

NORTHEAST BANCORP /ME/  
Form 10-Q  
February 14, 2013  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**Quarterly Report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934**

**For the quarterly period ended December 31, 2012**

**Commission File Number: 1-14588**

**Northeast Bancorp**

(Exact name of registrant as specified in its charter)

**Maine**

(State or other jurisdiction of incorporation or organization)

**01-0425066**

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

**500 Canal Street, Lewiston, Maine**

(Address of Principal executive offices)

**04240**

(Zip Code)

**(207) 786-3245**

Registrant's telephone number, including area code

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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 subjected 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 (§232.405 of this chapter) 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 "accelerated filer", "large 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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of January 31, 2013, the registrant had outstanding 9,467,372 shares of voting common stock, \$1.00 par value per share and 916,069 shares of non-voting common stock, \$1.00 par value per share.

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## PART 1- FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

**NORTHEAST BANCORP AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(Dollars in thousands, except share and per share data)

	December 31, 2012	June 30, 2012
<b>Assets</b>		
Cash and due from banks	\$ 3,284	\$ 2,538
Short-term investments	124,328	125,736
Total cash and cash equivalents	127,612	128,274
Available-for-sale securities, at fair value	133,363	133,264
Loans held for sale	8,262	9,882
Loans	392,583	356,254
Less: Allowance for loan losses	875	824
Loans, net	391,708	355,430
Premises and equipment, net	10,434	9,205
Repossessed collateral, net	2,633	834
Accrued interest receivable	2,068	1,840
Federal Home Loan Bank stock, at cost	4,602	4,602
Federal Reserve Bank stock, at cost	871	871
Intangible assets, net	3,957	4,487
Bank owned life insurance	14,148	14,295
Other assets	5,052	6,212
Total assets	\$ 704,710	\$ 669,196
<b>Liabilities and Stockholders Equity</b>		
<b>Liabilities</b>		
<b>Deposits</b>		
Demand	\$ 48,136	\$ 45,323
Savings and interest checking	86,231	90,204
Money market	58,351	45,024
Time deposits	308,800	241,637
Total deposits	501,518	422,188
Federal Home Loan Bank advances	43,213	43,450
Structured repurchase agreements	25,637	66,183
Short-term borrowings	1,570	1,209
Junior subordinated debentures issued to affiliated trusts	8,186	8,106

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Capital lease obligation	1,827	1,911
Other liabilities	7,828	7,010
Total liabilities	589,779	550,057
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$1.00 par value, 1,000,000 shares authorized; no shares issued and outstanding at December 31, 2012; 4,227 shares issued and outstanding at June 30, 2012; liquidation preference of \$1,000 per share	0	4
Voting common stock, \$1.00 par value, 25,000,000 and 13,500,000 shares authorized at December 31, 2012 and June 30, 2012, respectively; 9,467,372 and 9,307,127 issued and outstanding at December 31, 2012 and June 30, 2012, respectively	9,467	9,307
Non-voting common stock, \$1.00 par value, 3,000,000 and 1,500,000 shares authorized at December 31, 2012 and June 30, 2012, respectively; 916,069 and 1,076,314 issued and outstanding at December 31, 2012 and June 30, 2012, respectively	916	1,076
Warrants to purchase common stock	0	406
Additional paid-in capital	92,570	96,080
Unearned restricted stock	(109)	(127)
Retained earnings	12,534	12,235
Accumulated other comprehensive (loss) income	(447)	158
Total stockholders' equity	114,931	119,139
Total liabilities and stockholders' equity	\$ 704,710	\$ 669,196

*The accompanying notes are an integral part of these unaudited consolidated financial statements.*

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(Unaudited)

(Dollars in thousands, except share and per share data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
<b>Interest and dividend income:</b>				
Interest on loans	\$ 8,267	\$ 5,874	\$ 15,608	\$ 11,011
Interest on available-for-sale securities	348	541	695	1,180
Other interest and dividend income	109	57	198	116
Total interest and dividend income	8,724	6,472	16,501	12,307
<b>Interest expense:</b>				
Deposits	1,028	836	2,006	1,673
Federal Home Loan Bank advances	259	258	518	516
Structured repurchase agreements	161	249	380	497
Short-term borrowings	5	3	11	8
Junior subordinated debentures issued to affiliated trusts	191	185	384	368
Obligation under capital lease agreements	23	25	47	51
Total interest expense	1,667	1,556	3,346	3,113
<b>Net interest and dividend income before provision for loan losses</b>				
provision for loan losses	7,057	4,916	13,155	9,194
Provision for loan losses	247	134	475	534
Net interest and dividend income after provision for loan losses	6,810	4,782	12,680	8,660
<b>Noninterest income:</b>				
Fees for other services to customers	462	370	772	710
Net securities gains	0	433	792	380
Gain on sales of loans held for sale	914	770	1,670	1,426
Gain on sales of portfolio loans	998	203	998	203
Gain recognized on repossessed collateral, net	0	73	451	50
Investment commissions	799	704	1,474	1,391
Bank-owned life insurance income	358	126	481	253
Other noninterest income	13	13	56	57
Total noninterest income	3,544	2,692	6,694	4,470
<b>Noninterest expense:</b>				
Salaries and employee benefits	4,413	3,729	8,470	7,446
Occupancy and equipment expense	1,147	916	2,225	1,765
Professional fees	399	277	822	692
Data processing fees	284	289	552	563
Marketing expense	252	254	439	345
Loan acquisition and collection expense	479	288	933	570
FDIC insurance premiums	122	122	239	239
Intangible asset amortization	265	337	530	673
Other noninterest expense	771	665	1,425	1,237

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Total noninterest expense	8,132	6,877	15,635	13,530
Income (loss) from continuing operations before income tax expense (benefit)	2,222	597	3,739	(400)
Income tax expense (benefit)	705	179	1,189	(224)
Net income (loss) from continuing operations	\$ 1,517	\$ 418	\$ 2,550	\$ (176)
Discontinued operations:				
Income from discontinued operations	\$ 0	\$ 0	\$ 0	\$ 186
Gain on sale of discontinued operations	0	0	0	1,529
Income tax expense	0	0	0	592
Net income from discontinued operations				