

First Federal of Northern Michigan Bancorp, Inc.
Form 10-Q
August 16, 2010

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 June 30, 2010

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)

Maryland 32-0135202
(State or other jurisdiction (I.R.S. Employer
of
incorporation or Identification No.)
organization)

100 S. Second Avenue, Alpena, 49707
Michigan
(Address of principal executive (Zip Code)
offices)

Registrant's telephone number, including area code: (989) 356-9041

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

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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 August 16, 2010
(Title of Class)	2,884,249 shares

FIRST FEDERAL OF NORTHERN MICHIGAN BANCORP, INC.
FORM 10-Q
Quarter Ended June 30, 2010

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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

	June 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Cash and cash equivalents:		
Cash on hand and due from banks	\$ 3,113,464	\$ 2,583,131
Overnight deposits with FHLB	2,321,978	515,927
Total cash and cash equivalents	5,435,442	3,099,058
Securities AFS	34,270,362	33,712,724
Securities HTM	2,574,383	3,928,167
Loans held for sale	770,876	51,970
Loans receivable, net of allowance for loan losses of \$3,125,990 and \$3,660,344 as of June 30, 2010 and December 31, 2009, respectively	163,616,758	171,219,105
Foreclosed real estate and other repossessed assets	2,991,871	3,579,895
Federal Home Loan Bank stock, at cost	4,196,900	4,196,900
Premises and equipment	6,288,978	6,563,683
Accrued interest receivable	1,097,581	1,230,287
Intangible assets	773,531	919,757
Prepaid FDIC premiums	1,135,512	1,314,850
Deferred tax asset	643,428	559,235
Other assets	3,154,175	3,130,063
Total assets	\$ 226,949,797	\$ 233,505,694
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	\$ 157,826,584	\$ 158,099,809
Advances from borrowers for taxes and insurance	373,714	105,419
Federal Home Loan Bank Advances	38,000,000	44,400,000
Note Payable	-	630,927
REPO Sweep Accounts	5,245,624	5,407,791
Accrued expenses and other liabilities	2,003,573	1,809,266
Total liabilities	203,449,495	210,453,212
Stockholders' equity:		
Common stock (\$0.01 par value 20,000,000 shares authorized 3,191,999 shares issued)	31,920	31,920
Additional paid-in capital	23,770,323	23,722,767
Retained earnings	2,521,803	2,000,264
Treasury stock at cost (307,750 shares)	(2,963,918)	(2,963,918)
Unearned compensation	(99,805)	(161,678)

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Accumulated other comprehensive income		239,979		423,127
Total stockholders' equity		23,500,302		23,052,482
Total liabilities and stockholders' equity	\$	226,949,797	\$	233,505,694

See accompanying notes to consolidated financial statements.

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First Federal of Northern Michigan Bancorp, Inc. and
Subsidiaries
Consolidated Statement of Income

For the Three Months Ended June 30,		For the Six Months Ended June 30,	
2010	2009	2010	2009
(Unaudited)		(Unaudited)	

Interest income: