borrowers concessions and it is deemed that those borrowers are experiencing financial difficulty. Concessions granted under a troubled debt restructuring generally involve a temporary reduction in interest rate, a below market rate, or an extension of a loan's stated maturity date. Adversely classified, non-accrual troubled debt restructurings may be reclassified as accruing loans if principal and interest payments, under the modified terms, are current for six consecutive months after modification.

The estimated fair values of substantially all of the Company's impaired loans are measured based on the estimated fair value of the loan's collateral or discounted cash flows.

For loans secured by real estate, estimated fair values are determined primarily through in-house or third-party appraisals. When a real estate secured loan becomes impaired, a decision is made regarding whether an updated

certified appraisal of the real estate is necessary. This decision is based on various considerations, including the age of the most recent appraisal, the loan-to-value ratio based on the original appraisal and the condition of the property. Appraised values are discounted to arrive at the estimated selling price of the collateral, which is considered to be the estimated fair value. The discounts also include estimated costs to sell the property.

For loans secured by non-real estate collateral, such as accounts receivable, inventory and equipment, estimated fair values are determined based on the borrower's financial statements, inventory reports, accounts receivable aging or equipment appraisals or invoices. Indications of value from these sources are generally discounted based on the age of the financial information or the quality of the assets.

The general component covers pools of loans by loan class including loans not considered impaired, as well as smaller balance homogeneous loans, such as residential real estate and consumer loans. These pools of loans are evaluated for loss exposure based upon historical loss rates and expected loss given default derived from the Company's internal risk rating process for each of these categories of loans, adjusted for qualitative factors. These qualitative risk factors include:

- 1.Changes in policies and procedures in underwriting standards and collections.
- 2.Changes in economic conditions.
- 3.Changes in nature and volume of lending.
- 4.Experience of origination team.
- 5.Changes in past due loan volume and severity of classified assets.
- 6.Quality of loan review system.
- 7.Collateral values in general throughout lending territory.

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NOTE 1 – BASIS OF PRESENTATION (Continued)

Allowance for Loan Losses (Continued)

- 8. Concentrations of credit.
- 9. Competition, legal and regulatory issues.

Each factor is assigned a value to reflect improving, stable or declining conditions based on management's best judgment using relevant information available at the time of the evaluation. Adjustments to the factors are supported through documentation of changes in conditions in a narrative accompanying the allowance for loan loss calculation.

To help ensure that risk ratings are accurate and reflect the present and future capacity of borrowers to repay a loan as agreed, the Company has a structured loan rating process which allows for a periodic review of its loan portfolio and the early identification of potential impaired loans. Such system takes into consideration, among other things, delinquency status, size of loans, type of collateral and financial condition of the borrowers. The Company's President is ultimately responsible for the timely and accurate risk rating of the loan portfolio.

The allowance calculation methodology includes further segregation of loan classes into risk rating categories. The borrower's overall financial condition, repayment sources, guarantors and value of collateral, if appropriate, are evaluated annually for commercial loans or when credit deficiencies arise, such as delinquent loan payments, for commercial, residential and consumer loans. Credit quality risk ratings include classifications of pass, special mention, substandard, doubtful and loss. Loans criticized as special mention have potential weaknesses that deserve management's close attention. If uncorrected, the potential weaknesses may result in deterioration of the repayment prospects. Loans classified substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They include loans that are inadequately protected by the current sound net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified doubtful have all the weaknesses inherent in loans classified substandard with the added characteristic that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Loans classified as a loss are considered uncollectible and are charged to the allowance for loan losses. Loans not classified are rated pass.

In addition, banking regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses and 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, which may not be currently available to management. Based on management's comprehensive analysis of the loan portfolio, management believes the allowance for loan losses is adequate as of September 30, 2012.

NOTE 2 – EARNINGS PER SHARE

Basic earnings per common share is calculated by dividing the net income available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share is computed in a manner similar to basic earnings per common share except that the weighted average number of common shares outstanding is increased to include the incremental common shares (as computed using the treasury stock method) that would have been outstanding if all potentially dilutive common stock equivalents were issued during the period. Common stock equivalents may include restricted stock awards and stock options. Anti-dilutive shares are common stock equivalents with weighted-average exercise prices in excess of the weighted-average market value for the periods presented. The Company has not granted any restricted stock awards or stock options and, during the three and nine-month periods ended September 30, 2012 and 2011, had no potentially dilutive common stock equivalents. Unallocated common shares held by the Employee Stock Ownership Plan (“ESOP”) are not included in the weighted-average number of common shares outstanding for purposes of calculating both basic and diluted earnings per common share until they are committed to be released.

NOTE 3 – EMPLOYEE STOCK OWNERSHIP PLAN

As of December 31, 2011 and September 30, 2012, the ESOP trust held 518,420 shares of the Company’s common stock, which represents all allocated and unallocated shares held by the plan. As of December 31, 2011, the Company had allocated 129,605 shares to participants, and an additional 25,921 shares had been committed to be released. As of September 30, 2012, the Company had allocated 155,526 shares to participants, and an additional 19,441 shares had been committed to be released.

Table of Contents**NOTE 3 – EMPLOYEE STOCK OWNERSHIP PLAN (Continued)**

The Company recognized compensation expense of \$35,000 and \$42,000 during the three-month periods ended September 30, 2012 and 2011, respectively, and \$111,000 and \$122,000 during the nine-month periods ended September 30, 2012 and 2011, respectively, which equals the fair value of the ESOP shares when they became committed to be released.

NOTE 4 -Outside Director Retirement Plan (“DRP”)

Periodic expenses for the Company’s DRP were as follows:

	Three Months Ended September 30, (In thousands)		Nine Months Ended September 30,	
	2012	2011	2012	2011
Service cost	\$ 12	\$ 14	\$ 37	\$ 42
Interest cost	13	10	38	30
Amortization of prior service cost	5	5	16	15
Amortization of actuarial loss	—	1	—	4
Total	\$ 30	\$ 30	\$ 91	\$ 91

This plan is a non-contributory defined benefit pension plan covering all non-employee directors meeting eligibility requirements as specified in the plan document.

NOTE 5 – INVESTMENTS

The following tables sets forth the amortized cost and fair values of our securities portfolio at the dates indicated (in thousands):

Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
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At September 30, 2012

Securities available for sale:

Mortgage-backed securities – residential:

Federal Home Loan Mortgage Corporation	\$ 78	\$ 2	\$ —	\$ 80
Federal National Mortgage Association	50	2	—	52
Total	\$ 128	\$ 4	\$ —	\$ 132

Securities held to maturity:

Mortgage-backed securities – residential:

Government National Mortgage Association	\$9,789	\$ 445	\$ —	\$ 10,234
Federal Home Loan Mortgage Corporation	275	8	—	283
Federal National Mortgage Association	226	10	—	236
Collateralized mortgage obligations-GSE	2,768	125	—	2,893
Other	1	—	—	1
Total	\$ 13,059	\$ 588	\$ —	\$ 13,647

Table of Contents**NOTE 5 – INVESTMENTS (Continued)**

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
At December 31, 2011				
Securities available for sale:				
Mortgage-backed securities – residential:				
Federal Home Loan Mortgage Corporation	\$93	\$ 2	\$ —	\$95
Federal National Mortgage Association	52	2	—	54
Total	\$145	\$ 4	\$ —	\$149
Securities held to maturity:				
Mortgage-backed securities – residential:				
Government National Mortgage Association	\$11,884	\$ 414	\$ —	\$12,298
Federal Home Loan Mortgage Corporation	299	8	—	307
Federal National Mortgage Association	275	7	—	282
Collateralized mortgage obligations-GSE	3,640	134	—	3,774
Other	1	—	—	1
Total	\$16,099	\$ 563	\$ —	\$16,662

Contractual final maturities of mortgage-backed securities available for sale were as follows:

	September 30, 2012	
	Amortized Cost	Fair Value
	(In thousands)	
Due after five but within ten years	\$ 29	\$ 29
Due after ten years	99	103
	\$ 128	\$ 132

Contractual final maturities of mortgage-backed securities held to maturity were as follows:

	September 30, 2012	
	Amortized Cost	Fair Value
	(In thousands)	
Due after one but within five years	\$46	\$ 48
Due after five but within ten years	168	174
Due after ten years	12,845	13,425
	\$13,059	\$13,647

The maturities shown above are based upon contractual final maturity. Actual maturities will differ from contractual maturities due to scheduled monthly repayments and due to the underlying borrowers having the right to prepay their obligations.

NOTE 6 – FAIR VALUE DISCLOSURES

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The Company's securities available for sale are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets and liabilities on a non-recurring basis, such as securities held to maturity, impaired loans and other real estate owned. U.S. GAAP has established a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Table of Contents**NOTE 6 – Fair Value DISCLOSURES (Continued)**

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For financial assets measured at fair value on a recurring and non-recurring basis, the fair value measurements by level within the fair value hierarchy used are as follows:

Description	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
September 30, 2012:				
(In thousands)				
Recurring:				
Mortgage-backed securities - residential:				
Federal Home Loan Mortgage Corporation	\$80	\$ —	\$ 80	\$ —
Federal National Mortgage Association	52	—	52	—
Nonrecurring:				
Impaired loans	12,956	—	—	12,956
December 31, 2011:				
Recurring:				
Mortgage-backed securities - residential:				
Federal Home Loan Mortgage Corporation	\$95	\$ —	\$ 95	\$ —
Federal National Mortgage Association	54	—	54	—
Nonrecurring:				
Impaired loans	9,163	—	—	9,163

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis and for which the Company has utilized Level 3 inputs to determine fair value:

(In thousands)	Quantitative Information about Level 3 Fair Value Measurements			
	Fair Value Estimate	Unobservable Valuation Techniques	Input	Range
September 30, 2012:				
Impaired loans	\$12,956	Appraisal of collateral (1)	Appraisal adjustments (2)	0% to 63.0%
			Liquidation expenses (2)	2% to 8.0%

(1) Fair value is generally determined through independent appraisals of the underlying collateral, which include various level 3 inputs which are not identifiable.

Appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated (2) liquidation expenses. The range and weighted average of liquidation expenses and other appraisal adjustments are presented as a percent of the appraisal.

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NOTE 6 – Fair Value DISCLOSURES (Continued)

Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Company could have realized in a sales transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective year-ends and have not been re-evaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

The following information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company's disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair values of the Company's financial instruments at September 30, 2012 and December 31, 2011:

Cash and Cash Equivalents, Certificates of Deposit and Accrued Interest Receivable and Payable

For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Securities

Fair values for securities available for sale and held to maturity are determined utilizing Level 2 inputs. For these securities, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayments speeds, credit information and the security's terms and conditions, among other things.

Loans Receivable

Fair values are estimated for portfolios of loans with similar financial characteristics. The total loan portfolio is first divided into performing and non-performing categories. Performing loans are then segregated into adjustable and fixed rate interest terms. Fixed rate loans are segmented by type, such as construction and land development, other

loans secured by real estate, commercial and industrial loans, and loans to individuals. Certain types, such as commercial loans and loans to individuals, are further segmented by maturity and type of collateral.

For performing loans, fair value is calculated by discounting scheduled future cash flows through estimated maturity using a current market rate. The discounted value of the cash flows is reduced by a credit risk adjustment based on internal loan classifications.

For non-performing loans, fair value is calculated by first reducing the carrying value by a credit risk adjustment based on internal loan classifications, and then discounting the estimated future cash flows from the remaining carrying value at a market rate.

For impaired loans which the Company has measured and recorded impairment generally based on the fair value of the loan's collateral, fair value is generally determined based upon independent third-party appraisals of the properties. These assets are typically included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements.

FHLB of New York Stock

The carrying amount of the FHLB of New York stock is equal to its fair value, and considers the limited marketability of this security.

Deposits

The fair value of deposits with no stated maturity, such as non-interest-bearing demand deposits, money market accounts, interest checking accounts, and savings accounts is equal to the amount payable on demand. Time deposits are segregated by type, size, and remaining maturity. The fair value of time deposits is based on the discounted value of contractual cash flows. The discount rate is based on rates currently offered in the market.

Table of Contents**NOTE 6 – Fair Value DISCLOSURES (Continued)****FHLB of New York Advances**

The fair value of the FHLB advances is estimated based on the discounted value of future contractual payments. The discount rate is equivalent to the estimated rate at which the Company could currently obtain similar financing.

Off-Balance- Sheet Financial Instruments

The fair value of commitments to extend credit is estimated based on an analysis of the interest rates and fees currently charged to enter into similar transactions, considering the remaining terms of the commitments and the credit-worthiness of the potential borrowers. At September 30, 2012 and December 31, 2011, the estimated fair values of these off-balance-sheet financial instruments were immaterial.

The carrying amounts and estimated fair values of the Company's financial instruments are as summarized below:

(In thousands)	Carrying Amount	Fair Value Estimate	Fair Value at September 30, 2012		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets					
Cash and cash equivalents	\$49,301	\$49,301	\$49,301	\$ —	\$ —
Certificates of deposit	648	648	648	—	—
Securities available for sale	132	132	—	132	—
Securities held to maturity	13,059	13,647	—	13,647	—
Loans receivable	341,507	354,643	—	—	354,643
FHLB of New York stock	1,355	1,355	1,355	—	—
Accrued interest receivable	962	962	962	—	—
Financial Liabilities					
Deposits, including accrued interest	318,999	320,932	179,670	141,262	—
FHLB of New York advances	15,000	15,370	—	15,370	—

(In thousands)	December 31, 2011	
	Carrying Amount	Fair Value Estimate
Financial assets:		
Cash and cash equivalents	\$82,583	\$ 82,583
Certificates of deposit	2,640	2,640
Securities available for sale	149	149
Securities held to maturity	16,099	16,662
Loans receivable	350,894	361,974
FHLB of New York stock	1,633	1,633
Accrued interest receivable	1,499	1,499
Financial liabilities:		
Deposits, including accrued interest	353,636	356,950
FHLB of New York advances	20,000	20,686

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NOTE 7 – LOANS RECEIVABLE AND THE ALLOWANCE FOR LOAN LOSSES

The following is a breakdown of the loan portfolio by segment, and classes under those segments where applicable:

	September 30, 2012	December 31, 2011
(In thousands)		
Residential real estate:		
One-to four-family	\$7,611	\$ 627
Multi-family	182,545	189,253
Mixed use	43,209	51,229
	233,365	241,109
Non-residential real estate	88,399	83,602
Construction	338	9,065
Commercial and industrial	24,406	23,725
Consumer	77	68
Total Loans	346,585	357,569
Allowance for loan losses	(5,705)	(7,397)
Deferred loan fees and costs	627	722
Net Loans	\$341,507	\$ 350,894

The following is an analysis of the allowance for loan losses:

At and for the Nine Months Ended September 30, 2012 (in thousands)

	Residential Real Estate	Non- residential Real Estate	Construction	Commercial and Industrial	Consumer	Total
Allowance for loan losses:						
Beginning balance	\$3,781	\$1,596	\$1,724	\$296	\$—	\$7,397
Charge-offs	(1,258)	(764)	(1,715)	—	—	(3,737)
Recoveries	16	—	—	—	—	16
Provision	1,573	466	(9)	(1)	—	2,029

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Ending balance	\$4,112	\$1,298	\$—	\$295	\$—	\$5,705
Ending balance: individually evaluated for impairment	\$1,535	\$377	\$—	\$—	\$—	\$1,912
Ending balance: collectively evaluated for impairment	\$2,577	\$921	\$—	\$295	\$—	\$3,793
Loans receivable:						
Ending balance	\$233,365	\$88,399	\$338	\$24,406	\$77	\$346,585
Ending balance: individually evaluated for impairment	\$9,817	\$13,506	\$—	\$1,750	\$—	\$25,073
Ending balance: collectively evaluated for impairment	\$223,548	\$74,893	\$338	\$22,656	\$77	\$321,512

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NOTE 7 – LOANS RECEIVABLE AND THE ALLOWANCE FOR LOAN LOSSES (Continued)

For the Three Months Ended September 30, 2012 (in thousands)

	Residential Real Estate	Non- residential Real Estate	Construction	Commercial and Industrial	Consumer	Total
Allowance for loan losses:						