

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes
No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company

(Do not check if a smaller reporting company)

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

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

Common Stock, Par Value \$0.01	Outstanding at August 14, 2015
(Title of Class)	3,727,014 shares

FIRST FEDERAL OF NORTHERN MICHIGAN BANCORP, INC.

FORM 10-Q

Quarter Ended June 30, 2015

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Section 302 Certifications

Section 906 Certifications

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,” “pro” 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 (in thousands)**

	June 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Cash and cash equivalents:		
Cash on hand and due from banks	\$ 5,332	\$ 11,205
Overnight deposits with FHLB	59	267
Total cash and cash equivalents	5,391	11,472
Deposits held in other financial institutions	8,428	8,429
Securities available for sale	125,584	119,968
Securities held to maturity	745	790
Loans held for sale	121	88
Loans receivable, net of allowance for loan losses of \$1,488 and \$1,429 as of June 30, 2015 and December 31, 2014, respectively	165,612	163,647
Foreclosed real estate and other repossessed assets	2,857	2,823
Federal Home Loan Bank stock, at cost	1,636	2,591
Premises and equipment	6,250	6,336
Assets held for sale	271	478
Accrued interest receivable	1,041	986
Intangible assets	1,165	1,286
Deferred tax asset	863	851
Originated mortgage servicing rights	641	710
Bank owned life insurance	4,791	4,727
Other assets	580	685
Total assets	\$ 325,976	\$ 325,867
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	\$ 269,979	\$ 270,734
Advances from borrowers for taxes and insurance	563	203
Advances from Federal Home Loan Bank	23,217	22,885

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Accrued expenses and other liabilities	1,148	1,509
Total liabilities	294,907	295,331
Stockholders' equity:		
Common stock (\$0.01 par value 20,000,000 shares authorized 4,034,764 shares issued)	40	40
Additional paid-in capital	28,264	28,264
Retained earnings	5,351	4,765
Treasury stock at cost (307,750 shares)	(2,964)	(2,964)
Accumulated other comprehensive income	378	431
Total stockholders' equity	31,069	30,536
Total liabilities and stockholders' equity	\$ 325,976	\$ 325,867

See accompanying notes to consolidated financial statements.

First Federal of Northern Michigan Bancorp, Inc. and Subsidiaries**Consolidated Statement of Income and Comprehensive Income (in thousands)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
Interest income:				
Interest and fees on loans	\$2,033	\$1,691	\$4,038	\$3,401
Interest and dividends on investments				
Taxable	327	150	621	300
Tax-exempt	30	41	60	83
Interest on mortgage-backed securities	265	143	553	286
Total interest income	2,655	2,025	5,272	4,070
Interest expense:				
Interest on deposits	240	192	475	378
Interest on borrowings	68	67	134	130
Total interest expense	308	259	609	508
Net interest income	2,347	1,766	4,663	3,562
(Recovery of) provision for loan losses	(45)	—	(22)	16
Net interest income after provision for loan losses	2,392	1,766	4,685	3,546
Non-interest income:				
Service charges and other fees	236	188	454	369
Mortgage banking activities	149	128	250	224
Net gain on sale of securities	1	—	1	—
Net (loss) gain on sale of premises and equipment, real estate owned and other repossessed assets	(1)	(21)	90	(26)
Other	102	49	186	114
Total non-interest income	487	344	981	681
Non-interest expense:				
Compensation and employee benefits	1,507	1,110	2,926	2,219
FDIC insurance premiums	55	45	119	91
Advertising	49	44	93	72
Occupancy	267	219	547	456
Amortization of intangible assets	61	10	121	40
Service bureau charges	102	84	205	146
Professional services	137	165	247	294
Collection activity	(6)	11	57	29
Real estate owned & other repossessed assets	28	12	46	29
Other	299	316	570	535

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Total non-interest expense	2,499	2,016	4,931	3,911
Income before income tax expense	380	94	735	316
Income tax expense	—	—	—	—
Net Income	\$380	\$94	\$735	\$316
Other Comprehensive Income:				
Unrealized (loss) gain on investment securities - available for sale securities - net of tax	(293) 161	53	\$434
Reclassification adjustment for gains realized in earnings - net of tax	—	—	—	—
Comprehensive Income	\$87	\$255	\$788	\$750
Per share data:				
Net Income per share				
Basic	\$0.10	\$0.03	\$0.20	\$0.11
Diluted	\$0.10	\$0.03	\$0.20	\$0.11
Weighted average number of shares outstanding				
Basic	3,727,014	2,884,049	3,727,014	2,884,049
Including dilutive stock options	3,727,014	2,884,049	3,727,014	2,884,049
Dividends per common share	\$0.02	\$0.02	\$0.04	\$0.04

See accompanying notes to consolidated financial statements.

First Federal of Northern Michigan Bancorp Inc. and Subsidiaries

Consolidated Statement of Changes in Stockholders' Equity (Unaudited)

(in thousands)

	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2014	40	(2,964)	28,264	4,765	431	30,536
Net income	—	—	—	735	—	735
Change in unrealized gain on available-for-sale securities (net of tax of \$140)	—	—	—	—	(53)	(53)
Dividends declared	—	—	—	(149)	—	(149)
Balance at June 30, 2015	40	(2,964)	28,264	5,351	378	31,069

See accompanying notes to the consolidated financial statements.

First Federal of Northern Michigan Bancorp, Inc. and Subsidiaries**Consolidated Statement of Cash Flows (in thousands)**

	For Six Months Ended June 30,	
	2015	2014
	(Unaudited)	
Cash Flows from Operating Activities:		
Net income	\$ 735	\$ 316
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	313	184
(Recovery of) provision for loan loss	(22)	16
Accretion of acquired loans	(5)	—
Amortization and accretion on securities	457	204
Gain on sale of loans held for sale	(139)	(89)
Gain on sale of property and equipment and asset held for sale	(81)	21
Gain on sale of available for sale securities	(1)	—
(Gain) loss on sale of real estate owned and other repossessed assets	(9)	6
Originations of loans held for sale	(8,121)	(5,523)
Proceeds from sale of loans held for sale	8,227	5,406
Net change in:		
Accrued interest receivable	(55)	31
Other assets	190	(9)
Bank owned life insurance	(64)	(58)
Accrued expenses and other liabilities	(362)	(47)
Net cash provided by operating activities	1,064	458
Cash Flows from Investing Activities:		
Net (increase) decrease in loans	(2,435)	965
Proceeds from maturities and calls of available-for-sale securities	14,463	5,570
Proceeds from sale of real estate and other repossessed assets	472	317
Proceeds from sale of available-for-sale securities	1,761	—
Proceeds from sale of property and equipment	288	2
Proceeds from sale of FHLB stock	955	—
Purchase of securities	(22,331)	(16,186)
Purchase of premises and equipment	(106)	(86)
Net cash used in investing activities	(6,933)	(9,418)
Cash Flows from Financing Activities:		
Dividends paid on common stock	(149)	(115)
Net (decrease) increase in deposits	(755)	8,970
Net increase in advances from borrowers	360	232
Advances from Federal Home Loan Bank	8,000	12,055
Repayments of Federal Home Loan Bank advances	(7,668)	(11,711)
Net cash (used in) provided by financing activities	(212)	9,431

Net (decrease) increase in cash and cash equivalents	(6,081)	471
Cash and cash equivalents at beginning of period	11,472	2,766
Cash and cash equivalents at end of period	\$ 5,391	\$ 3,237

Supplemental disclosure of cash flow information:

Cash refunded for taxes paid	\$ 15	\$—
Cash paid during the period for interest	533	509
Transfers of loans to foreclosed real estate and repossessed assets	497	265

See accompanying notes to the consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 — BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed consolidated interim financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and with the instructions to Form 10-Q. Accordingly, certain information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements are not included herein. The interim financial statements should be read in conjunction with the financial statements of First Federal of Northern Michigan Bancorp, Inc. and Subsidiaries and the notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2014.

All adjustments, consisting only of normal recurring adjustments, which in the opinion of management are necessary for a fair presentation of financial position, results of operations and cash flows, have been made. The results of operations for the three and six months ended June 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

Note 2 — PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of First Federal of Northern Michigan Bancorp, Inc., its wholly owned subsidiary First Federal of Northern Michigan (the "Bank"), and the Bank's wholly owned subsidiaries, Financial Services & Mortgage Corporation ("FSMC") and FFNM Financial Services, Inc. FSMC invested in real estate, which includes leasing, selling, developing, and maintaining real estate properties. FSMC was dissolved in the first quarter of 2015 since all real estate properties were sold in 2011. The main activity of FFNM Financial Services, Inc. is to collect commission from the sale of non-insured investment products resulting from investment advisory services offered in our branch network. All significant intercompany balances and transactions have been eliminated in the consolidation.

Note 3 — BUSINESS COMBINATIONS

As of August 8, 2014 (“Merger Date”), the Company completed its merger with Alpena Banking Corporation and its wholly owned subsidiary Bank of Alpena (“Alpena”). Alpena had one branch office and \$102.9 million in assets as of August 8, 2014. The results of operations due to the merger have been included in the Company’s results since the Merger Date. The merger was effected by the issuance of shares of the Company’s common stock to Alpena Banking Corporation shareholders. Each share of Alpena’s common stock was converted into the right to receive 1.549 shares of the Company’s common stock, with cash paid in lieu of fractional shares. The conversion of Alpena’s shares resulted in the issuance of 842,965 shares of the Company’s common stock.

The merger transaction was recorded using the acquisition method of accounting and accordingly, assets acquired, liabilities assumed and consideration exchanged were recorded at estimated fair values on the Merger Date. The following table provides the purchase price calculation as of the Merger Date and the identifiable assets acquired and liabilities assumed at their estimated fair values. These fair value measurements are provisional based on third-party valuations that are currently under review and are subject to refinement for up to one year after the Merger Date based on additional information that may be obtained by us that existed on the Merger Date.

Purchase Price:

(000's omitted)

First Federal of Northern Michigan Bancorp, Inc. common stock issued for Alpena Banking Corporation common shares	843
Price per share, based on First Federal of Northern Michigan Bancorp, Inc. closing price on August 8, 2014	\$5.59
Total purchase price	\$4,712

Preliminary Statement of Net Assets Acquired at Fair Value:

Assets			
Cash and cash equivalents	\$41,650		
Securities	24,008		
Loans	33,051		
Premises and Equipment	1,667		
Core Deposit Intangible	1,392		
Deferred Tax Asset	337		
Other Assets	467		
Total Assets	\$102,572		
Liabilities			
Deposits	95,787		
Other Liabilities	91		
Total Liabilities	\$95,878		
Net Identifiable Assets Acquired		\$6,694	
Bargain Purchase Gain		\$(1,982)	

The following table provides the pro forma information for the results of operations for the three and six months ended June 30, 2015 and 2014, as if the merger had occurred on January 1 of each year. These adjustments reflect the impact of certain purchase accounting fair value measurements, primarily on the loan and deposit portfolios of Bank of Alpena. These pro forma results are presented for illustrative purposes only and are not intended to represent or be indicative of the actual results of operations of the combined banking organizations that would have been achieved had the merger occurred at the beginning of each period presented, nor are they intended to represent or be indicative of future results of the Company.

For the Three Months Ended		For the Six Months Ended	
June 30,		June 30,	
2015	2014	2015	2014

Net interest income	\$ 2,347	\$ 2,953	\$ 4,663	\$ 5,848
Non-interest income	487	632	981	1,232
Non-interest expense	2,499	3,069	4,931	6,089
Net income	380	476	735	897
Net income per basic and diluted share	0.10	0.17	0.20	0.31
Weighted average shares outstanding	3,727	2,884	3,727	2,884

In most instances, determining the fair value of the acquired assets and assumed liabilities required the Company to estimate the cash flows expected to result from those assets and liabilities and to discount those cash flows at appropriate rates of interest. The most significant of those determinations related to the valuation of acquired loans. For such loans, the excess cash flows expected at merger over the estimated fair value is recognized as interest income over the remaining lives of the loans. The difference between contractually required payments at merger and the cash flows expected to be collected at merger reflects the impact of estimated credit losses and other factors, such as prepayments. In accordance with the applicable accounting guidance for business combinations, there was no carry-over of Alpena's previously established allowance for loan losses.

The acquired loans were divided into loans with evidence of credit quality deterioration, which are accounted for under ASC 310-30 ("acquired impaired"), and loans that do not meet the criteria, which are accounted for under ASC 310-20 ("acquired non-impaired"). In addition, the loans are further categorized into different pools based primarily on the type and purpose of the loan.

	Acquired Impaired	Acquired Non-Impaired	Acquired Total
Real estate loans:			
Residential mortgages	\$397	\$ 6,992	\$7,389
Commercial Loans:			
	—	109	109
Secured by real estate	3,070	14,721	17,791
Other	1,201	4,213	5,414
Total commercial loans	4,271	19,043	23,314
Consumer loans:			
Secured by real state	30	1,568	1,598
Other	—	750	750
Total consumer loans	30	2,318	2,348
Total loans at acquisition date	\$4,698	\$ 28,353	\$33,051

	Acquired Impaired	Acquired Non-Impaired	Acquired Total
Loans acquired- contractual required payments	\$5,930	\$ 28,587	\$34,517
Non accretable yield	(1,232)	—	(1,232)
Expected cash flows	4,698	28,587	33,285
Accretable yield	—	(234)	(234)
Carrying balance at acquisition date	\$4,698	\$ 28,353	\$33,051

Note 4 — SECURITIES

Investment securities have been classified according to management's intent. The carrying value and estimated fair value of securities are as follows:

	June 30, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Market Value
	(in thousands)			
Securities Available for Sale				
U.S. Treasury securities and obligations of U.S.				
government corporations and agencies	\$33,210	\$157	\$(50) 33,317
Municipal obligations	27,660	330	(108) 27,882

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Corporate bonds & other obligations	1,514	5	—	1,519
Mortgage-backed securities	62,625	374	(139) 62,860
Equity securities	3	3	—	6
Total	\$125,012	\$869	\$(297) \$125,584

Securities Held to Maturity

Municipal obligations	\$745	\$1	\$—	\$746
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December 31, 2014

Amortized Cost (in thousands)	Gross Unrealized Gains	Gross Unrealized (Losses)	Market Value
-------------------------------------	---------------------------	------------------------------	-----------------

Securities Available for Sale

U.S. Treasury securities and obligations
of U.S.

government corporations and agencies	\$31,221	\$58	\$(57) 31,222
Municipal obligations	22,894	369	(129) 23,134
Corporate bonds & other obligations	1,549	12	—	1,561
Mortgage-backed securities	63,648	515	(117) 64,046
Equity securities	3	2	—	5
Total	\$119,315	\$956	\$(303) \$119,968

Securities Held to Maturity

Municipal obligations	\$790	\$118	\$—	\$908
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The amortized cost and estimated market value of securities at June 30, 2015, by contract maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities with no specified maturity date are separately stated.

	June 30, 2015	
	Amortized Cost	Market Value
	(in thousands)	
Available For Sale:		
Due in one year or less	\$2,866	\$2,882
Due after one year through five years	41,333	41,520
Due in five year through ten years	16,953	16,995
Due after ten years	1,232	1,321
Subtotal	62,384	62,718
Equity securities	3	6
Mortgage-backed securities	62,625	62,860
Total	\$125,012	\$125,584
Held To Maturity:		
Due in one year or less	\$45	\$45
Due after one year through five years	210	210
Due in five year through ten years	335	336
Due after ten years	155	155
Total	\$745	\$746

At June 30, 2015 and December 31, 2014, securities with a carrying value and fair value of \$29.9 million and \$35.0 million, respectively, were pledged to secure certain deposit accounts, FHLB advances and our line of credit at the Federal Reserve.

For the six months ended June 30, 2015 there were 2 bonds sold with a carrying value of \$1.8 million at a gain of \$1,000 and there were no sales recorded for the six months ended June 30, 2014.

The following is a summary of securities that had unrealized losses at June 30, 2015 and December 31, 2014. The information is presented for securities that have been in an unrealized loss position for less than 12 months and for more than 12 months. At June 30, 2015 there were 52 securities with unrealized losses totaling \$297,000 and at December 31, 2014, the Company held 72 securities with unrealized losses totaling \$303,000.

	June 30, 2015	
	Gross Unrealized	Gross Unrealized

	Fair Value	Losses <12 months	Fair Value	Losses > 12 months
Available For Sale:				
U.S. Treasury securities and obligations of U.S.				
government corporations and agencies	\$6,344	\$ (22)	\$972	\$ (28)
Municipal obligations	10,227	(80)	2,196	(28)
Mortgage-backed securities	13,381	(52)	4,124	(87)
Equity securities	—	—	—	—
Total	\$29,952	\$ (154)	\$7,292	\$ (143)
Held to Maturity:				
Municipal obligations	\$—	\$ —	\$—	\$ —

	December 31, 2014			
	Gross Unrealized Losses		Gross Unrealized Losses	
	Fair Value	<12 months	Fair Value	> 12 months
	(in thousands)			
Available For Sale:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies				
	\$13,672	\$ (28)	\$971	\$ (29)
Municipal obligations	9,506	(54)	4,039	(75)
Mortgage-backed securities	9,923	(31)	4,666	(86)
Equity securities	—	—	—	—
Total	\$33,101	\$ (113)	\$9,676	\$ (190)
Held to Maturity:				
Municipal obligations	\$—	\$ —	\$—	\$ —

The unrealized losses on the securities held in the portfolio are not considered other than temporary and have not been recognized into income. This decision is based on the Company's ability and intent to hold any potentially impaired security until maturity. The performance of the security is based on the contractual terms of the agreement, the extent of the impairment and the financial condition and credit quality of the issuer. The decline in market value is considered temporary and a result of changes in interest rates and other market variables.

Note 5 — LOANS

The following table sets forth the composition of our loan portfolio by loan type at the dates indicated.

	At June 30, 2015	At December 31, 2014
	(in thousands)	
Real estate loans:		
Residential mortgage	\$74,937	\$71,828
Commercial loans:		
Construction - real estate	198	1,443
Secured by real estate	63,820	62,163
Other	17,685	19,000
Total commercial loans	81,703	82,606

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Consumer loans:		
Secured by real estate	9,183	9,502
Other	1,531	1,403
Total consumer loans	10,714	10,905
Total gross loans	\$167,354	\$165,339
Less:		
Net deferred loan fees	(254)	(263)
Allowance for loan losses	(1,488)	(1,429)
Total loans, net	\$165,612	\$163,647

As of June 30, 2015 the total outstanding balance and carrying value of acquired impaired loans was \$4.4 million and \$3.2 million, respectively. Changes to the accretable and non-accretable yield for acquired loans were as follows as of June 30, 2015:

	Acquired Impaired Non- <u>Accretable</u>	Acquired Non- Impaired <u>Accretable</u>	Acquired <u>Total</u>
December 31, 2014 balance	\$(1,232) \$(208) \$(1,440)
Net discount associated with acquired loans	—	—	—
Accretion of discount for credit spread	—	34	34
Transfer from non-accretable to accretable	25	(25) —
Loans paid off through June 30, 2015	—	—	—
Loans charged off through June 30, 2015	81	—	