

Howard Hughes Corp  
Form SC 13D/A  
December 21, 2012

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934 (Amendment No. 2)

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The Howard Hughes Corporation  
(Name of Issuer)

COMMON STOCK, \$0.01 PAR VALUE PER SHARE  
(Title of Class of Securities)

44267D107  
(CUSIP Number)

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Cai Zhiwei  
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December 19, 2012  
(Date of Event Which Requires Filing of This Statement)

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If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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SCHEDULE 13D

NAMES OF REPORTING PERSONS

1 China Investment Corporation

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2 (a)   
(b)

3 SEC USE ONLY

SOURCE OF FUNDS

4 WC

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

5   
6 CITIZENSHIP OR PLACE OF ORGANIZATION

People's Republic of China

SOLE VOTING POWER

7

0

NUMBER OF  
SHARES

SHARED VOTING POWER

BENEFICIALLY

8

3,546,661\*

OWNED BY  
EACH

SOLE DISPOSITIVE POWER

REPORTING

9

0

PERSON  
WITH

SHARED DISPOSITIVE POWER

10

3,546,661\*

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

11 3,546,661\*

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13 9.0%\*

TYPE OF REPORTING PERSON

14 CO

\* By virtue of certain voting rights, the Reporting Person may be deemed to share beneficial ownership of these shares of Common Stock. See Item 5.

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SCHEDULE 13D

NAMES OF REPORTING PERSONS

1 Stable Investment Corporation

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2 (a)   
 (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

People's Republic of China

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

3,546,661\*

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

3,546,661\*

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

3,546,661\*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.0%\*

14 TYPE OF REPORTING PERSON

CO

\* By virtue of certain voting rights, the Reporting Person may be deemed to share beneficial ownership of these shares of Common Stock. See Item 5.

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SCHEDULE 13D

NAMES OF REPORTING PERSONS

1 Best Investment Corporation

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2 (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

People's Republic of China

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

3,546,661\*

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

3,546,661\*

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

3,546,661\*

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.0%\*

14 TYPE OF REPORTING PERSON

CO

\* By virtue of certain voting rights, the Reporting Person may be deemed to share beneficial ownership of these shares of Common Stock. See Item 5.

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Pursuant to Rule 13d-2 promulgated under the Act, this Schedule 13D/A (this “Amendment No. 2”) amends the Schedule 13D filed on November 19, 2010 (the “Original Schedule 13D”) and amended on November 14, 2012 (“Amendment No. 1” and, together with the Original Schedule 13D and Amendment No. 1, the “Schedule 13D”). This Amendment No. 2 relates to the common stock, \$0.01 par value per share (the “Common Stock”), of The Howard Hughes Corporation, a Delaware corporation (the “Company”).

Item 5. Interest in Securities of the Issuer

Item 5(a)-(c) of the Schedule 13D is hereby amended in its entirety as follows:

(a)-(b) As of the close of business on December 19, 2012, the Investment Vehicles directly held and beneficially owned the shares of Common Stock indicated on the following table. Each of the Investment Vehicles shares voting and investment power as indicated in the paragraphs below the table. All calculations of percentages of beneficial ownership in this Item 5 and elsewhere in this Schedule 13D are based on 39,498,912 shares of Common Stock outstanding, which includes the 37,973,640 shares of Common Stock reported as outstanding as of November 5, 2012 by the Company in its Form 10-Q filed with the Securities and Exchange Commission on November 9, 2012 plus the 1,525,272 shares of Common Stock issued to the Investment Vehicles pursuant to the terms of the Warrant Purchase Agreement as set forth in Item 4 in Amendment No. 1.

Investment Vehicle	Common Stock	Beneficial Ownership
BRH HHC	1,154,339	2.92%
BRH II	792,109	2.01%
BRH III	908,593	2.30%
BRH IV-A	105,051	0.27%
BRH IV-B (1)	209,677	0.53%
BRH IV-C (1)	70,247	0.18%
BRH IV-D	70,247	0.18%
BRH V	236,398	0.60%
Total:	3,546,661	9.0%

(1) The shares of Common Stock are held directly by Brookfield US Retail Holdings LLC. Pursuant to the BRH IV-B Agreement and BRH IV-C Agreement, as applicable, the applicable Investment Vehicle shares investment and voting power (but not with Brookfield US Retail Holdings LLC) over the shares of Common Stock held directly by Brookfield US Retail Holdings LLC.

The Reporting Person has no sole voting or investment power with respect to any shares of Common Stock.

By virtue of (i) the ability of Stable and Best under the Operating Agreement of BRH III to appoint and remove the members of the board of directors of BRH III and (ii) the ability of the board of directors of BRH III, which owns more than 14% of the aggregate ownership interests held by all Tier One Parallel Investment Vehicles, to direct BAM Canada on behalf of BRH III to veto any action requiring a hyper-majority vote under the Voting Agreement (including voting decisions and material dispositions of Common Stock by the Investment Vehicles), Stable and Best may be deemed to share beneficial ownership of the Common Stock held by each of the Investment Vehicles with the Other Filers (as defined below). By virtue of CIC being the parent of CIC International, which is the parent of both Stable and Best, CIC may be deemed to share beneficial ownership of the Common Stock held by each of the Investment Vehicles. Additionally, by virtue of the various agreements and arrangements described in this Schedule 13D, the Reporting Persons may be deemed to be members of a “group” with the Investment Vehicles and Brookfield

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Asset Management Inc., Partners Limited, Brookfield Holdings Canada Inc., Brookfield Asset Management Private Institutional Capital Adviser (Canada) LP, Brookfield Private Funds Holdings Inc., Brookfield US Holdings Inc., Brookfield US Corporation, and Future Fund Board of Guardians (collectively, the "Other Filers") with respect to the shares of Common Stock held by the Investment Vehicles as well as any other shares of Common Stock beneficially owned by such Other Filers. None of the Investment Vehicles or the Other Filers is a Reporting Person on this Schedule 13D, and any obligations any of them may have under Section 13(d) of the Act would have to be satisfied on one or more separate filings. Each Reporting Person expressly disclaims, to the extent permitted by applicable law, beneficial ownership of the shares reported herein as well as any other shares of Common Stock beneficially owned by the Other Filers.

(c) None of the Reporting Persons, nor, to their knowledge, any of the Scheduled Persons, has effected any transaction in Common Stock since the filing of Amendment No. 1 other than the transactions set forth below:

Date	Investment Vehicle	Number of Shares Sold	Weighted Average Sale Price
11/29/12 <del>1</del>	BRH HHC	52,120	\$73.6049
	BRH II	35,765	\$73.6049
	BRH III	41,025	\$73.6049
	BRH IV-A	4,743	\$73.6049
	BRH IV-B (1)	9,467	\$73.6049
	BRH IV-C (1)	3,172	\$73.6049
	BRH IV-D	3,172	\$73.6049
	BRH V	10,674	\$73.6049
12/3/12 <del>2</del>	BRH HHC	3,894	\$73.2737
	BRH II	2,672	\$73.2737
	BRH III	3,065	\$73.2737
	BRH IV-A	354	\$73.2737
	BRH IV-B (1)	707	\$73.2737
	BRH IV-C (1)	237	\$73.2737
	BRH IV-D	237	\$73.2737
	BRH V	797	\$73.2737
12/4/12 <del>3</del>	BRH HHC	8,137	\$72.7639
	BRH II	5,583	\$72.7639
	BRH III	6,405	\$72.7639
	BRH IV-A	740	\$72.7639
	BRH IV-B (1)	1,478	\$72.7639
	BRH IV-C (1)	495	\$72.7639
	BRH IV-D	495	\$72.7639
	BRH V	1,666	\$72.7639
12/5/12 <del>4</del>	581,206		

Activity in the allowance for loan losses is as follows:

	<b>At or for the three months ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
Beginning balance	\$8,778	5,636
Provision for loan losses	1,644	598
Charge-offs- construction and land loans	(595)	

Ending balance	\$9,827	6,234
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The following tables summarize impaired loans (in thousands):

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**NORTHFIELD BANCORP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Table dollar amounts in thousands, except share amounts)  
(unaudited)

	<b>March 31, 2009</b>		
	<b>Recorded</b>	<b>Allowance</b>	<b>Net</b>
	<b>Investment</b>	<b>for Loan</b>	<b>Investment</b>
		<b>Losses</b>	
Non-accruing loans	\$ 9,582	(541)	9,041
Non-accruing trouble debt restructured loans	9,650		9,650
Accruing trouble debt restructured loans	2,414	(53)	2,361
<b>Total impaired loans</b>	<b>\$ 21,646</b>	<b>(594)</b>	<b>21,052</b>

	<b>December 31, 2008</b>		
	<b>Recorded</b>	<b>Allowance</b>	<b>Net</b>
	<b>Investment</b>	<b>for Loan</b>	<b>Investment</b>
		<b>Losses</b>	
Non-accruing loans	\$ 5,679	(185)	5,494
Non-accruing trouble debt restructured loans	950	(125)	825
<b>Total impaired loans</b>	<b>\$ 6,629</b>	<b>(310)</b>	<b>6,319</b>

The average balance of impaired loans was \$14.1 million for the three months ending March 31, 2009. The Company recorded \$10,000 and \$0 of interest income on impaired loans for the three months ending March 31, 2009, and 2008, respectively.

Included in loans held-for-investment, net, are loans for which the accrual of interest income has been discontinued due to deterioration in the financial condition of the borrowers. The principal amount of these nonaccrual loans (including non-accruing impaired loans from tables above) was \$22.8 million and \$9.5 million at March 31, 2009, and December 31, 2008, respectively. Loans past due 90 days or more past maturity and still accruing interest were \$1.3 million and \$137,000 at March 31, 2009, and December 31, 2008, respectively. All such loans are past maturity but are paying in accordance with their pre-maturity terms, and are considered well secured and in the process of collection. The Company has commitments of approximately \$2.7 million to lend additional funds to borrowers whose loans are on nonaccrual status or who are past due 90 days or more and still accruing interest. These commitments will be used to fund completion of construction developments. The funding will coincide with sign commitments for the purchase of completed homes.

**Note 6 Deposits**

Deposits are as follows:

	<b>March 31,</b>	<b>December 31,</b>
	<b>2009</b>	<b>2008</b>
Non-interest-bearing demand	\$ 102,974	93,170
Interest-bearing negotiable orders of withdrawal (NOW)	66,237	64,382
Savings-passbook, statement, tiered, and money market	468,779	449,302

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Certificates of deposit	476,501	417,585
	\$ 1,114,491	1,024,439

Interest expense on deposit accounts is summarized as follows for the periods indicated:

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**NORTHFIELD BANCORP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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	<b>Three months ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
Negotiable order of withdrawal	\$ 299	302
Savings-passbook, statement, tiered, and money market	1,337	602
Certificates of deposit	3,321	3,881
	<b>\$4,957</b>	<b>4,785</b>

**Note 7 Other Postretirement Benefits**

The following table sets forth the components of net periodic postretirement benefit costs:

	<b>Three months ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
Service cost	\$ 1	1
Interest cost	24	24
Amortization of transition obligation	4	4
Amortization of prior service costs	4	4
Amortization of unrecognized loss (gain)	4	5
	<b>\$37</b>	<b>38</b>

**Note 8 Fair Value Measurements**

The following table presents the assets reported on the consolidated balance sheet at their estimated fair value as of March 31, 2009, by level within the fair value hierarchy as required by Statement of Financial Accounting Standards ( SFAS ) No. 157, Fair Value Measurements. 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.

The following tables summarize financial assets and financial liabilities measured at fair value on a recurring basis as of March 31, 2009, and December 31, 2008, respectively, segregated by the level of the valuation inputs within the

fair value hierarchy utilized to measure fair value:

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**NORTHFIELD BANCORP, INC.**  
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(Table dollar amounts in thousands, except share amounts)  
(unaudited)

		<b>Fair Value Measurements at Reporting Date</b>		
		<b>Using:</b>		
		<b>Quoted Prices in Active Markets for Identical Assets  (Level 1)</b>	<b>Significant Other Observable Inputs  (Level 2)</b>	<b>Significant Unobservable Inputs  (Level 3)</b>
	<b>March 31, 2009</b>			
Assets:				
Investment securities:				
Available-for-sale:				
Mortgage-backed securities	\$ 936,610	\$	\$ 936,610	\$
Corporate bonds	17,486		17,486	
Equities	25,983	25,983		
Total available-for-sale	980,079	25,983	954,096	
Trading securities	2,522	2,522		
Total	\$ 982,601	\$ 28,505	\$ 954,096	\$

		<b>Fair Value Measurements at Reporting Date</b>		
		<b>Using:</b>		
		<b>Quoted Prices in Active Markets for Identical Assets  (Level 1)</b>	<b>Significant Other Observable Inputs  (Level 2)</b>	<b>Significant Unobservable Inputs  (Level 3)</b>
	<b>December 31, 2008</b>			
Assets:				
Investment securities:				
Available-for-sale:				
Mortgage-backed securities	\$ 931,209	\$	\$ 931,209	\$
Corporate bonds	17,351		17,351	
Equities	9,025	9,025		
Total available-for-sale	957,585	9,025	948,560	
Trading securities	2,498	2,498		



Total	\$	960,083	\$	11,523	\$	948,560	\$
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**Available -for- Sale Securities:** The estimated fair values for mortgage-backed 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, these assets consist of money market mutual funds.

At March 31, 2009, securities available-for-sale included residential mortgage-backed securities not guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae, referred to as private label securities. These private label securities had an amortized cost of \$205.1 million, and an estimated fair value of \$196.2 million, at March 31, 2009. At March 31, 2009, the private label securities portfolio was in a net unrealized loss position of \$8.9 million, consisting of gross unrealized losses of \$11.2 million, and gross unrealized gains of \$2.3 million.

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**NORTHFIELD BANCORP, INC.**  
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All but two of the private label securities were rated AAA at March 31, 2009. Of the two securities, one security with an estimated fair value of \$5.6 million was rated Baa2 and the second with an estimated fair value of \$5.4 million was downgraded from Baa3 at December 31, 2008, to CCC at April 6, 2009. The Company continues to receive principal and interest payments in accordance with the contractual terms on both of these securities. Management has evaluated, among other things, the delinquency status, estimated default rates, and the estimated loss severity in liquidating the underlying collateral for each of these two securities and believes that such losses are temporary at March 31, 2009. The Company has no investment in Fannie Mae or Freddie Mac common or preferred stock, or in any trust preferred securities.

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

Also, 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 Assets:** At March 31, 2009, the Company had impaired loans with outstanding principal balances of \$21.7 million that were recorded at the estimated fair value of collateral, less cost to sell if collateral dependent or the present value of expected cash flows discounted at the loans' original effective rate. The Company recorded net impairment charges of \$879,000 and \$241,000 for the three months ended March 31, 2009, and 2008, respectively, utilizing Level 3 inputs. Impaired assets are valued utilizing current appraisals adjusted downward by management, as necessary, for changes in relevant valuation factors subsequent to the appraisal date and the present value of expected cash flows for non collateral dependent loans and troubled debt restructurings.

**Note 9 Income Taxes**

The Company files income tax returns in the United States federal jurisdiction and in New York State and City jurisdictions. The Company and the Bank also file income tax returns in the State of New Jersey. With limited exceptions, the Company is no longer subject to federal, state, and local income tax examinations by tax authorities for years prior to 2004. The following is a reconciliation of the beginning and ending gross unrecognized tax benefits for the three months ended March 31, 2008. The Company settled all its unrecognized tax benefits in the second quarter of 2008. The amounts have not been reduced by the federal deferred tax effects of unrecognized state benefits.

Unrecognized tax benefits at January 1, 2008	\$ 2,700
Payments for tax positions of prior years	(1,246)
Unrecognized tax benefits at March 31, 2008	\$ 1,454

The Company records interest accrued related to uncertain tax benefits as tax expense. During the three months ended March 31, 2009 and 2008, the Company expensed \$0 and \$62,000, respectively, in interest on uncertain tax positions. The Company records penalties accrued as other expenses. The Company has not accrued for penalties.

**Note 10 Recent Accounting Pronouncements**

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 141 (revised 2007) (SFAS No. 141R), Business Combinations. SFAS No. 141R replaces SFAS No. 141, Business Combinations and applies to all transactions and other events in which one entity obtains control over one or more other businesses. SFAS No. 141R retains the fundamental requirements of SFAS No. 141 that the acquisition method of accounting be used for all business combinations and for the acquirer to be identified for each business combination. SFAS No. 141R requires an acquirer to recognize the assets acquired, the liabilities assumed, and any

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**NORTHFIELD BANCORP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Table dollar amounts in thousands, except share amounts)

(unaudited)

noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of the acquisition date. SFAS No. 141R also requires an acquirer to recognize assets acquired and liabilities assumed arising from contractual contingencies as of the acquisition date, measured at their acquisition-date fair values. This changes the requirements of SFAS No. 141 which permitted deferred recognition of preacquisition contingencies, until the recognition criteria for SFAS No. 5, *Accounting for Contingencies* were met. SFAS No. 141R will also require acquirers to expense acquisition-related costs as incurred rather than require allocation of such costs to the assets acquired and liabilities assumed. SFAS No. 141R is effective for business combination reporting for fiscal years beginning after December 15, 2008. In April, 2009, the FASB issued FSP SFAS 141R-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* (FSP 141(R)-1). FSP 141(R)-1 amends the guidance in SFAS No. 141R and is effective for the first annual reporting period beginning on or after December 15, 2008. The provisions of SFAS No. 141R and FSP 141(R)-1 will apply to any business combination closing on or after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* an amendment of ARB No. 51. SFAS No. 160 amends Accounting Research Bulletin (ARB) No. 51, *Consolidated Financial Statements*, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 also clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS No. 160 requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. Prior to SFAS No. 160, net income attributable to the noncontrolling interest generally was reported as an expense or other deduction in arriving at consolidated net income. Additional disclosures are required as a result of SFAS No. 160 to clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. The adoption of SFAS No. 160 as of January 1, 2009, did not have a significant effect on the Company's condensed consolidated financial statements.

In April 2009, the FASB issued the following three FSP's intended to provide additional guidance and enhance disclosures regarding fair value measurements and impairment of securities:  
FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*, provides additional guidance for estimating fair value in accordance with SFAS No. 157 when the volume and level of activity for the asset or liability have decreased significantly. FSP FAS 157-4 also provides guidance on identifying circumstances that indicate a transaction is not orderly. The provisions of FSP FAS 157-4 are effective for the Company's interim period ending on June 30, 2009. Management is currently evaluating the effect that the provisions of FSP FAS 157-4 may have on the Company's condensed consolidated financial statements.

FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, requires disclosures about fair value of financial instruments in interim reporting periods of publicly traded companies that were previously only required to be disclosed in annual financial statements. The provisions of FSP FAS 107-1 and APB 28-1 are effective for the Company's interim period ending on June 30, 2009. As FSP FAS 107-1 and APB 28-1 amends only the disclosure requirements about fair value of financial instruments in interim periods, the adoption of FSP FAS 107-1 and APB 28-1 is not expected to affect the Company's condensed consolidated financial statements.

FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*, amends current other-than-temporary impairment guidance in generally accepted accounting principles (GAAP) for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FSP does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. The provisions of FSP FAS 115-2 and FAS 124-2 are effective for the Company's interim period ending on June 30, 2009.

Management is currently evaluating the effect that the provisions of FSP FAS 115-2 and FAS 124-2 may have on the Company's condensed consolidated financial statements.

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**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Cautionary Statement Regarding Forward-Looking Information**

**Forward Looking Statements**

This Quarterly Report contains forward-looking statements, which can be identified by the use of such words as estimate, project, believe, intend, anticipate, plan, seek and similar expressions. These forward looking statements include:

statements of our goals, intentions and expectations;

statements regarding our business plans and prospects and growth and operating strategies;

statements regarding the asset quality of our loan and investment portfolios; and

estimates of our risks and future costs and benefits.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including, among other things, the following important factors that could affect the actual outcome of future events:

significantly increased competition among depository and other financial institutions;

inflation and changes in the interest rate environment or other changes that reduce our interest margins or reduce the fair value of financial instruments;

general economic conditions, either nationally or in our market areas, that are worse than expected;

adverse changes in the securities markets;

legislative or regulatory changes that adversely affect our business;

our ability to enter new markets successfully and take advantage of growth opportunities, and the possible dilutive effect of potential acquisitions or *de novo* branches, if any;

changes in consumer spending, borrowing and savings habits;

changes in accounting policies and practices, as may be adopted by bank regulatory agencies, the Financial Accounting Standards Board, the Public Company Accounting Oversight Board and other promulgating authorities;

inability of third-party providers to perform their obligations to us;

the effect of current governmental effort to restructure the U.S. financial and regulatory system;

the effect of developments in the secondary market affecting our loan pricing;

the level of future deposit insurance premiums

changes in our organization, compensation and benefit plans; and

the effect of the current financial crisis on our loan portfolio, investment portfolio, and deposit and other customers.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements.

**Critical Accounting Policies**

Note 1 to the Company's Audited Consolidated Financial Statements for the year ended December 31, 2008, included in the Company's Annual Report on Form 10-K, as supplemented by this report, contains a summary of significant accounting policies. Various elements of these accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. Certain assets are carried in the consolidated Balance Sheets at estimated fair value or the lower of cost or estimated fair value. Policies with respect to the methodologies used to determine the allowance for loan losses and judgments regarding the valuation of intangible assets and securities as well as the valuation allowance against deferred tax assets are the most critical accounting policies because they are important to the presentation of the Company's financial condition and results of operations, involve a higher degree of complexity, and require management to make difficult and subjective judgments which often require assumptions or estimates about highly uncertain matters. The use of different judgments, assumptions, and estimates could result in material differences in the results of operations or financial

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condition. These critical accounting policies and their application are reviewed periodically and, at least annually, with the Audit Committee of the Board of Directors. For a further discussion of the critical accounting policies of the Company, see Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K, for the year ended December 31, 2008.

**Overview**

This overview highlights selected information and may not contain all the information that is important to you in understanding our performance during the period. For a more complete understanding of trends, events, commitments, uncertainties, liquidity, capital resources, and critical accounting estimates, you should carefully read this entire document, as well as our Annual Report on Form 10-K for the year ended December 31, 2008.

Net income was \$2.7 million for the quarter ended March 31, 2009, compared to \$5.6 million for the quarter ended March 31, 2008. The net income for the quarter ended March 31, 2008, included a \$2.5 million, nontaxable, death benefit realized on bank owned life insurance. Basic and diluted earnings per share for the quarters ended March 31, 2009 and 2008, was \$0.06 and \$0.13, respectively.

Return on average assets and return on average equity were 0.63% and 2.87%, for the quarter ended March 31, 2009, respectively, as compared to 1.54% and 6.03% for the quarter ended March 31, 2008, respectively.

The quarter ended March 31, 2009, was highlighted by the following items:

Total assets increased \$58.8 million to \$1.82 billion at March 31, 2009, from \$1.76 billion at December 31, 2008.

- o Securities increased \$21.4 million.

- o Net loans held-for-investment increased \$33.2 million.

Total liabilities increased \$54.3 million to \$1.43 billion at March 31, 2009, from \$1.37 billion at December 31, 2008

- o Deposits increased \$90.1 million.

- o Borrowed funds decreased \$51.1 million.

Net interest income increased \$2.2 million to \$12.8 million for the quarter ended March 31, 2009, as compared to \$10.6 million for the quarter ended March 31, 2008.

- o The net interest margin decreased three basis points to 3.07% for the quarter ended March 31, 2009, as compared to 3.10% for the quarter ended March 31, 2008.

The provision for loan losses was \$1.6 million for the quarter ended March 31, 2009, compared to \$598,000 for the quarter ended March 31, 2008.

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**Comparison of Financial Condition at March 31, 2009 and December 31, 2008**

Cash and cash equivalents increased \$54.3 million, or 108.3%, to \$104.4 million at March 31, 2009, from \$50.1 million at December 31, 2008. The Company has been maintaining increased balances in other financial institutions while it evaluates opportunities to deploy funds into higher yielding alternate investments such as loans and mortgage-backed securities with acceptable risk characteristics.

Certificates of deposit in other financial institutions decreased \$45.9 million, or 85.6%, to \$7.7 million at March 31, 2009, from \$53.7 million at December 31, 2008. The decrease was attributable to maturities. When opportunities exist, the Company has deployed a strategy to fund investments in certificates of deposit in other financial institutions (fully insured by the FDIC) with similar term borrowings (securities sold under agreements to repurchase). Such opportunities did not exist in the first quarter of 2009.

Bank owned life insurance increased \$433,000, or 1.0%, to \$42.4 million at March 31, 2009, from \$42.0 million December 31, 2008. The increase was attributable to earnings on the policies for the quarter ended March 31, 2009.

Securities available-for-sale increased \$22.5 million, or 2.3%, to \$980.1 million at March 31, 2009, from \$957.6 million at December 31, 2008. The increase was attributable to purchases of \$87.6 million, an increase of \$9.8 million in the estimated fair value, and net accretion of discounts of \$483,000, partially offset by sales of \$2.0 million, and maturities and paydowns of \$73.4 million. The securities available-for-sale portfolio at March 31, 2009, included \$740.4 million in mortgage-backed debt securities issued or guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae.

Loans held- for -investment, net totaled \$624.3 million at March 31, 2009, as compared to \$590.0 million at December 31, 2008. The increase was primarily in multi-family real estate loans which increased \$23.1 million, or 21.3%, to \$131.6 million, from \$108.5 million at December 31, 2008. Loans held for investment, net also increased due to an increase in commercial and industrial loans of \$9.3 million, or 84.7%, to \$20.4 million, from \$11.0 million at December 31, 2008. Commercial real estate loans also increased \$8.8 million, or 3.0%, to \$297.9 million, from \$289.1 million at December 31, 2008. The Company does not originate or purchase non-traditional loans such as interest-only, negative amortization or payment option ARMs. Additionally, the Company does not originate or purchase sub-prime or Alt-A loans. We continue to focus on originating commercial real estate, and multifamily loans that meet our underwriting standards.

Deposits increased \$90.1 million, or 8.8%, to \$1.11 billion at March 31, 2009, from \$1.02 billion at December 31, 2008. The increase in deposits for the quarter ended March 31, 2009, was primarily due to an increase of \$58.9 million in certificates of deposit, including \$40.0 million in deposits that were originated through the Certificate of Deposit Account Registry Service (CDARS). These CDARS deposits matured on April 8, 2009 and had at a cost of 27 basis points (0.27%). The Company will, from time to time, borrow through the CDARS program to take advantage of short-term leverage opportunities. Deposits also increased for the quarter as a result of a \$25.4 million increase in money market account balances, and an \$11.7 million increase in non-interest bearing demand and NOW. These increases for the quarter were partially offset by a \$5.9 million decrease in passbook and statement savings accounts.

Borrowings decreased \$51.1 million, or 15.4%, to \$281.0 million at March 31, 2009, from \$332.1 million at December 31, 2008. The decrease was attributable to borrowing repayments of approximately \$71.1 million partially offset by advances of \$20.0 million. The Company repaid borrowings with cash in flows from the maturity of certificates of deposit in other financial institutions.

Total stockholders' equity increased to \$391.1 million at March 31, 2009, from \$386.6 million at December 31, 2008. The increase was primarily attributable to net income of \$2.7 million for the quarter ended March 31, 2009, and an increase in other comprehensive income of \$5.6 million, related primarily to a decrease in market interest rates that resulted in an increase in the estimated fair values of our securities portfolio. These increases were partially offset by \$3.8 million in stock repurchases and dividends declared of approximately \$800,000 for the quarter ended March 31, 2009.

**Comparison of Operating Results for the Three Months Ended March 31, 2009, and 2008**



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**Net income.** Net income for the quarter ended March 31, 2009, decreased \$2.9 million, or 51.2%, as compared to the same prior year quarter. The decrease in net income was due primarily to a \$2.5 million, nontaxable, death benefit realized on bank owned life insurance in the quarter ended March 31, 2008. Net income for the current quarter also was negatively affected by an increase in our provision for loan losses of \$1.0 million, and an increase in non-interest expenses of \$1.8 million. These decreases were partially offset by an increase in net interest income of \$2.2 million, primarily due to an increase in interest-earning assets in the first quarter of 2009, as compared to the comparable quarter of 2008.

**Interest income.** Interest income increased \$3.2 million, or 18.3%, to \$20.5 million for the three months ended March 31, 2009, from \$17.3 million for the three months ended March 31, 2008. The increase in interest income was primarily the result of an increase in average interest-earning assets of \$307.4 million, or 22.3% partially offset by a decrease in net interest margin of three basis points or 1% from 3.10% for the quarter ended March 31, 2008, to 3.07% for the quarter ended March 31, 2009. The increase in average interest-earning assets was primarily attributable to an increase in average loans of \$168.1 million, or 38.8%, and an increase in average mortgage-backed securities of \$183.9 million, or 24.2%. These increases were partially offset by decreases in other investment securities of \$26.1 million, Federal Home Loan Bank of New York, stock of \$2.6 million, and \$15.9 million in interest-bearing deposits in other financial institutions. The effect of the increase in average interest-earning assets was partially offset by a decrease in the yield earned from 5.06% for the three months ended March 31, 2008, to 4.93% for the three months ended March 31, 2009. The rate earned on the Company's loan portfolio, interest-bearing deposits in other financial institutions, and corporate bonds and money market mutual funds, decreased due to the general decline in market interest rates for these asset types. These decreases were partially offset by a 31 basis point increase in the rate earned on mortgage-backed securities, from 4.46% for the quarter ended March 31, 2008, to 4.77% for the quarter ended March 31, 2009 due to the purchase of higher yielding private label securities.

**Interest Expense.** Interest expense increased \$997,000 or 14.8%, to \$7.7 million for the three months ended March 31, 2009, from \$6.7 million for the three months ended March 31, 2008. The increase was attributable to an increase in interest expense on deposits of \$172,000, or 3.6%, and an increase in interest expense on borrowings of \$825,000, or 42.6%. The increase in interest expense on deposits was attributable to average interest-bearing deposits increasing \$206.8 million, or 27.0%, to \$972.6 million for the three months ended March 31, 2009, as compared to \$765.8 million for the three months ended March 31, 2008. The increase in average interest-bearing deposits was partially offset by a decrease in cost of 44 basis points, or 17.5%, to 2.07%, reflecting lower market interest rates. The increase in interest expense on borrowings was attributable to average balance of borrowings increasing \$95.2 million, or 45.5%, to \$304.5 million for the three months ended March 31, 2009, from \$209.3 million for the three months ended March 31, 2008, partially offset by a five basis point, or 1.3%, decrease in the average rate we paid on borrowings to 3.68% for the three months ended March 31, 2009, from 3.73% for the three months ended March 31, 2008, reflecting lower market interest rates.

**Net Interest Income.** Net interest income was \$12.8 million for the quarter ended March 31, 2009, an increase of \$2.2 million, or 20.5%, from \$10.6 million for the quarter ended March 31, 2008. The increase in net interest income was primarily due to an increase in total average interest-earning assets of \$307.4 million, or 22.3%. Net interest margin for the quarter ended March 31, 2009 was 3.07%, an increase of four basis points over the linked-quarter net interest margin of 3.03%, and a decrease of three basis points from the quarter ended March 31, 2008. The net interest margin was negatively affected by a 13 basis point decrease in the rate earned on interest-earning assets, from 5.06% for the quarter ended March 31, 2008, to 4.93% for the quarter ended March 31, 2009. The net interest margin was positively affected by a 32 basis point decrease in the rate paid on interest-bearing liabilities, from 2.77% for the quarter ended March 31, 2008, to 2.45% for the quarter ended March 31, 2009, due primarily to a decrease in rates paid on interest-bearing deposits, resulting from a general decline in market interest rates.

**Provision for Loan Losses.** We establish provisions for loan losses, which are charged to operations in order to maintain the allowance for loan losses at a level we consider necessary to absorb credit losses incurred in the loan portfolio that are both probable and reasonably estimable at the balance sheet date. In determining the level of the allowance for loan losses, we consider, among other things, past and current loss experience, evaluations of real estate collateral, current economic conditions, volume and type of lending, adverse situations that may affect a borrower's

ability to repay a loan, and the levels of delinquent loans. The amount of the allowance is based on estimates and the ultimate losses may vary from such estimates as information becomes available or conditions change. We assess the allowance for loan losses and make provisions for loan losses on a quarterly basis.

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The provision for loan losses for the quarter ended March 31, 2009, was \$1.6 million, as compared to \$598,000 for the quarter ended March 31, 2008. The increase related to an increase in reserves on impaired loans, loan growth, and increases in general loss factors in response to continued deterioration in general real estate collateral values and weakness in the overall economy. We recorded net charge-offs of \$595,000 and \$0 for the three months ended March 31, 2009, and 2008, respectively. The allowance for loan losses was \$9.8 million, or 1.57% of loans held for investment, net at March 31, 2009, compared to \$8.8 million, or 1.49% of loans held for investment, net at December 31, 2008.

Nonperforming assets totaled \$25.2 million, or 1.39%, of total assets at March 31, 2009, compared to \$10.7 million, or 0.61%, of total assets at December 31, 2008. Nonperforming assets are summarized below at March 31, 2009, and December 31, 2008. Also shown for the same dates are troubled debt restructurings on which interest is accruing.

(in thousands)	March 31, 2009	December 31, 2008
Non-accruing loans	\$ 22,816	9,502
(includes \$9,650 and \$950 in troubled debt restructured loans at March 31, 2009 and December 31, 2008, respectively)		
Loans 90 days or more past maturity and still accruing	1,281	137
Total Nonperforming loans	24,097	9,639
Other Real Estate Owned	1,071	1,071
Total Nonperforming assets	\$ 25,168	10,710

Accruing loans subject to troubled debt restructuring agreements	\$ 2,414
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Non-accruing loans increased \$13.3 million during the quarter ended March 31, 2009, which was due primarily to an increase of \$6.3 million in construction and land loans, \$5.4 million in commercial real estate loans, \$1.4 million in secured commercial and industrial loans, \$547,000 in multifamily loans, and \$392,000 in one- to four- family residential real estate loans. These increases were partially offset by a \$595,000 charge-off on one construction loan for the quarter ended March 31, 2009. The above noted non-accruing loans included \$9.7 million in loans that were subject to troubled debt restructuring agreements. The increase in troubled debt restructurings for the first quarter of 2009 related primarily to loans that were accruing at December 31, 2008, but were demonstrating weaknesses that management believed warranted formal restructurings, with the objective of maximizing the ultimate collectability of the loans. Based upon the borrowers' payment performance prior to the restructuring and various other uncertainties, including changes in the current economic environment, management deemed it appropriate to place these loans in a non-accrual status until the borrowers demonstrate sustained performance under the restructured terms. In addition, loans 90 days or more past maturity and still accruing interest increased to \$1.3 million, these loans are current as to the original contractual principal and interest payment terms, are considered well secured, and are currently in the process of renewal.

**Non-interest Income.** Non-interest income decreased \$2.4 million, or 71.5%, to \$969,000 for the three months ended March 31, 2009, from \$3.4 million for the three months ended March 31, 2008. The decrease in net income was due primarily to a \$2.5 million, nontaxable, death benefit realized on bank owned life insurance in the quarter ended March 31, 2008.

**Non-interest Expense.** Total non-interest expense increased \$1.8 million, or 30.0%, to \$7.8 million at March 31, 2009, as compared to \$6.0 million for the quarter ended March 31, 2008. The increase was caused, in part, by higher employee compensation and benefits of \$767,000, due primarily to costs associated with equity awards granted on January 30, 2009, higher health care costs, and merit and market salary adjustments effective January 1, 2009. Non-interest expense also was higher due to increased FDIC insurance costs of \$366,000, due to higher insurance

rates and increased deposit balances subject to these rates. Occupancy, and furniture and equipment costs also increased \$360,000, and were associated with the Company's new operations center, leases on two new branch locations, and depreciation related to premises renovations, as well as increased maintenance and repairs. Data and item processing costs also were higher by \$208,000, related to increased loan and deposit

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transaction volumes, as well as approximately \$200,000 of costs associated with the Company's conversion to a new data processing system.

**Income Tax Expense.** The Company recorded income tax expense of \$1.6 million and \$1.8 million for the quarters ended March 31, 2009, and 2008, respectively. The effective tax rate for the quarter ended March 31, 2009 was 36.5%, as compared to 24.3% for the quarter ended March 31, 2008. The increase in the effective tax rate was the result of a higher level of taxable income in 2009, as compared to 2008. The quarter ended March 31, 2008, included \$2.9 million of income from bank owned life insurance as compared to \$433,000 for the quarter ended March 31, 2009. Income on bank owned life insurance in 2008 included a \$2.5 million, nontaxable, death benefit.

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**NORTHFIELD BANCORP, INC.**  
**ANALYSIS OF NET INTEREST INCOME**  
(Dollars in thousands)

	<b>For the Three Months Ended March 31,</b>					
	<b>2009</b>			<b>2008</b>		
	<b>Average</b>		<b>Average</b>	<b>Average</b>		<b>Average</b>
	<b>Outstanding</b>		<b>Yield/</b>	<b>Outstanding</b>		<b>Yield/</b>
	<b>Balance</b>	<b>Interest</b>	<b>Rate</b>	<b>Balance</b>	<b>Interest</b>	<b>Rate</b>
			<b>(1)</b>			<b>(1)</b>
<b>Interest-earning assets:</b>						
Loans	\$ 601,245	\$ 8,571	5.78%	\$ 433,166	\$ 6,989	6.49%
Mortgage-backed securities	943,951	11,114	4.77	760,018	8,425	4.46
Other securities	31,943	282	3.58	58,042	710	4.92
Federal Home Loan Bank of New York stock	7,917	80	4.10	10,524	131	5.01
Interest-earning deposits in financial institutions	98,229	435	1.80	114,137	1,060	3.74
Total interest-earning assets	1,683,285	20,482	4.93	1,375,887	17,315	5.06
Non-interest-earning assets	86,820			83,968		
Total assets	\$ 1,770,105			\$ 1,459,855		
<b>Interest-bearing liabilities:</b>						
Savings, NOW, and money market accounts	\$ 523,886	1,636	1.27	\$ 373,569	904	0.97
Certificates of deposit	448,761	3,321	3.00	392,260	3,881	3.98
Total interest-bearing deposits	972,647	4,957	2.07	765,829	4,785	2.51
Borrowed funds	304,513	2,764	3.68	209,322	1,939	3.73
Total interest-bearing liabilities	1,277,160	7,721	2.45	975,151	6,724	2.77
Non-interest bearing deposit accounts	94,185			94,364		
Accrued expenses and other liabilities	11,816			16,563		
Total liabilities	1,383,161			1,086,078		
Stockholders' equity	386,944			373,777		
Total liabilities and stockholders' equity	\$ 1,770,105			\$ 1,459,855		
Net interest income		\$ 12,761			\$ 10,591	
Net interest rate spread (2)			2.48%			2.29%
Net interest-earning assets (3)	\$ 406,125			\$ 400,736		
Net interest margin (4)			3.07%			3.10%
Average interest-earning assets to interest-bearing liabilities			131.80%			141.09%

- (1) Average yields and rates for the three months ended March 31, 2009 and 2008, are annualized.
- (2) Net interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.
- (3) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
- (4) Net interest margin represents net interest income divided by average total interest-earning assets.

**Table of Contents****Liquidity and Capital Resources**

**Liquidity.** The overall objective of our liquidity management is to ensure the availability of sufficient funds to meet financial commitments and to take advantage of lending and investment opportunities. We manage liquidity in order to meet deposit withdrawals on demand or at contractual maturity, to repay borrowings as they mature, and to fund new loans and investments as opportunities arise.

Our primary sources of funds are deposits, principal and interest payments on loans and securities, borrowed funds, the proceeds from maturing securities and short-term investments, and to a lesser extent the proceeds from the sales of loans and securities and wholesale borrowings. The scheduled amortizations of loans and securities, as well as proceeds from borrowed funds, are predictable sources of funds. Other funding sources, however, such as deposit inflows and loan prepayments are greatly influenced by market interest rates, economic conditions and competition. Northfield Bank is a member of the Federal Home Loan Bank of New York (FHLB), which provides an additional source of short-term and long-term funding. Borrowed funds excluding capitalized lease obligations were \$278.8 million at March 31, 2009, at a weighted average interest rate of 3.63%. A total of \$62.5 million of these borrowings will mature in less than one year. Borrowed funds excluding capitalized leases were \$329.8 million at December 31, 2008. The Company has two lines of credit with the FHLB. Each line has a limit of \$100.0 million. At March 31, 2009, the Company has \$200.0 million available for use. The Company expects to have sufficient funds available to meet current commitments in the normal course of business.

**Capital Resources.** At March 31, 2009 and December 31, 2008, Northfield Bank exceeded all regulatory capital requirements that it is subject to.

	<b>Actual Ratio</b>	<b>Minimum Required for Capital Adequacy Purposes</b>	<b>Minimum Required to Be Well Capitalized under Prompt Corrective Action Provisions</b>
As of March 31, 2009:			
Tangible capital to tangible assets	15.85%	1.50%	NA%
Tier 1 capital leverage (to adjusted assets)	15.85	4.00	5.00
Total capital (to risk- weighted assets)	33.82	8.00	10.00
As of December 31, 2008:			
Tangible capital to tangible assets	15.98%	1.50%	NA%
Tier 1 capital leverage (to adjusted assets)	15.98	4.00	5.00
Total capital (to risk- weighted assets)	34.81	8.00	10.00



**Table of Contents****Off-Balance Sheet Arrangements and Contractual Obligations**

In the normal course of operations, the Company engages in a variety of financial transactions that, in accordance with U.S. generally accepted accounting principles, are not recorded in the financial statements. These transactions primarily relate to lending commitments.

The following table shows the contractual obligations of the Company by expected payment period as of March 31, 2009:

<b>Contractual Obligation</b>	<b>Total</b>	<b>Less than One Year</b>	<b>One to less than Three Years (in thousands)</b>	<b>Three to less than Five Years</b>	<b>Five Years and greater</b>
Debt obligations (excluding capitalized leases)	\$278,800	62,500	75,000	141,300	
Commitments to originate loans	\$ 33,711	33,711			
Commitments to fund unused lines of credit	\$ 41,086	41,086			

Commitments to originate loans and commitments to fund unused lines of credit are agreements to lend additional funds to customers as long as there have been no violations of any of the conditions established in the agreements. Commitments generally have a fixed expiration or other termination clauses which may or may not require a payment of a fee. Since some of these loan commitments are expected to expire without being drawn upon, total commitments do not necessarily represent future cash requirements.

For further information regarding our off-balance sheet arrangements and contractual obligations, see Management's Discussion and Analysis of Financial Condition and Operating Results in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

**Table of Contents****ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

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 mortgage-related assets, have longer maturities than our liabilities, consisting primarily of deposits. As a result, a principal part of our business strategy is to manage interest rate risk and limit the exposure of our net interest income to changes in market interest rates. Accordingly, our board of directors has established an Asset Liability Committee ( ALCO ) and a Management Asset/Liability Committee ( MALCO ). The MALCO is comprised of our Treasurer, who chairs this Committee, our Chief Executive Officer, our Chief Financial Officer, our Chief Lending Officer, and our Executive Vice President of Operations. The MALCO committee reports to the ALCO committee, which is comprised of four outside directors. These committees are responsible for evaluating the interest rate risk inherent in our assets and liabilities, for recommending to 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 have sought 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 commercial real estate loans and multifamily loans that generally tend to have shorter maturities and higher interest rates that generally reset at five years;

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

obtaining general financing through lower-cost 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 loans with variable rates of interest, 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 of a range of assumed changes in market interest rates. Our simulation model uses a discounted cash flow analysis to measure the interest rate sensitivity of NPV. We estimate the economic value of these assets and liabilities under the assumption that interest rates experience an instantaneous and sustained increase or decrease of 100, 200, or 300 basis points. A basis point equals one-hundredth of one percent, and 100 basis points equals one percent. For example an increase in interest rates from 3% to 4% would mean, 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. 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, or 300 basis points.

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The tables below set forth, as of March 31, 2009, our calculation of the estimated changes in our NPV and 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 decay, and should not be relied on as indicative of actual results.

Change in Interest Rates  (basis points)	Estimated Present Value  of Assets	Estimated Present Value  of Liabilities	NPV		Estimated	Net
			Estimated NPV	Estimated Change In NPV	NPV/Present Value of Assets Ratio	Interest Income Percent Change
+300	\$1,713,727	\$1,326,114	\$387,613	\$(68,410)	22.62%	(3.18)%
+200	1,757,553	1,347,518	410,035	(45,988)	23.33%	(1.62)%
+100	1,804,014	1,369,657	434,357	(21,666)	24.08%	(0.08)%
0	1,848,591	1,392,568	456,023		24.67%	
-100	1,874,020	1,414,305	459,715	3,692	24.53%	(2.85)%

The table above indicates that at March 31, 2009, in the event of a 300 basis point increase in interest rates, we would experience a 205 basis point decrease in NPV ratio (24.67% less 22.62%), and a 3.18% decrease in net interest income. In the event of a 100 basis point decrease in interest rates, we would experience a 14 basis point decrease in NPV ratio and a 2.85% decrease in net interest income. Our internal policies provide that, in the event of a 300 basis point increase in interest rates, our NPV as a percentage of total market assets should decrease by no more than 400 basis points and our projected net interest income should decrease by no more than 20%. Additionally, our internal policy states that our NPV is targeted to be at least 8.5% of estimated present value of assets. As of March 31, 2009, we were within the Board approved policy.

Certain shortcomings are inherent in the methodologies used in determining interest rate risk through changes in NPV and net interest income. Modeling requires making certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the NPV 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 interest income and will differ from actual results.

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**ITEM 4. CONTROLS AND PROCEDURES**

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) promulgated under the Securities and Exchange Act of 1934, as amended) as of March 31, 2009. Based on that evaluation, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective.

During the quarter ended March 31, 2009, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Table of Contents****PART II****ITEM 1. LEGAL PROCEEDINGS**

The Company and subsidiaries are subject to various legal actions arising in the normal course of business. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on the Company's financial condition or results of operations.

**ITEM 1A. RISK FACTORS**

There have been no material changes in the Risk Factors disclosed in the Company's 2008 Annual Report on Form 10-K.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

(a) **Unregistered Sale of Equity Securities.** There were no sales of unregistered securities during the period covered by this report.

(b) **Use of Proceeds.** Not applicable

(c) **Repurchases of Our Equity Securities.**

The following table shows the Company's repurchase of its common stock for each calendar month in the quarter ended March 31, 2009.

Period	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number of Shares That May Yet to Be Purchased Under the Plan or Program (1)
January	NA	NA	NA	NA
February	81,150	\$ 9.97	81,150	2,159,003
March	296,400	10.09	296,400	1,862,603
	377,550	\$ 10.07	377,550	

(1) On February 13, 2009, the Board of Directors of the Company authorized a stock repurchase program pursuant to which the Company intends to repurchase up to 2,240,153 shares, representing approximately 5% of its outstanding

shares. This program has no expiration date and has 1,862,603 yet to be purchased at March 31, 2009.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None

**ITEM 5. OTHER INFORMATION**

None

**ITEM 6. EXHIBITS**

The exhibits required by Item 601 of Regulation S-K are included with this Form 10-Q and are listed on the Index to Exhibits immediately following the Signatures.

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**SIGNATURES**

Pursuant to the requirements 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.**

(Registrant)

Date: May 11, 2009

/s/ John W. Alexander

John W. Alexander  
Chairman, President and Chief Executive  
Officer

/s/ Steven M. Klein

Steven M. Klein  
Executive Vice President and Chief Financial  
Officer  
(Principal Financial and Accounting Officer)

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INDEX TO EXHIBITS

Exhibit Number	Description
10.1	Amended and Restated Employee Stock Ownership Plan
31.1	Certification of John W. Alexander, Chairman, President and Chief Executive Officer, Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
31.2	Certification of Steven M. Klein, Executive Vice President and Chief Financial Officer, Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
32	Certification of John W. Alexander, Chairman, President and Chief Executive Officer, and Steven M. Klein, Executive Vice President and Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.