Klesch A Gary
Form 4
October 25, 2005

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Klesch A Gary

(Last) (First) (Middle)

C/O TAL INTERNATIONAL GROUP, INC., 100 MANHATTANVILLE ROAD

(Street)

PURCHASE, NY 10577

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
TAL International Group, Inc. [TAL]

3. Date of Earliest Transaction (Month/Day/Year)
10/21/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director __X__ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	10/21/2005		S		25,239	D	$ 18	1,464,890	I	See footnote (1)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Klesch A Gary C/O TAL INTERNATIONAL GROUP, INC. 100 MANHATTANVILLE ROAD PURCHASE, NY 10577	X	X		

Signatures

/s/ Louis J. Bevilacqua, attorney-in-fact for A. Gary Klesch	10/25/2005
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) See Exhibit 99.1.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. 0 0 22.5pt; text-align: justify">There were no sales of securities available for sale during the years ended December 31, 2011 and 2010.

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

	December 31, 2011		2010	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)			

Due after ten years	$145	$ 149	$157	$ 162

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.

F-19

Table of Contents

Northeast Community Bancorp, Inc.

Note 6 - Securities Held to Maturity

	December 31, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
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
	$16,099	$ 563	$ —	$16,662

	December 31, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Mortgage-backed securities - residential:				
Government National Mortgage Association	$14,521	$ 355	$ —	$14,876
Federal Home Loan Mortgage Corporation	345	11	—	356
Federal National Mortgage Association	352	9	—	361
Collateralized mortgage obligations - GSE	4,639	109	—	4,748
Other	1	—	—	1
	$19,858	$ 484	$ —	$20,342

Table of Contents

Northeast Community Bancorp, Inc.

Note 6 - Securities Held to Maturity (Continued)

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

	December 31, 2011 Amortized Cost	December 31, 2011 Fair Value	December 31, 2010 Amortized Cost	December 31, 2010 Fair Value
	(In Thousands)			
Due after one but within five years	$3	$3	$—	$—
Due after five but within ten years	218	223	306	312
Due after ten years	15,878	16,436	19,552	20,030
	$16,099	$16,662	$19,858	$20,342

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 7 - Loans Receivable and the Allowance for Loan Losses

	December 31, 2011	December 31, 2010
	(In Thousands)	
Residential real estate:		
One-to-four family	$627	$211
Multi-family	189,253	190,042
Mixed use	51,229	55,244
	241,109	245,497
Non-residential real estate	83,602	100,925
Construction	9,065	12,913
Commercial and Industrial	23,725	12,140
Consumer	68	63

Total Loans	357,569	371,538
Allowance for loan losses	(7,397)	(7,647)
Deferred loan fees and costs	722	907
Net Loans	$350,894	$364,798

Loans serviced for the benefit of others totaled approximately $6,827,000 and $9,543,000 at December 31, 2011 and 2010, respectively.

The Company had no loans to related parties at December 31, 2011 and 2010. In addition, the Company did not originate any loans to related parties in 2011 and 2010.

F-21

Table of Contents

Northeast Community Bancorp, Inc.

Note 7 - Loans Receivable and the Allowance for Loan Losses (Continued)

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

Allowance for Loan Losses for the Year Ended December 31, 2011 (in thousands)

	Residential Real Estate	Non-residential Real Estate	Construction	Commercial and Industrial	Consumer	Total
Allowance for credit losses:						
Beginning balance	$ 3,924	$ 1,560	$ 2,083	$ 80	$ —	$ 7,647
Charge-offs	1,358	17	—	—	—	1,375
Recoveries	12	—	—	—	—	12
Provision	1,203	53	(359)	216	—	1,113
Ending balance	$ 3,781	$ 1,596	$ 1,724	$ 296	$ —	$ 7,397
Ending balance: individually evaluated for impairment	$ 456	$ 333	$ 1,661	$ —	$ —	$ 2,450
Ending balance: collectively evaluated for impairment	$ 3,325	$ 1,263	$ 63	$ 296	$ —	$ 4,947
Loan receivables:						
Ending balance	$ 241,109	$ 83,602	$ 9,065	$ 23,725	$ 68	$ 357,569
Ending balance: individually evaluated for impairment	$ 12,871	$ 9,764	$ 7,660	$ —	$ —	$ 30,295
Ending balance: collectively evaluated for impairment	$ 228,238	$ 73,838	$ 1,405	$ 23,725	$ 68	$ 327,274

Table of Contents

Northeast Community Bancorp, Inc.

Note 7 - Loans Receivable and the Allowance for Loan Losses (Continued)

Allowance for Loan Losses for the Year Ended December 31, 2010 (in thousands)

	Residential Real Estate	Non-residential Real Estate	Construction	Commercial and Industrial	Consumer	Total
Allowance for credit losses:						
Beginning balance	$ 3,948	$ 2,495	$ 186	$ 104	$ —	$ 6,733
Charge-offs	1,211	1,407	—	—	—	2,618
Recoveries	45	—	—	—	—	45
Provision	1,142	472	1,897	(24)	—	3,487
Ending balance	$ 3,924	$ 1,560	$ 2,083	$ 80	$ —	$ 7,647
Ending balance: individually evaluated for impairment	$ 368	$ 82	$ 1,756	$ —	$ —	$ 2,206
Ending balance: collectively evaluated for impairment	$ 3,556	$ 1,478	$ 327	$ 80	$ —	$ 5,441
Loan receivables:						
Ending balance	$ 245,497	$ 100,925	$ 12,913	$ 12,140	$ 63	$ 371,538
Ending balance: individually evaluated for impairment	$ 7,696	$ 10,399	$ 11,575	$ —	$ —	$ 29,670
Ending balance: collectively evaluated for impairment	$ 237,801	$ 90,526	$ 1,338	$ 12,140	$ 63	$ 341,868

The following is an analysis of our impaired loans.

Impaired Loans for the Year Ended December 31, 2011 (in thousands)

2011	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Residential real estate-Multi-family	$ 10,081	$ 10,081	$ —	$ 10,245	$ 422
Non-residential real estate	8,601	8,601	—	8,560	108
Construction	—	—	—	—	—
Subtotal	18,682	18,682	—	18,805	530
With an allowance recorded:					
Residential real estate-Multi-family	2,790	2,790	456	2,717	7
Non-residential real estate	1,163	1,163	333	1,154	28
Construction	7,660	7,660	1,661	7,566	10
Subtotal	11,613	11,613	2,450	11,437	45
Total:					
Residential real estate-Multi-family	12,871	12,871	456	12,962	429
Non-residential	9,764	9,764	333	9,714	136
Construction	7,660	7,660	1,661	7,566	10
Total	$ 30,295	$ 30,295	$ 2,450	$ 30,242	$ 575

F-23

Table of Contents

Northeast Community Bancorp, Inc.

Note 7 - Loans Receivable and the Allowance for Loan Losses (Continued)

Impaired Loans for the Year Ended December 31, 2010 (in thousands)

2010	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Residential real estate-Multi-family	$ 6,608	$ 6,608	$ —	$ 6,505	$ 246
Non-residential real estate	9,903	9,903	—	10,086	268
Construction	—	—	—	—	—
Subtotal	16,511	16,511	—	16,591	514
With an allowance recorded:					
Residential real estate-Multi-family	1,088	1,088	368	1,147	—
Non-residential real estate	496	496	82	414	5
Construction	11,575	11,575	1,756	11,696	464
Subtotal	13,159	13,159	2,206	13,257	469
Total:					
Residential real estate-Multi-family	7,696	7,696	368	7,652	246
Non-residential	10,399	10,399	82	10,500	273
Construction	11,575	11,575	1,756	11,696	464
Total	$ 29,670	$ 29,670	$ 2,206	$ 29,848	$ 983

The following table sets forth the composition of our nonaccrual loans at the dates indicated.

Loans Receivable on Nonaccrual Status as of December 31, 2011 and 2010 (in thousands)

	2011	2010
Residential real estate-Multi-family	$4,951	$2,219
Non-residential real estate	6,634	5,457
Construction loans	7,661	11,575

Total	$19,246	$19,251

During the years ended December 31, 2011 and 2010, the Bank recognized interest income of approximately $59,000 and $464,000, respectively, on the non-accrual loans. Interest income that would have been recorded had the loans been on the accrual status would have amounted to approximately $1,173,000 and $941,000 for the years ended December 31, 2011 and 2010, respectively. The Bank is not committed to lend additional funds to borrowers whose loans have been placed on the non-accrual status.

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 7 - Loans Receivable and the Allowance for Loan Losses (Continued)

The following table provides information about delinquencies in our loan portfolio at the dates indicated.

Age Analysis of Past Due Loans as of December 31, 2011 (in Thousands)

	30-59 Days Past Due	60 – 89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
Residential real estate:							
One- to four-family	$ —	$ —	$ —	$ —	$ 627	$ 627	$ —
Multi-family	—	—	5,422	5,422	183,831	189,253	1,192
Mixed-use	—	—	722	722	50,507	51,229	—
Non-residential real estate	—	545	6,634	7,179	76,423	83,602	—
Construction loans	—	—	7,660	7,660	1,405	9,065	—
Commercial and Industrial loans	—	—	—	—	23,725	23,725	—
Consumer	—	—	—	—	68	68	—
Total loans	$ —	$ 545	$ 20,438	$ 20,983	$ 336,586	$ 357,569	$ 1,192

Age Analysis of Past Due Loans as of December 31, 2010 (in Thousands)

	30-59 Days Past Due	60 – 89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Recorded Investment > 90 Days and Accruing
Residential real estate:							
One- to four-family	$ —	$ —	$ —	$ —	$ 211	$ 211	$ —

Multi-family	1,450	—	4,774	6,224	183,818	190,042	2,555
Mixed-use	—	—	—	—	55,244	55,244	—
Non-residential real estate	—	—	5,457	5,457	95,468	100,925	—
Construction loans	—	—	11,575	11,575	1,338	12,913	—
Commercial and Industrial loans	—	—	—	—	12,140	12,140	—
Consumer	2	—	—	2	61	63	—
Total loans	$1,452	$ —	$21,806	$23,258	$348,280	$ 371,538	$ 2,555

F-25

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 7 - Loans Receivable and the Allowance for Loan Losses (Continued)

The following tables provide certain information related to the credit quality of our loan portfolio.

Credit Quality Indicators as of December 31, 2011 (in thousands)

Credit Risk Profile by Internally Assigned Grade

	Residential Real Estate	Non-residential Real Estate	Construction	Commercial and Industrial	Consumer	Total
Grade:						
Pass	$ 230,128	$ 73,838	$ 1,405	$ 23,725	$ 68	$ 329,164
Special Mention	4,259	—	—	—	—	4,259
Substandard	6,722	9,764	7,660	—	—	24,146
Total	$ 241,109	$ 83,602	$ 9,065	$ 23,725	$ 68	$ 357,569

Credit Quality Indicators as of December 31, 2010 (in thousands)

Credit Risk Profile by Internally Assigned Grade

	Residential Real Estate	Non-residential Real Estate	Construction	Commercial and Industrial	Consumer	Total
Grade:						
Pass	$ 237,801	$ 90,526	$ 1,338	$ 12,140	$ 63	$ 341,868
Special Mention	2,625	4,942	—	—	—	7,567
Substandard	5,071	5,457	11,575	—	—	22,103

Total	$ 245,497	$ 100,925	$ 12,913	$ 12,140	$ 63	$ 371,538

The following table shows the breakdown of loans modified during the year ended December 31, 2011:

	Twelve Months Ended December 31, 2011		
(dollars in thousands)	Number of Modifications	Recorded Investment Prior to Modification	Recorded Investment After Modification
Residential real estate:			
Multi-family	2	$ 2,279	$ 1,935

Both loans had an interest rate of 6.5% with an amortization of 25 years that was modified to a rate of 5% and an amortization of 30 years.

As of December 31, 2011, none of the loans that were modified during the previous twelve months had defaulted in the preceding twelve month period ended December 31, 2011.

As a result of the adopting the amendments in Accounting Standards Update No. 2011-02, the Company reassessed all restructurings that occurred on or after the beginning of the current fiscal year (January 1, 2011) for identification as troubled debt

F-26

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 7 - Loans Receivable and the Allowance for Loan Losses (Continued)

restructurings. The Company identified no loans for which the allowance for loan losses had previously been measured under a general allowance for loan losses methodology that are now considered troubled debt restructurings in accordance with Accounting Standards Update No. 2011-02.

Note 8 - Premises and Equipment, Net

	December 31, 2011	December 31, 2010
	(In Thousands)	
Land	$1,534	$1,291
Buildings and improvements	8,888	7,954
Leasehold improvements	615	615
Furnishings and equipment	7,299	5,798
Total	18,336	15,658
Accumulated depreciation and amortization	(9,429)	(8,874)
Net	$8,907	$6,784

At December 31, 2011, construction in progress of $1.3 million relating to a new branch office in Framingham, Massachusetts is included in furnishings and equipment. The Company is committed to an additional $560,000 for this project.

Note 9 - Accrued Interest Receivable, Net

	December 31, 2011	December 31, 2010

	(In Thousands)	
Loans	$3,465	$2,902
Securities	48	60
Total	3,513	2,962
Allowance for uncollected interest	(2,014)	(1,258)
Net	$1,499	$1,704

Note 10 - Goodwill and Intangible Assets

Goodwill and intangible assets at December 31 are summarized as follows (in thousands):

	2011	2010
Goodwill	$1,310	$1,310
Customer relationships intangible	466	527
Total	$1,776	$1,898

F-27

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 10 – Goodwill and Intangible Assets (Continued)

The gross amount of intangible assets was $710,000 at both December 31, 2011 and 2010. Amortization expense of intangible assets was $61,000 during each of the years ended December 31, 2011 and 2010. Scheduled amortization for each of the next five years and thereafter is as follows (in thousands):

2012	$61
2013	61
2014	61
2015	61
2016	61
Thereafter	161

Note 11 - Real Estate Owned (“REO”)

The Company owned one property valued at approximately $620,000 at December 31, 2011. Further declines in real estate values may result in impairment charges in the future. Routine holding costs are charged to expense as incurred and improvements to real estate owned that enhance the value of the real estate are capitalized. REO expense during 2011 amounted to $182,000, including a loss of $140,000 on the sale of one property and net holding expenses of $42,000.

The Company held two properties valued at approximately $933,000 at December 31, 2010. REO expenses during 2010 amounted to $307,000, including a loss of $103,000 on the sale of three properties and net holding expenses of $204,000.

Note 12 - Deposits

December 31,

	2011			2010		
	Amount	Weighted Average Interest Rate		Amount	Weighted Average Interest Rate	
	(Dollars in Thousands)					
Demand deposits:						
Non-interest bearing	$15,046	0.00	%	$9,839	0.00	%
NOW and money market	115,411	0.91	%	83,839	0.86	%
	130,457	0.80	%	93,678	0.77	%
Savings accounts	80,548	0.87	%	55,898	0.60	%
Certificates of deposit maturing in:						
One year or less	97,063	1.62	%	143,728	2.02	%
After one to two years	26,731	1.63	%	24,019	3.44	%
After two to three years	4,731	2.51	%	3,809	2.88	%
After three to four years	5,954	2.04	%	2,901	3.11	%
After four years	8,152	2.38	%	2,797	2.06	%
	142,631	1.71	%	177,254	2.25	%
	$353,636	1.18	%	$326,830	1.54	%

F-28

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 12 – Deposits (Continued)

As of December 31, 2011 and 2010, certificates of deposits over $100,000 totaled $74,332,000 and $86,802,000, respectively. At December 31, 2011, there were $19.5 million in money market deposits that are fully-insured brokered deposits as defined in the FDIC call report instructions. These money market deposits were obtained from one of our retail depositors and then transferred into the Insured Cash Sweep ("ICS") Network in order to obtain full FDIC insurance coverage for our customer. These types of deposits are known in the ICS Network as reciprocal deposits, which the Company considers as core deposits and not brokered deposits. At December 31, 2010, the Company had no ICS reciprocal deposits.

Interest expense on deposits consists of the following:

	Years Ended December 31,	
	2011	2010
	(In Thousands)	
Demand deposits	$698	$1,174
Savings accounts	424	407
Certificates of deposit	3,425	5,810
	$4,547	$7,391

Note 13 – Federal Home Loan Bank of New York ("FHLB") Advances

	December 31, 2011		2010	
	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
	(Dollars in Thousands)			
Advances maturing in:				

One year or less	$5,000	0.59 %	$10,000	2.80 %
After one to two years	10,000	3.70 %	—	-%
After two to three years	5,000	3.64 %	10,000	3.70 %
After four to five years	—	-%	5,000	3.64 %
	$20,000	2.91 %	$25,000	3.33 %

At December 31, 2011, none of the above advances were subject to early call or redemption features.

At December 31, 2011, the advances were secured by a pledge of the Bank’s investment in the capital stock of the FHLB and a blanket assignment of the Bank’s otherwise unpledged qualifying mortgage loans.

At December 31, 2011, the Bank had the ability to borrow $69.5 million, net of $20.0 million in outstanding advances, from the Federal Home Loan Bank of New York.

F-29

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 14 - Note Payable

In conjunction with the Hayden acquisition on November 16, 2007, the Company incurred a four-year, zero-coupon note payable of $700,000. The note is payable in four annual installments, one on each succeeding note anniversary date, of $175,000. The note was initially recorded at $625,000, assuming a 4.60% discount rate. The note payable balance at December 31, 2011 and 2010, was $-0- and $168,000, respectively, and the note discount accreted during 2011 and 2010 totaled $7,000 and $15,000, respectively. The holder of the note elected to defer the final payment until 2012. As such, the note payable was reclassified as accounts payable of $175,000 at December 31, 2011.

Note 15 - Income Taxes

The Bank qualifies as a savings institution under the provisions of the Internal Revenue Code and was, therefore, prior to January 1, 1996, permitted to deduct from taxable income an allowance for bad debts based upon eight percent of taxable income before such deduction, less certain adjustments. Retained earnings at December 31, 2011 and 2010, include approximately $4.1 million of such bad debt deductions which, in accordance with U.S. GAAP is considered a permanent difference between the book and income tax basis of loans receivable, and for which deferred income taxes have not been provided. If such amount is used for purposes other than for bad debt losses, including distributions in liquidation, it will be subject to income tax at the then current rate.

The components of income taxes (benefit) are summarized as follows:

	Years Ended December 31,	
	2011	2010
	(In Thousands)	
Current tax expense	$4,147	$715
Deferred tax expense (benefit)	(2,950)	189
Income Tax Expense	$1,197	$904

The following table presents a reconciliation between the reported income taxes and the income taxes, which would be computed by applying normal federal income tax rates to income before taxes:

	Years Ended December 31, 2011	2010
	(Dollars In Thousands)	
Federal income tax at statutory rates	$1,208	$942
State and City tax, net of federal income tax effect	220	202
Non-taxable income on bank owned life insurance	(201)	(212)
Other	(30)	(28)
Income Tax Expense	$1,197	$904
Effective Income Tax Rate	33.7 %	32.6 %

F-30

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 15 - Income Taxes (continued)

The tax effects of significant items comprising the net deferred tax asset are as follows:

	December 31, 2011	December 31, 2010
	(In Thousands)	
Deferred tax assets:		
Allowance for loan losses	$2,064	$2,269
Reserve for uncollected interest	441	525
Depreciation	171	143
Benefit plans	1,206	879
Accumulated other comprehensive loss - DRP	83	133
Other	43	8
Total Deferred Tax Assets	4,008	3,957
Deferred tax liability:		
Unrealized gain on securities available for sale	2	2
Goodwill	146	109
Other	—	52
Gain on sale of building	—	2,834
Total Deferred Tax Liabilities	148	2,997
Net Deferred Tax Asset, Included in Other Assets	$3,860	$960

Note 16 - Other Non-Interest Expenses

The following is an analysis of other non-interest expenses:

	Years Ended December 31, 2011	2010
	(In Thousands)	
Service contracts	$301	$283
Insurance	199	212
Audit and accounting	327	333
Directors compensation	320	305
Telephone	209	212
Office supplies and stationary	97	128
Director, officer, and employee expenses	505	247
Legal fees	559	603
Other	1,136	737
	$3,653	$3,060

F-31

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 17 - Benefits Plans

Outside Director Retirement Plan ("DRP")

Effective January 1, 2006, the Bank implemented the DRP. This plan is an unfunded non-contributory defined benefit pension plan covering all non-employee directors meeting eligibility requirements as specified in the plan document. The following table sets forth the funded status of the DRP and components of net pension periodic expense measured as of December 31:

	Years Ended December 31,	
	2011	2010
	(Dollars In Thousands)	
Benefit Obligation – beginning	$738	$659
Service cost	54	53
Interest cost	42	39
Actuarial loss (Gain)	(33)	(13)
Benefit Obligation – ending	$801	$738
Funded Status – Accrued liability included in accounts payable and accrued expenses	$801	$738
Accumulated benefit obligations	$756	$690
Discount rate	6.00%	6.00%
Salary increase rate	2.00%	2.00%

Net periodic pension expense:		
Service cost	$54	$53
Interest cost	42	39
Actuarial loss recognized	5	6
Prior service cost recognized	21	21
Total net periodic pension expense included in other non-interest expenses	$122	$119

Discount rate	6.00%	6.00%
Salary increase rate	2.00%	2.00%

Benefit payments, which reflect expected future service as appropriate, are expected to be paid for the years ended December 31 as follows (in thousands):

2012	$60
2013	60
2014	60
2015	92
2016	92
Thereafter	496

F-32

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 17 - Benefits Plans (Continued)

Supplemental Executive Retirement Plan (“SERP”)

Effective January 1, 2006, the Bank implemented the SERP. This plan is a non-contributory defined benefit plan that covers the Bank’s Chief Executive Officer, Chief Financial Officer and Chief Mortgage Officer. The Chief Mortgage Officer, who resigned and left the Bank in 2010, is no longer participating in the SERP.

Under the SERP, each of these individuals will be entitled to receive, upon retirement at age 65 (or 60 in the case of the Bank’s Chief Executive Officer), an annual benefit, paid in monthly installments, equal to 50% of his average base salary in the three-year period preceding retirement. Each individual may also retire early and receive a reduced benefit (0.25% reduction in benefit for each month by which retirement age is less than 65 years (or 60 in the case of the Bank’s Chief Executive Officer)) upon the attainment of both age 60 and 20 years of service (or upon the attainment of 20 years of service in the case of the Bank’s Chief Executive Officer). Additional terms related to death while employed, death after retirement, disability before retirement and termination of employment are fully described within the plan document. The benefit payment term is the greater of 15 years or the executives remaining life. No benefits are expected to be paid during the next ten years.

During the years ended December 31, 2011 and 2010, expenses of $556,000 and $515,000, respectively, were recorded for this plan and are reflected in the Consolidated Statements of Operations under Salaries and Employee Benefits. At December 31, 2011 and 2010, a liability for this plan of $1,657,000 and $1,101,000, respectively, is included in the Consolidated Statements of Financial Condition under Accounts Payable and Accrued Expenses.

401(k) Plan

The Bank maintains a 401(k) plan for all eligible employees. Participants are permitted to contribute from 1% to 15% of their annual compensation up to the maximum permitted under the Internal Revenue Code. The Bank through August 2006, made matching contributions equal to 100% of the employees contribution up to 5% of annual compensation. In September 2006, the Bank ceased making matching contributions to the 401(k) plan.

Employee Stock Ownership Plan ("ESOP")

In conjunction with the Company's initial public stock offering, the Bank established an ESOP for all eligible employees (substantially all full-time employees). The ESOP borrowed $5,184,200 from the Company and used those funds to acquire 518,420 shares of Company common stock at $10.00 per share. The loan from the Company carries an interest rate of 8.25% and is repayable in twenty annual installments through 2025. Each year, the Bank intends to make discretionary contributions to the ESOP equal to the principal and interest payment required on the loan from the Company. The ESOP may further pay down the principal balance of the loan by using dividends paid, if any, on the shares of Company common stock it owns. The balance remaining on the ESOP loan was $4,201,000 and $4,359,000 at December 31, 2011 and 2010, respectively.

Shares purchased with the loan proceeds serve as collateral for the loan and are held in a suspense account for future allocation among ESOP participants. As the loan principal is repaid, shares will be released from the suspense account and become eligible for allocation. The allocation among plan participants will be as described in the ESOP governing document.

ESOP shares initially pledged as collateral were recorded as unearned ESOP shares in the stockholders' equity section of the consolidated statement of financial condition. Thereafter, on a monthly basis over a 240 month period, approximately 2,160 shares are committed to be released and compensation expense is recorded equal to the shares committed to be released multiplied by the average closing price of the Company's stock during that month. ESOP expense during the years ended December 31, 2011 and 2010, totaled approximately $160,000 and $154,000, respectively. Dividends on unallocated shares, which totaled approximately $47,000 and $51,000 during 2011 and 2010, respectively, are recorded as a reduction of the ESOP loan. Dividends on allocated shares, which totaled approximately $15,000 and $12,000 during 2011 and 2010, respectively, are charged to retained earnings.

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 17 - Benefits Plans (Continued)

ESOP shares are summarized as follows:

	December 31,	
	2011	2010
Allocated shares	129,605	103,684
Shares committed to be released	25,921	25,921
Unearned shares	362,894	388,815
Total ESOP Shares	518,420	518,420
Fair value of unearned shares	$2,036,000	$2,177,000

Note 18 - Commitments and Contingencies

Lease Commitments

Rentals under operating leases for certain branch offices and land amounted to $458,000 and $422,000 for the years ended December 31, 2011 and 2010, respectively. At December 31, 2011, the minimum rental commitments under all non-cancelable leases with initial or remaining terms of more than one year are as follows (in thousands):

Year ending December 31,	
2012	$334
2013	342
2014	269
2015	108
2016	16
Thereafter	1,106
	$2,175

Other

On October 31, 2011 a complaint was filed by Stilwell Value Partners IV, L.P. in the Supreme Court of New York, New York County (the "Court"), against the Company, NorthEast Community Bancorp MHC (the "MHC") and each of the directors of the Company and the MHC. The complaint alleges that the directors have breached their fiduciary duties by not expanding the Company board to allow for disinterested consideration of a "second-step" conversion of the MHC. As for relief, the complaint requests, among other things, that the Company's board of directors be increased by at least three new members, that such new members be given sole responsibility to determine whether the Company should engage in a second-step conversion and that the Court order the Company to engage in a second-step conversion. The Company believes that the claims asserted are without merit and intends to vigorously defend the case. On December 14, 2011, the Company filed a motion to dismiss the complaint. The plaintiff has filed an opposition to the Company's motion to dismiss and a cross motion for leave to amend the complaint in the event the court were to conclude that the initial complaint fails to state a viable claim. The Company expects there will be a ruling on the motion to dismiss in the near future.

The Company and Bank are also subject to claims and litigation that arise primarily in the ordinary course of business. Based on information presently available and advice received from legal counsel representing the Company and Bank in connection with such claims and litigation, it is the opinion of management that the disposition or ultimate determination of such claims and litigation will not have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Company.

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 19 - 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, we 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:

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 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	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs

December 31, 2011:	Identical Assets (In Thousands)						
Mortgage-backed securities - residential:							
Federal Home Loan Mortgage Corporation	$95	$	—	$	95	$	—
Federal National Mortgage Association	54		—		54		—
December 31, 2010:							
Mortgage-backed securities - residential:							
Federal Home Loan Mortgage Corporation	$106	$	—	$	106	$	—
Federal National Mortgage Association	56		—		56		—

F-35

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 19- Fair Value Disclosures (continued)

Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). Financial assets measured at fair value on a non-recurring basis at December 31, 2011 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
	(In Thousands)			
December 31, 2011:				
Impaired loans	$9,163	$ —	$ —	$ 9,163
December 31, 2010:				
Impaired loans	$10,953	$ —	$ —	$ 10,953

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 December 31, 2011 and 2010:

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

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 and industrial loans and loans to individuals, are further segmented by maturity and type of collateral.

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 19 - Fair Value Disclosures (Continued)

For performing loans, fair value is calculated by discounting scheduled future cash flows through estimated maturity using a market rate that reflects the credit and interest-rate risks inherent in the loans. 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, or discounted cash flows based upon the expected proceeds. 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.

Deposit Liabilities

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.

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.

Note Payable

The fair value of the note payable 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 December 31, 2011 and 2010, the estimated fair values of these off-balance-sheet financial instruments were immaterial.

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 19 - Fair Value Disclosures (Continued)

The carrying amounts and estimated fair value of our financial instruments are as follows:

	December 31, 2011		2010	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(In Thousands)			
Financial assets:				
Cash and cash equivalents	$82,583	$82,583	$44,453	$44,453
Certificates of deposit	2,640	2,640	2,988	2,988
Securities available for sale	149	149	162	162
Securities held to maturity	16,099	16,662	19,858	20,342
Loans receivable	350,894	361,974	364,798	372,322
FHLB stock	1,633	1,633	1,884	1,884
Accrued interest receivable	1,499	1,499	1,704	1,704
Financial liabilities:				
Deposits	353,636	356,950	326,830	330,471
FHLB advances	20,000	20,686	25,000	26,759
Note payable	—	—	168	173

Note 20 – Parent Company Only Financial Information

The following are the condensed financial statements for Northeast Community Bancorp (Parent company only) as of December 31, 2011 and 2010 and for the years then ended.

Statements of Financial Condition

	December 31,	
	2011	2010
	(In Thousands)	
Assets		
Cash and due from banks	$14,914	$18,319
Investment in subsidiary	88,107	85,602
ESOP loan receivable	4,201	4,359
Other assets	—	22
Total Assets	$107,222	$108,302
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	$157	$163
Total Liabilities	157	163
Total Stockholders' Equity	107,065	108,139
Total Liabilities and Stockholders' Equity	$107,222	$108,302

F-38

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 20 – Parent Company Only Financial Information (Continued)

Statements of Income

	Years Ended December 31,	
	2011	2010
	(In Thousands)	
Interest income – interest- earning deposits	$55	$66
Interest income – ESOP loan	360	371
Operating expenses	(272)	(265)
Income before Income Tax Expense and Equity in Undistributed Earnings of Subsidiary	143	172
Income tax expense	60	50
Income before Equity in Undistributed Earnings of Subsidiary	83	122
Equity in undistributed earnings of subsidiary	2,272	1,746
Net Income	$2,355	$1,868

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 20 – Parent Company Only Financial Information (Continued)

Statements of Cash Flow

	Years Ended December 31,	
	2011	2010
	(In Thousands)	
Cash Flows from Operating Activities		
Net income	$2,355	$1,868
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Equity in undistributed earnings of subsidiary	(2,272)	(1,746)
Decrease (increase) in other assets	22	(18)
Decrease in other liabilities	(6)	(522)
Net Cash Provided by (Used in) Operating Activities	98	(418)
Cash Flows from Investing Activities		
Repayment of ESOP loan	158	145
Net Cash Provided by Investing Activities	158	145
Cash Flows from Financing Activities		
Cash dividends paid	(614)	(654)
Purchase of treasury stock	(3,048)	(664)
Net Cash Used in Financing Activities	(3,661)	(1,318)
Net Decrease in Cash and Cash Equivalents	(3,405)	(1,591)
Cash and Cash Equivalents - Beginning	18,319	19,910
Cash and Cash Equivalents - Ending	$14,914	$18,319

Note 21 - Recent Accounting Pronouncements

The FASB has issued Accounting Standards Update ("ASU") 2011-02, *A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring*, to clarify the accounting principles applied to loan modifications, as defined by FASB ASC Subtopic 310-40, *Receivables – Troubled Debt Restructurings by Creditors*. This ASU clarifies guidance on a creditor's evaluation of whether or not a concession has been granted, with an emphasis on evaluating all aspects of the modification rather than a focus on specific criteria, such as the effective interest rate test, to determine a concession. This ASU provides guidance on specific types of modifications such as changes in the interest rate of the borrowing, and insignificant delays in payments, as well as guidance on the creditor's evaluation of whether or not a debtor is experiencing financial difficulties. For public entities, the amendments in this ASU are effective for the first interim or annual periods beginning on or after June 15, 2011, and should be applied retrospectively to the beginning of the annual period of adoption. The entity should also disclose information required by ASU 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*, which had previously been deferred by ASU 2011-01, *Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings* in Update No. 2010-20, for interim and annual periods beginning on or after June 15, 2011. The Company adopted this guidance in the period ended September 30, 2011 and disclosed the required information in its consolidated financial statements.

Table of Contents

Northeast Community Bancorp, Inc.

Notes to Consolidated Financial Statements

Note 21 - Recent Accounting Pronouncements (Continued)

ASU 2011-04: This ASU amends *FASB ASC Topic 820, Fair Value Measurements,* to bring U.S. GAAP for fair value measurements in line with International Accounting Standards. The ASU clarifies existing guidance for items such as: the application of the highest and best use concept to non-financial assets and liabilities; the application of fair value measurement to financial instruments classified in a reporting entity's stockholder's equity; and disclosure requirements regarding quantitative information about unobservable inputs used in the fair value measurements of level 3 assets. The ASU also creates an exception to Topic 820 for entities which carry financial instruments within a portfolio or group, under which the entity is now permitted to base the price used for fair valuation upon a price that would be received to sell the net asset position or transfer a net liability position in an orderly transaction. The ASU also allows for the application of premiums and discounts in a fair value measurement if the financial instrument is categorized in level 2 or 3 of the fair value hierarchy. Lastly, the ASU contains new disclosure requirements regarding fair value amounts categorized as level 3 in the fair value hierarchy such as: disclosure of the valuation process used; effects of and relationships between unobservable inputs; usage of nonfinancial assets for purposes other than their highest and best use when that is the basis of the disclosed fair value; and categorization by level of items disclosed at fair value, but not measured at fair value for financial statement purposes. For public entities, this ASU is effective for interim and annual periods beginning after December 15, 2011. Early adoption is not permitted. The Company is still evaluating the impact the new pronouncement may have on its consolidated financial statements.

ASU 2011-05: The provisions of this ASU amend *FASB ASC Topic 220, Comprehensive Income,* to facilitate the continued alignment of U.S. GAAP with International Accounting Standards. The ASU prohibits the presentation of the components of comprehensive income in the statement of stockholder's equity. Reporting entities are allowed to present either: a statement of comprehensive income, which reports both net income and other comprehensive income; or separate, but consecutive, statements of net income and other comprehensive income. Under previous GAAP, all 3 presentations were acceptable. Regardless of the presentation selected, the Reporting Entity is required to present all reclassifications between other comprehensive and net income on the face of the new statement or statements. The provisions of this ASU are effective for fiscal years and interim periods beginning after December 31, 2011 for public entities. As the two remaining options for presentation existed prior to the issuance of this ASU, early adoption is permitted. The Company is still evaluating the impact the new pronouncement may have on its consolidated financial statements.

ASU 2011-08: *Testing Goodwill for Impairment*. The purpose of this ASU is to simplify how entities test goodwill for impairment by adding a new first step to the preexisting goodwill impairment test under ASC Topic 350, *Intangibles – Goodwill and other*. This amendment gives the entity the option to first assess a variety of qualitative factors such as economic conditions, cash flows, and competition to determine whether it was more likely than not that the fair value of goodwill has fallen below its carrying value. If the entity determines that it is not likely that the fair value has fallen below its carrying value, then the entity will not have to complete the original two-step test under Topic 350. The amendments in this ASU are effective for impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The Company is evaluating the impact of this ASU on its consolidated financial statements.

ASU 2011-12: *Deferral of the Effective Date to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update 2011-05.* In response to stakeholder concerns regarding the operational ramifications of the presentation of these reclassifications for current and previous years, the FASB has deferred the implementation date of this provision to allow time for further consideration. The requirement in ASU 2011-05, *Presentation of Comprehensive Income,* for the presentation of a combined statement of comprehensive income or separate, but consecutive, statements of net income and other comprehensive income is still effective for fiscal years and interim periods beginning after December 15, 2011 for public companies, and fiscal years ending after December 15, 2011 for nonpublic companies. The adoption of this ASU did not have a significant impact on the Company’s consolidated financial statements.