

First Federal of Northern Michigan Bancorp, Inc.  
Form 10-Q  
November 14, 2014

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q**

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

**For the quarterly period ended September 30, 2014**

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-31957

**FIRST FEDERAL OF NORTHERN MICHIGAN BANCORP, INC.**

(Exact name of registrant as specified in its charter)

<b>Maryland</b> (State or other jurisdiction of incorporation or organization)	<b>32-0135202</b> (I.R.S. Employer Identification No.)
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<b>100 S. Second Avenue, Alpena, Michigan</b> (Address of principal executive offices)	<b>49707</b> (Zip Code)
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Registrant's telephone number, including area code: **(989) 356-9041**

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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 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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

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

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date.

Common Stock, Par Value \$0.01	Outstanding at November 13, 2014
(Title of Class)	3,727,014 shares

**FIRST FEDERAL OF NORTHERN MICHIGAN BANCORP, INC.**

**FORM 10-Q**

**Quarter Ended September 30, 2014**

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When used in this Form 10-Q or future filings by First Federal of Northern Michigan Bancorp, Inc. (the "Company") with the Securities and Exchange Commission ("SEC"), in the Company's press releases or other public or stockholder communications, or in oral statements made with the approval of an authorized executive officer, the words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made, and to advise readers that various factors, including regional and national economic conditions, changes in levels of market interest rates, credit and other risks of lending and investment activities and competitive and regulatory factors, could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from those anticipated or projected.

The Company does not undertake, and specifically disclaims any obligation, to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements.

**PART I - FINANCIAL INFORMATION****ITEM 1 - FINANCIAL STATEMENTS****First Federal of Northern Michigan Bancorp, Inc. and Subsidiaries****Consolidated Balance Sheet**

	September 30, 2014 (Unaudited)	December 31, 2013
<b>ASSETS</b>		
Cash and cash equivalents:		
Cash on hand and due from banks	\$6,980,433	\$2,760,010
Overnight deposits with FHLB	60,998	5,823
Total cash and cash equivalents	7,041,431	2,765,833
Securities AFS	115,259,801	50,358,175
Securities HTM	2,215,000	2,255,000
Loans held for sale	1,227,675	175,400
Loans receivable, net of allowance for loan losses of \$1,464,275 and \$1,471,622 as of September 30, 2014 and December 31, 2013, respectively	163,357,644	136,314,964
Foreclosed real estate and other repossessed assets	2,885,686	1,780,058
Federal Home Loan Bank stock, at cost	3,422,800	3,266,100
Premises and equipment	6,255,347	5,203,301
Assets held for sale	530,707	—
Accrued interest receivable	1,058,766	744,730
Intangible assets	1,349,723	39,732
Deferred tax asset	1,014,412	798,163
Originated mortgage servicing rights	735,590	860,024
Bank owned life insurance	4,697,415	4,610,070
Other assets	871,270	485,234
<b>Total assets</b>	<b>\$311,923,267</b>	<b>\$209,656,784</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Deposits	\$258,506,307	\$160,029,115
Advances from borrowers for taxes and insurance	279,230	151,254
Federal Home Loan Bank Advances	21,768,864	24,813,409

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Accrued expenses and other liabilities	1,396,177	1,138,324
Total liabilities	281,950,578	186,132,102
Stockholders' equity:		
Common stock (\$0.01 par value 20,000,000 shares authorized) 4,034,764 and 3,191,799 issued and outstanding as of September 30, 2014 and December 31, 2013, respectively.	40,348	31,918
Additional paid-in capital	28,264,216	23,853,891
Retained earnings	4,520,179	2,763,242
Treasury stock at cost (307,750 shares) at September 30, 2014 and December 31, 2013	(2,963,918	) (2,963,918 )
Accumulated other comprehensive income (loss)	111,864	(160,451 )
Total stockholders' equity	29,972,689	23,524,682
Total liabilities and stockholders' equity	\$311,923,267	\$209,656,784

See accompanying notes to consolidated financial statements.

**First Federal of Northern Michigan Bancorp, Inc. and Subsidiaries**

**Consolidated Statement of Operations and Comprehensive Income**

	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2014	2013	2014	2013
	(Unaudited)		(Unaudited)	
Interest income:				
Interest and fees on loans	\$1,933,858	\$1,786,663	\$5,335,249	\$5,429,925
Interest and dividends on investments				
Taxable	217,162			