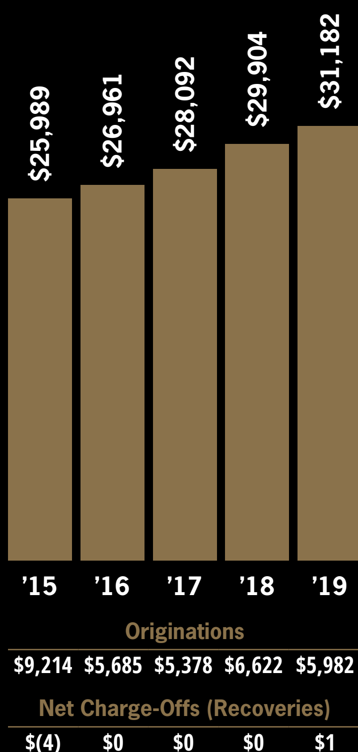
STABILITY RESILIENCE GROWTH

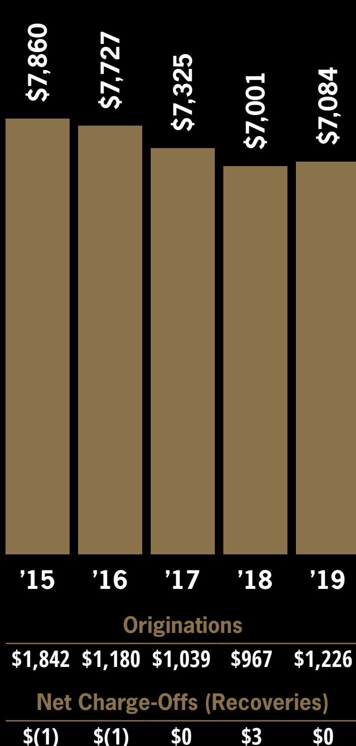
New York Community Bancorp, Inc. / 2019 Annual Report

MULTI-FAMILY LOAN PORTFOLIO
$ in millions
years ended December 31



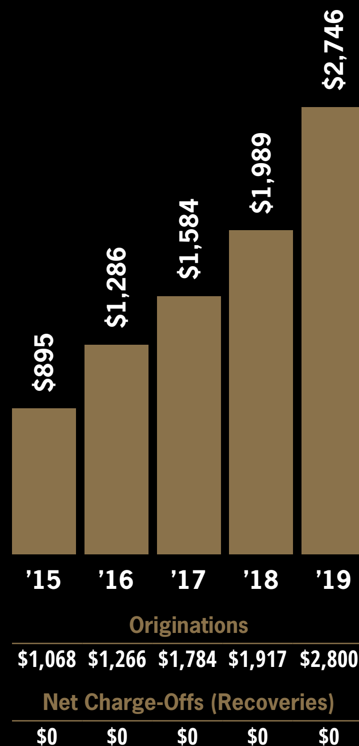
	'15	'16	'17	'18	'19
Originations	$9,214	$5,685	$5,378	$6,622	$5,982
Net Charge-Offs (Recoveries)	$(4)	$0	$0	$0	$1

COMMERCIAL REAL ESTATE LOAN PORTFOLIO
$ in millions
years ended December 31



	'15	'16	'17	'18	'19
Originations	$1,842	$1,180	$1,039	$967	$1,226
Net Charge-Offs (Recoveries)	$(1)	$(1)	$0	$3	$0

SPECIALTY FINANCE LOAN AND LEASE PORTFOLIO
$ in millions
years ended December 31



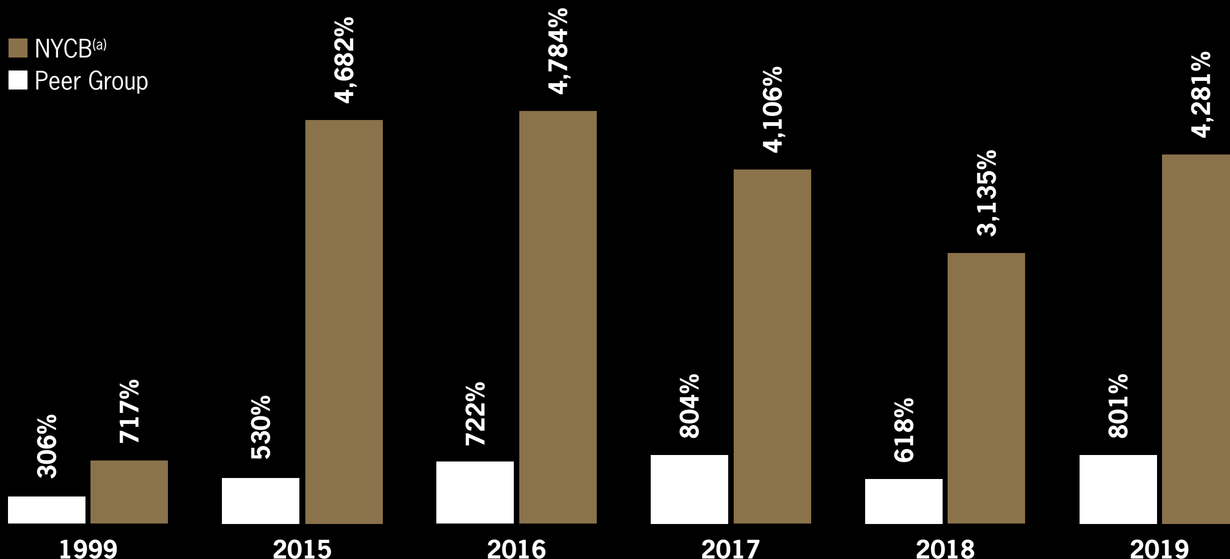
	'15	'16	'17	'18	'19
Originations	$1,068	$1,266	$1,784	$1,917	$2,800
Net Charge-Offs (Recoveries)	$0	$0	$0	$0	$0

TOTAL RETURN ON INVESTMENT

As a result of nine stock splits between 1994 and 2004, our charter shareholders have 2,700 shares of NYCB stock for each 100 shares originally purchased.

CAGR SINCE IPO

21.3%



[(a)]Bloomberg

STABILITY RESILIENCE GROWTH NYCB

New York Community Bank is the largest thrift in the nation and one of the leading thrift depositories in most of the markets we serve. Our roots go back to 1859, when we were chartered by the State of New York in Queens, a borough of New York City. Since then, we have grown from a single branch in Flushing to 238 branch offices in five states. In New York, we operate 128 branches of the Community Bank through five local divisions, reflecting the growth of our franchise through a series of mergers with other local thrifts: Queens County Savings Bank, with 31 branches in Queens County; Richmond County Savings Bank, with 20 banking offices on Staten Island; Roosevelt Savings Bank, with seven branches in Brooklyn, and Westchester County; our largest division, Roslyn Savings Bank, with 41 locations in Nassau and Suffolk counties on Long Island; and Atlantic Bank with 12 branches in Manhattan, Queens, Brooklyn, Long Island; We also operate 17 branches directly under the name "New York Community Bank". In New Jersey, we serve our customers through our Garden State Community Bank division, with 42 branches in Essex, Hudson, Mercer, Middlesex, Monmouth, Union, and Ocean counties. With the acquisition of the deposits and certain assets of AmTrust Bank in December 2009, we added two new divisions to our banking family: AmTrust Bank, which serves our customers in Florida and Arizona, and Ohio Savings Bank, which serves our customers through 28 branches in the Buckeye State. Our 26 branches in Florida are largely located in the state's southern and coastal counties, while our 14 branches in Arizona are primarily located in the central part of the state. Included in that network are three branches that were acquired in connection with our Desert Hills Bank transaction in March 2010.

$53.6B
Total Assets

$31.7B
Deposits

$31.2B
Multi-family Loans

230+
Branches

5
States

DEAR FELLOW SHAREHOLDERS

By the time you receive this Annual Report and read this letter, our country is in the midst of a global pandemic linked to COVID-19 that is now in its second full month. Therefore, I would like to start off this year's annual letter to shareholders by sharing with you what management and our Board of Directors has done to prepare for and manage the Company through this challenging period. While there are still many uncertainties regarding how this pandemic will ultimately unfold or to what extent it will impact the economy, we believe that we are better positioned than most other financial institutions to weather this health crisis, given our strong credit culture and low risk business model. This model has resulted in superior credit quality metrics over past economic cycles and above-average returns for our shareholders over the long term. At the same time, I want to reassure you of our commitment to our customers and our communities. The bottom line is that the Bank is open for business and here to support our depositors and borrowers.

It goes without saying that the health and safety of our employees, customers, and shareholders is of paramount importance to management and the Board of Directors. We were very proactive during the early stages of the crisis and immediately activated our pandemic preparedness procedures; by March 13th close to 100% of our back-office employees were working remotely from their homes. In addition, we temporarily closed all of our in-store branches along with several other branches, converted some branches to drive-up only, and we adjusted the hours of operation at our remaining branches. We also took additional safety measures at all of our branch locations and in our corporate offices.

Also, to help those customers who may be experiencing financial difficulties during this time, we temporarily waived certain retail banking fees. On the lending side, we offered 90-day payment forbearances to those residential mortgage customers whose income has been adversely affected by events linked to COVID-19, and we are working with our commercial borrowers, on a case-by-case basis to help them through this crisis, including payment restructuring and deferral options consistent with regulatory guidelines. Lastly, in consideration of the safety and well-being of our shareholders, we have changed the format of our Annual Shareholders Meeting from an in-person one to a virtual one via a live webcast.

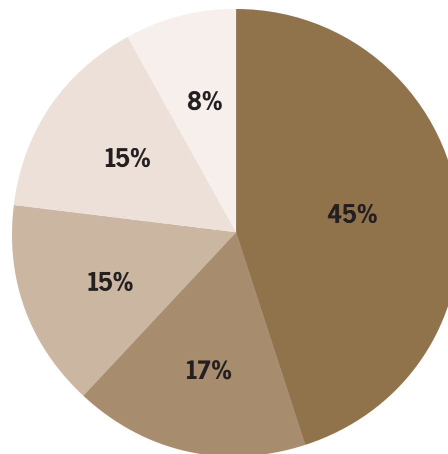
Our immediate thoughts remain with all those individuals and communities impacted by the COVID-19 crisis. We are also very grateful for the healthcare professionals and all those on the front lines that are battling this crisis every day.

Strong Operating Results

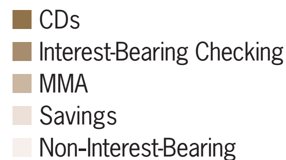
We began 2020 from a position of strength. Our 2019 operating results were solid, reflecting a year of steady progress on several fronts. While diluted earnings per common share of $0.77 were on par with the prior year's results, 2019 culminated with a strong fourth quarter performance, setting the groundwork for solid performance in 2020. After successfully executing on the first phase of our strategic plan, whereby we tempered our growth in order to stay below the SIFI asset threshold in place at the time and significantly reducing our operating expenses, in 2019 we embarked on the second phase of our strategic plan – the growth phase. Last year, we grew our total assets, total loans, and total deposits. By the fourth quarter of 2019, we also grew earnings, net interest income, and the net interest margin.

For the full-year ended December 31, 2019, total assets were $53.6 billion, a 3% increase compared to December 31, 2018. Our total loans held for investment increased $1.7 billion to $41.9 billion, a 4% increase compared to the previous year. Our multi-family loan portfolio, long a mainstay of our lending business, increased $1.3 billion or 4% to $31.2 billion compared to last year. The specialty finance business, which we entered into at the end of 2013, had another outstanding year, as that portfolio increased 36% on a year-over-year basis to $2.6 billion. We also grew our deposit franchise in 2019 as total deposits increased nearly $900 million or 3% to $31.7 billion at December 31, 2019.

More importantly, in the fourth quarter of 2019, we experienced a rebound in our net interest

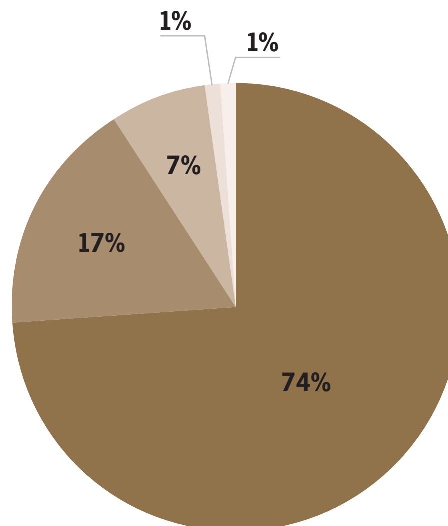


DEPOSITS
as of December 31 2019

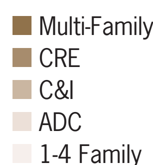


TOTAL DEPOSITS
$31.7B

AVERAGE COST OF INTEREST-BEARING DEPOSITS
1.76%



LOANS
as of December 31 2019



TOTAL HFI LOANS
$41.9B

AVERAGE YIELD ON ALL LOANS
3.87%

margin and along with it, a rebound in net interest income, our primary source of revenues. This was driven by a decline in our overall funding costs as the Federal Reserve Board lowered short term interest rates three times during the year. This benefits us as a significant amount of our funding is tied to short term rates. This marked the first time since the fourth quarter of 2015 that both net interest income and the net interest margin increased and marks an important inflection point for the Company in terms of improving fundamentals.

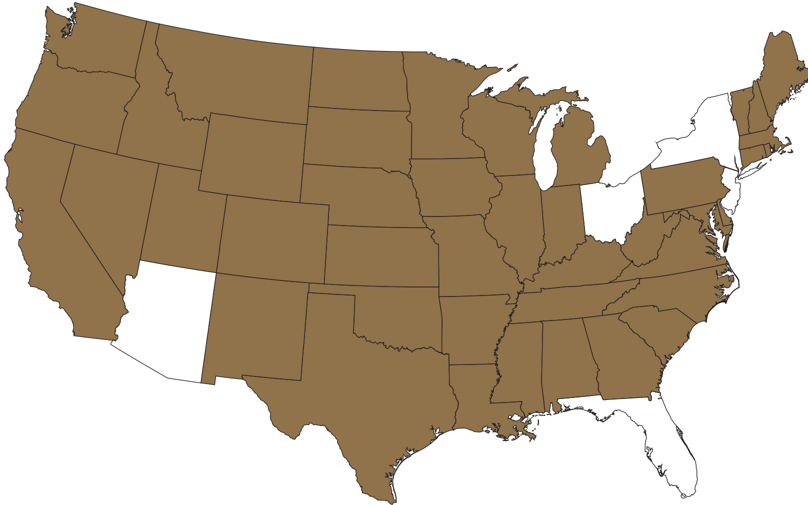
Multi-Family Lending Changes

In June, the New York State Legislature passed the Housing and Tenant Protection Act of 2019. This Act generally limits a landlord's ability to increase rents on rent regulated apartments in New York State and makes it more difficult to convert rent regulated apartments to market rent apartments. In New York City, where the majority of the housing stock is apartments, approximately half of which fall under rent regulation laws, the new law sent shockwaves throughout the real estate industry as property owners, commercial real estate brokers, and lenders tried to digest the impact on their respective businesses. While it is still too early to gauge the full impact of the legislation on all stakeholders, no doubt many tenants will benefit in the short term from stable rents. However, with financial incentives removed, the longer term implications, according to many industry experts, will likely result in less building improvements and renovations to individual apartments, which will have a negative effect on the quality of life for many tenants residing in rent regulated apartments, as well as many unintended consequences for the New York City economy. Given this backdrop, one has to wonder the wisdom of such legislation.

In light of the new law, we evaluated our underwriting and credit risk management practices. We will continue to be an active participant in this market with underwriting guidelines appropriately calibrated to the new environment, and more importantly, we will continue to support our borrowers. Our Company remains well positioned amidst the changed landscape given our conservative underwriting standards, our expertise and longevity in this type of lending, and our relationships with the borrowers and the brokers who source us these loans. We have been an active participant in multi-family lending for over 50 years, well before we became a publicly traded company, and have always prudently underwritten each and every one of these loans. We base our underwriting on current, in-place rents and do not assume any increase in the rent rolls, nor do we assume that over the life of the loan, the borrower will be able to convert some of the units to market rents. At the same time, we do not extend a significant amount of money against the estimated value of the property.

At December 31, 2019, our portfolio of multi-family loans subject to New York State rent regulations was $18.7 billion or 60% of the entire multi-family loan portfolio. The weighted average loan-to-value ratio on this portion of the portfolio was 53% (compared to 57% for the overall multi-family portfolio), providing us with a significant cushion against a potential decline in property values. Moreover, losses in this portfolio have been almost non-existent; in 2019, we charged-off a mere $659,000 of multi-family loans.

230+ BRANCHES ACROSS 5 STATES



Overall, our credit quality in any business cycle has consistently been better than our industry peers, while very few of our non-performing loans have resulted in actual losses. Since 1993, when we went public, our non-performing loans as a percentage of total loans has averaged 0.59% compared to 1.66% for the industry, while our actual losses or net charge-offs as a percentage of average loans has aggregated 104 basis points compared to 2,345 basis points for the industry. As you can see, our conservatism has served us well the last five decades and we believe it will continue to serve us well in the years ahead.

The Current Environment

At no time is underwriting as important as the present time. As you know, in response to the COVID-19 pandemic, New York State and most other states have enacted shelter in place policies, whereby all non-essential businesses have been

METRO NEW YORK

128 Branches

$21.7B Total Deposits

Queens County Savings Bank
Richmond County Savings Bank
Roslyn Savings Bank
Roosevelt Savings Bank
Atlantic Bank

NEW JERSEY

42 Branches

$3.8B Total Deposits

Garden State Community Bank

OHIO

28 Branches

$2.8B Total Deposits

Ohio Savings Bank

FLORIDA

26 Branches

$3.3B Total Deposits

AmTrust Bank

ARIZONA

14 Branches

$1.4B Total Deposits

AmTrust Bank

ordered to close. The current situation has no precedent in post-war America. Essentially, the United States economy has been shut down and the repercussions are quickly being felt, most acutely in the unemployment data. As of this writing, the number of weekly first time jobless claims has surged to record levels and monthly unemployment is at levels not seen since the 2008 financial crisis.

Both Congress and the Federal Reserve Board reacted swiftly to mitigate the negative impact on the longer term economic well-being of the country. In late March 2020, Congress passed the CARES Act, a $2.2 trillion stimulus package designed to provide money for unemployment benefits, forgivable SBA loans, and financial aid checks to the average American. The Federal Reserve for its part lowered the targeted federal funds rate to a range of 0.00% to 0.25%, or to essentially zero. It also unveiled six new lending facilities, lending not only to banks, but to businesses as well. And it is providing liquidity by buying treasury securities, mortgage-backed securities, and commercial mortgage-backed securities, as well as other asset classes.

While it is still premature to speculate about the lasting economic impact from the pandemic, we believe that the Bank is well positioned from a credit quality perspective. In addition to the conservative underwriting I alluded to earlier in this letter, since we are not a traditional commercial lender, we do not have significant exposure to large corporate borrowers directly impacted by the COVID-19 crisis.

Looking Ahead to 2020

Despite all that is going on around us, we feel very confident about our prospects for 2020. Aside from having a much better credit risk profile than our industry peers, we also stand to benefit much more from the current interest rate environment. As one of the few financial institutions with a liability-sensitive balance sheet (one where the cost of funding reprices more rapidly than the yield on our loans and other assets), we stand to benefit from lower funding costs due to the most recent market dislocation whereby the Federal Reserve lowered its target interest rate to near zero. Our CDs at year-end 2019 totaled $14.2 billion with an average interest rate of 2.25%. All of these CDs will mature and therefore reprice lower over the course of 2020. In addition, we have $3.7 billion of wholesale funding with an average cost of 2.11% maturing this year, which will also reprice lower this year. Lower funding costs should drive both the net interest margin and net interest income higher this year, at a time when both of these metrics will be declining for most other banks. In addition, consistent with past business cycles, the most recent being the Great Recession, our credit spreads on new loans we are making have widened due to disruptions in the marketplace. This should benefit us as well.

Enhancing Shareholder Value

Despite the changes and challenges faced by our industry, you can be assured that the Company will never stray from its mission to excel in all we do for all we serve. We will continue to execute upon our business model – lend con-

Joseph R. Ficalora
President &
Chief Executive Officer

Dominick Ciampa
Chairman

Robert Wann
Senior Executive
Vice President &
Chief Operating Officer

Thomas R. Cangemi
Senior Executive
Vice President &
Chief Financial Officer

John T. Adams
Executive Vice President
& Chief Lending Officer

---

servatively, operate efficiently, grow prudently, and make accretive acquisitions. This model has served us well for the past 26 years and should continue to do so.

Since our IPO date in 1993 to year-end 2019, we have provided our charter shareholders with a total return on investment, including dividends, of 4,281%. We have now paid a dividend for 103 consecutive quarters. This consistency is not only indicative of providing value to our shareholders, but it also speaks to our earnings and capital strength over this time frame.

In Conclusion

I would like to express my gratitude and appreciation to our employees for all of the contributions they made to the organization in 2019, and particularly, for the hard work they have put in over the past several months. Our prayers go out to all those members of the NYCB Family who are suffering from COVID-19 and particularly to those employees, their families and friends that we have lost to this disease.

On behalf of our Board of Directors and our management team, we thank you, our shareholders, for your investment and for the confidence it conveys in our leadership.

Sincerely yours,

Joseph R. Ficalora
President and Chief Executive Officer

Dominick Ciampa
Chairman of the Board

HELPING COMMUNITIES

At New York Community Bancorp, our mission is to excel in all we do for all those we serve. This extends to our communities as well.

New York Community Bancorp has always recognized that it operates within the context of the communities it serves. The relationship between our Family of Banks and the communities which they serve is a symbiotic one – when our communities thrive, our Bank thrives. We believe that community involvement and philanthropy are two of the best ways companies can create positive change in their communities. Over the years, during both good times and bad times, New York Community Bancorp or one of its divisional banks has always supported its communities, whether financially or by volunteering our time and talent.

- In 2019, the Bank donated $1.2 million to about 400 organizations throughout our five-state footprint.
- Our divisional banks participated in many campaigns throughout the year to raise money for many worthwhile causes. Among those were the St. Jude Children's Hospital, the Leukemia and Lymphoma Society, the Miami Rescue Mission, the Phoenix Children's Hospital, the greater Cleveland United Way, Junior Achievement, Big Brothers Big Sisters, the Salvation Army, Ronald McDonald House, and many more.
- In addition to the financial support we provided, many of our employees, from branch personnel to senior management, donated their time and their talents to numerous causes that they hold dear. Some of these include Habitat for Humanity, the Special Olympics, and the National Multiple Sclerosis Society. In 2019, our employees donated approximately 2,000 hours to worthy causes.
- The Bank also participates in several sponsorships. Our marquee sponsorship is our partnership with "NYCB Live: Home of the Nassau Veterans Memorial Coliseum presented by New York Community Bank." Last year, this venue hosted 167 events, which exposed our brand to over 780,000 attendees, while honoring our veterans and helping the local economy. In addition, we sponsored several campaigns with the American Cancer Society and Island Harvest.
- Our Elite Banking Program which was launched just a few years ago, is another way that we can thank our largest customers, while at the same time provide charitable donations. Last year, the program resulted in our giving $58,500 to two dozen distinct organizations designated by our customers.

NYCB's IT and Audit Departments teamed up to donate holiday gifts to children from Roanoke Avenue Elementary School in Riverhead, NY.

Members of our NYCB Family volunteering at the Junior Achievement ("JA") Mobile Finance Park in Islandia, NY. At the JA facility middle and high school students learn how to balance a budget and deal with real life scenarios surrounding the importance of understanding finances.

Our sponsorship is now in its fourth successful year.

NYCB helps Island Harvest Stamp Out Hunger.

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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2019

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to ________

Commission File Number 1-31565

NEW YORK COMMUNITY BANCORP, INC.
(Exact name of registrant as specified in its charter)

Delaware	**06-1377322**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

615 Merrick Avenue, Westbury, New York 11590
(Address of principal executive offices) (Zip code)

(516) 683-4100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, $0.01 par value per share	NYCB	New York Stock Exchange
Bifurcated Option Note Unit SecuritiES[SM]	NYCB PU	New York Stock Exchange
Depositary Shares each representing a 1/40th interest in a share of Fixed-to-Floating Rate Series A Noncumulative Perpetual Preferred Stock	NYCB PA	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

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

As of June 30, 2019, the aggregate market value of the shares of common stock outstanding of the registrant was $4.5 billion, excluding 14,381,473 shares held by all directors and executive officers of the registrant. This figure is based on the closing price of the registrant's common stock on June 28, 2019, $9.98 per share, as reported by the New York Stock Exchange.

The number of shares of the registrant's common stock outstanding as of February 19, 2020 was 467,301,496 shares.

Documents Incorporated by Reference

Portions of the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on June 3, 2020 are incorporated by reference into Part III.

CROSS REFERENCE INDEX

		Page
Cautionary Statement Regarding Forward-Looking Language		1
Glossary and Abbreviations		3
PART I		
Item 1.	Business	7
Item 1A.	Risk Factors	19
Item 1B.	Unresolved Staff Comments	32
Item 2.	Properties	32
Item 3.	Legal Proceedings	32
Item 4.	Mine Safety Disclosures	32
PART II		
Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities	33
Item 6.	Selected Financial Data	35
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	36
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	72
Item 8.	Financial Statements and Supplementary Data	76
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	132
Item 9A.	Controls and Procedures	132
Item 9B.	Other Information	133
PART III		
Item 10.	Directors, Executive Officers, and Corporate Governance	133
Item 11.	Executive Compensation	133
Item 12.	Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters	133
Item 13.	Certain Relationships and Related Transactions, and Director Independence	133
Item 14.	Principal Accounting Fees and Services	133
PART IV		
Item 15.	Exhibits and Financial Statement Schedules	134
Item 16.	Form 10-K Summary (None)	136
Signatures		137
Certifications		

For the purpose of this Annual Report on Form 10-K, the words "we," "us," "our," and the "Company" are used to refer to New York Community Bancorp, Inc. and our consolidated subsidiary, New York Community Bank (the "Bank").

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING LANGUAGE

This report, like many written and oral communications presented by New York Community Bancorp, Inc. and our authorized officers, may contain certain forward-looking statements regarding our prospective performance and strategies within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of said safe harbor provisions.

Forward-looking statements, which are based on certain assumptions and describe future plans, strategies, and expectations of the Company, are generally identified by use of the words "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "seek," "strive," "try," or future or conditional verbs such as "will," "would," "should," "could," "may," or similar expressions. Although we believe that our plans, intentions, and expectations as reflected in these forward-looking statements are reasonable, we can give no assurance that they will be achieved or realized.

Our ability to predict results or the actual effects of our plans and strategies is inherently uncertain. Accordingly, actual results, performance, or achievements could differ materially from those contemplated, expressed, or implied by the forward-looking statements contained in this report.

There are a number of factors, many of which are beyond our control, that could cause actual conditions, events, or results to differ significantly from those described in our forward-looking statements. These factors include, but are not limited to:

- general economic conditions, either nationally or in some or all of the areas in which we and our customers conduct our respective businesses;
- conditions in the securities markets and real estate markets or the banking industry;
- changes in real estate values, which could impact the quality of the assets securing the loans in our portfolio;
- changes in interest rates, which may affect our net income, prepayment penalty income, and other future cash flows, or the market value of our assets, including our investment securities;
- any uncertainty relating to the LIBOR calculation process and the phasing out of LIBOR after 2021;
- changes in the quality or composition of our loan or securities portfolios;
- changes in our capital management policies, including those regarding business combinations, dividends, and share repurchases, among others;
- heightened regulatory focus on CRE concentrations;
- changes in competitive pressures among financial institutions or from non-financial institutions;
- changes in deposit flows and wholesale borrowing facilities;
- changes in the demand for deposit, loan, and investment products and other financial services in the markets we serve;
- our timely development of new lines of business and competitive products or services in a changing environment, and the acceptance of such products or services by our customers;
- our ability to obtain timely shareholder and regulatory approvals of any merger transactions or corporate restructurings we may propose;
- our ability to successfully integrate any assets, liabilities, customers, systems, and management personnel we may acquire into our operations, and our ability to realize related revenue synergies and cost savings within expected time frames;
- potential exposure to unknown or contingent liabilities of companies we have acquired, may acquire, or target for acquisition;
- the ability to invest effectively in new information technology systems and platforms;
- changes in future ALLL requirements based on our periodic review under relevant accounting and regulatory requirements;
- the ability to pay future dividends at currently expected rates;
- the ability to hire and retain key personnel;
- the ability to attract new customers and retain existing ones in the manner anticipated;

- changes in our customer base or in the financial or operating performances of our customers' businesses;
- any interruption in customer service due to circumstances beyond our control;
- the outcome of pending or threatened litigation, or of matters before regulatory agencies, whether currently existing or commencing in the future;
- environmental conditions that exist or may exist on properties owned by, leased by, or mortgaged to the Company;
- any interruption or breach of security resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems;
- operational issues stemming from, and/or capital spending necessitated by, the potential need to adapt to industry changes in information technology systems, on which we are highly dependent;
- the ability to keep pace with, and implement on a timely basis, technological changes;
- changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action, and other changes pertaining to banking, securities, taxation, rent regulation and housing (the Housing Stability and Tenant Protection Act of 2019), financial accounting and reporting, environmental protection, insurance, and the ability to comply with such changes in a timely manner;
- changes in the monetary and fiscal policies of the U.S. Government, including policies of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System;
- changes in accounting principles, policies, practices, and guidelines;
- changes in regulatory expectations relating to predictive models we use in connection with stress testing and other forecasting or in the assumptions on which such modeling and forecasting are predicated;
- changes in our credit ratings or in our ability to access the capital markets;
- unforeseen or catastrophic events including natural disasters, war, terrorist activities, and the emergence of a pandemic; and
- other economic, competitive, governmental, regulatory, technological, and geopolitical factors affecting our operations, pricing, and services.

In addition, the timing and occurrence or non-occurrence of events may be subject to circumstances beyond our control.

Furthermore, we routinely evaluate opportunities to expand through acquisitions and conduct due diligence activities in connection with such opportunities. As a result, acquisition discussions and, in some cases, negotiations, may take place at any time, and acquisitions involving cash or our debt or equity securities may occur.

See Item 1A, "Risk Factors" in this annual report and in our other SEC filings for a further discussion of important risk factors that could cause actual results to differ materially from our forward-looking statements.

Readers should not place undue reliance on these forward-looking statements, which reflect our expectations only as of the date of this report. We do not assume any obligation to revise or update these forward-looking statements except as may be required by law.

GLOSSARY

BASIS POINT

Throughout this filing, the year-over-year changes that occur in certain financial measures are reported in terms of basis points. Each basis point is equal to one hundredth of a percentage point, or 0.01%.

BOOK VALUE PER COMMON SHARE

Book value per common share refers to the amount of common stockholders' equity attributable to each outstanding share of common stock, and is calculated by dividing total stockholders' equity less preferred stock at the end of a period, by the number of shares outstanding at the same date.

BROKERED DEPOSITS

Refers to funds obtained, directly or indirectly, by or through deposit brokers that are then deposited into one or more deposit accounts at a bank.

CHARGE-OFF

Refers to the amount of a loan balance that has been written off against the allowance for loan losses.

COMMERCIAL REAL ESTATE LOAN

A mortgage loan secured by either an income-producing property owned by an investor and leased primarily for commercial purposes or, to a lesser extent, an owner-occupied building used for business purposes. The CRE loans in our portfolio are typically secured by either office buildings, retail shopping centers, light industrial centers with multiple tenants, or mixed-use properties.

COST OF FUNDS

The interest expense associated with interest-bearing liabilities, typically expressed as a ratio of interest expense to the average balance of interest-bearing liabilities for a given period.

CRE CONCENTRATION RATIO

Refers to the sum of multi-family, non-owner occupied CRE, and acquisition, development, and construction ("ADC") loans divided by total risk-based capital.

DEBT SERVICE COVERAGE RATIO

An indication of a borrower's ability to repay a loan, the DSCR generally measures the cash flows available to a borrower over the course of a year as a percentage of the annual interest and principal payments owed during that time.

DERIVATIVE

A term used to define a broad base of financial instruments, including swaps, options, and futures contracts, whose value is based upon, or derived from, an underlying rate, price, or index (such as interest rates, foreign currency, commodities, or prices of other financial instruments such as stocks or bonds).

DIVIDEND PAYOUT RATIO

The percentage of our earnings that is paid out to shareholders in the form of dividends. It is determined by dividing the dividend paid per share during a period by our diluted earnings per share during the same period of time.

EFFICIENCY RATIO

Measures total operating expenses as a percentage of the sum of net interest income and non-interest income.

GOODWILL

Refers to the difference between the purchase price and the fair value of an acquired company's assets, net of the liabilities assumed. Goodwill is reflected as an asset on the balance sheet and is tested at least annually for impairment.

GOVERNMENT-SPONSORED ENTERPRISES

Refers to a group of financial services corporations that were created by the United States Congress to enhance the availability, and reduce the cost of, credit to certain targeted borrowing sectors, including home finance. The GSEs include, but are not limited to, the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), and the Federal Home Loan Banks (the "FHLBs").

GSE OBLIGATIONS

Refers to GSE mortgage-related securities (both certificates and collateralized mortgage obligations) and GSE debentures.

INTEREST RATE SENSITIVITY

Refers to the likelihood that the interest earned on assets and the interest paid on liabilities will change as a result of fluctuations in market interest rates.

INTEREST RATE SPREAD

The difference between the yield earned on average interest-earning assets and the cost of average interest-bearing liabilities.

LOAN-TO-VALUE RATIO

Measures the balance of a loan as a percentage of the appraised value of the underlying property.

MULTI-FAMILY LOAN

A mortgage loan secured by a rental or cooperative apartment building with more than four units.

NET INTEREST INCOME

The difference between the interest income generated by loans and securities and the interest expense produced by deposits and borrowed funds.

NET INTEREST MARGIN

Measures net interest income as a percentage of average interest-earning assets.

NON-ACCRUAL LOAN

A loan generally is classified as a "non-accrual" loan when it is 90 days or more past due or when it is deemed to be impaired because we no longer expect to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, we cease the accrual of interest owed, and previously accrued interest is reversed and charged against interest income. A loan generally is returned to accrual status when the loan is current and we have reasonable assurance that the loan will be fully collectible.

NON-PERFORMING LOANS AND ASSETS

Non-performing loans consist of non-accrual loans and loans that are 90 days or more past due and still accruing interest. Non-performing assets consist of non-performing loans, OREO and other repossessed assets.

OREO AND OTHER REPOSSESSED ASSETS

Includes real estate owned by the Company which was acquired either through foreclosure or default. Repossessed assets are similar, except they are not real estate-related assets.

RENT-REGULATED APARTMENTS

In New York City, where the vast majority of the properties securing our multi-family loans are located, the amount of rent that tenants may be charged on the apartments in certain buildings is restricted under rent-stabilization laws. Rent-stabilized apartments are generally located in buildings with six or more units that were built between February 1947 and January 1974. Rent-regulated apartments tend to be more affordable to live in because of the applicable regulations, and buildings with a preponderance of such rent-regulated apartments are therefore less likely to experience vacancies in times of economic adversity.

REPURCHASE AGREEMENTS

Repurchase agreements are contracts for the sale of securities owned or borrowed by the Bank with an agreement to repurchase those securities at an agreed-upon price and date. The Bank's repurchase agreements are primarily collateralized by GSE obligations and other mortgage-related securities, and are entered into with either the FHLBs or various brokerage firms.

SYSTEMICALLY IMPORTANT FINANCIAL INSTITUTION ("SIFI")

A bank holding company with total consolidated assets that average more than $250 billion over the four most recent quarters is designated a "Systemically Important Financial Institution" under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") of 2010, as amended by the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018.

WHOLESALE BORROWINGS

Refers to advances drawn by the Bank against its line(s) of credit with the FHLBs, their repurchase agreements with the FHLBs and various brokerage firms, and federal funds purchased.

YIELD

The interest income associated with interest-earning assets, typically expressed as a ratio of interest income to the average balance of interest-earning assets for a given period.

LIST OF ABBREVIATIONS AND ACRONYMS

ADC—Acquisition, development, and construction loan

ALCO—Asset and Liability Management Committee

AMT—Alternative minimum tax

AmTrust—AmTrust Bank

AOCL—Accumulated other comprehensive loss

ASC—Accounting Standards Codification

ASU—Accounting Standards Update

BOLI—Bank-owned life insurance

BP—Basis point(s)

C&I—Commercial and industrial loan

CCAR—Comprehensive Capital Analysis and Review

CDs—Certificates of deposit

CECL—Current Expected Credit Loss

CFPB—Consumer Financial Protection Bureau

CMOs—Collateralized mortgage obligations

CMT—Constant maturity treasury rate

CPI—Consumer Price Index

CPR—Constant prepayment rate

CRA—Community Reinvestment Act

CRE—Commercial real estate loan

Desert Hills—Desert Hills Bank

DIF—Deposit Insurance Fund

DFA—Dodd-Frank Wall Street Reform and Consumer Protection Act

DSCR—Debt service coverage ratio

EaR—Earnings at Risk

EPS—Earnings per common share

ERM—Enterprise Risk Management

ESOP—Employee Stock Ownership Plan

EVE—Economic Value of Equity at Risk

Fannie Mae—Federal National Mortgage Association

FASB—Financial Accounting Standards Board

FDI Act—Federal Deposit Insurance Act

FDIC—Federal Deposit Insurance Corporation

FHLB—Federal Home Loan Bank

FHLB-NY—Federal Home Loan Bank of New York

FOMC—Federal Open Market Committee

FRB—Federal Reserve Board

FRB-NY—Federal Reserve Bank of New York

Freddie Mac—Federal Home Loan Mortgage Corporation

FTEs—Full-time equivalent employees

GAAP—U.S. generally accepted accounting principles

GLBA—The Gramm Leach Bliley Act

GNMA—Government National Mortgage Association

GSEs—Government-sponsored enterprises

HQLAs—High-quality liquid assets

LIBOR—London Interbank Offered Rate

LSA—Loss Share Agreements

LTV—Loan-to-value ratio

MBS—Mortgage-backed securities

MSRs—Mortgage servicing rights

NIM—Net interest margin

NOL—Net operating loss

NPAs—Non-performing assets

NPLs—Non-performing loans

NPV—Net Portfolio Value

NYSDFS—New York State Department of Financial Services

NYSE—New York Stock Exchange

OCC—Office of the Comptroller of the Currency

OFAC—Office of Foreign Assets Control

OREO—Other real estate owned

OTTI—Other-than-temporary impairment

ROU—Right of use asset

SEC—U.S. Securities and Exchange Commission

SIFI—Systemically Important Financial Institution

TDRs—Troubled debt restructurings

PART I

ITEM 1. BUSINESS

General

New York Community Bancorp, Inc., (on a stand-alone basis, the "Parent Company" or, collectively with its subsidiaries, the "Company") was organized under Delaware law on July 20, 1993 and is the bank holding company for New York Community Bank (hereinafter referred to as the "Bank"). Formerly known as Queens County Savings Bank, the Bank converted from a state-chartered mutual savings bank to the capital stock form of ownership on November 23, 1993, at which date the Company completed its initial offering of common stock (par value: $0.01 per share) at a price of $25.00 per share ($0.93 per share on a split-adjusted basis, reflecting the impact of nine stock splits between 1994 and 2004).

New York Community Bank

Established in 1859, the Bank is a New York State-chartered savings bank with 238 branches that currently operates through eight local divisions, each with a history of strength and service: Queens County Savings Bank, Roslyn Savings Bank, Richmond County Savings Bank, Roosevelt Savings Bank, and Atlantic Bank in New York; Garden State Community Bank in New Jersey; Ohio Savings Bank in Ohio: and AmTrust Bank in Florida and Arizona. We compete for depositors in these diverse markets by emphasizing service and convenience, with a comprehensive menu of traditional and non-traditional products and services, and access to multiple service channels, including online banking, mobile banking, and banking by phone.

We also are a leading producer of multi-family loans in New York City, with an emphasis on non-luxury residential apartment buildings with rent-regulated units that feature below-market rents. In addition to multi-family loans, which are our principal asset, we originate CRE loans (primarily in New York City), specialty finance loans and leases, and, to a much lesser extent, ADC loans, and C&I loans (typically made to small and mid-size business in Metro New York).

Online Information about the Company and the Bank

We also serve our customers through our website: www.myNYCB.com. In addition to providing our customers with 24-hour access to their accounts, and information regarding our products and services, hours of service, and locations, the website provides extensive information about the Company for the investment community. Earnings releases, dividend announcements, and other press releases are posted upon issuance to the Investor Relations portion of the website.

In addition, our filings with the SEC (including our annual report on Form 10-K; our quarterly reports on Form 10-Q; and our current reports on Form 8-K), and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available without charge, and are posted to the Investor Relations portion of our website. The website also provides information regarding our Board of Directors and management team, as well as certain Board Committee charters and our corporate governance policies. The content of our website shall not be deemed to be incorporated by reference into this Annual Report.

Our Market

Our current market for deposits consists of the 26 counties in the five states that are served by our branch network, including all five boroughs of New York City, Nassau and Suffolk Counties on Long Island, and Westchester County in New York; Essex, Hudson, Mercer, Middlesex, Monmouth, Ocean, and Union Counties in New Jersey; Maricopa and Yavapai Counties in Arizona; Cuyahoga, Lake, and Summit Counties in Ohio; and Broward, Collier, Lee, Miami-Dade, Palm Beach, and St. Lucie Counties in Florida.

The market for the loans we produce varies, depending on the type of loan. For example, the vast majority of our multi-family loans are collateralized by rental apartment buildings in New York City, which is also home to the majority of the properties collateralizing our CRE and ADC loans. In contrast, our specialty finance loans and leases are generally made to large corporate obligors that participate in stable industries nationwide.

Competition for Deposits

The combined population of the 26 counties where our branches are located is approximately 31.5 million, and the number of banks and thrifts we compete with currently exceeds 300. With total deposits of $31.7 billion

at December 31, 2019, we ranked twelfth among all bank and thrift depositories serving these 26 counties. We also ranked fourth among all banks and thrifts in Union County, New Jersey, third among all banks and thrifts in Richmond County in New York, fifth among all banks and thrifts in Queens County in New York, and second among all banks and thrifts in Nassau County in New York (market share information was provided by S&P Global Market Intelligence).

We compete for deposits and customers by placing an emphasis on convenience and service and, from time to time, by offering specific products at highly competitive rates. In addition to our 238 branches, we have 348 ATM locations, including 233 that operate 24 hours a day, and 75 that are off-site ATMs. Our customers also have 24-hour access to their accounts through our bank-by-phone service, through mobile banking, and online through our website, www.myNYCB.com. We also offer certain money market accounts, certificates of deposit ("CDs"), and checking accounts through a dedicated website: www.myBankingDirect.com.

In addition to checking and savings accounts, Individual Retirement Accounts, and CDs for both businesses and consumers, we offer a suite of cash management products to address the needs of small and mid-size businesses and professional associations. We also compete by complementing our broad selection of traditional banking products with an extensive menu of alternative financial services, including annuities, life and long-term care insurance, and mutual funds of various third-party service providers.

Our ability to attract and retain deposits is not only a function of short-term interest rates and industry consolidation, but also the competitiveness of the rates being offered by other financial institutions within our marketplace, including credit unions, on-line banks, and brokerage firms. Additionally, financial technology companies, also referred to as fintechs, are providing nontraditional, but increasingly strong competition for deposits and customers.

Competition for deposits is also influenced by several internal factors, including the opportunity to assume or acquire deposits through business combinations; the cash flows produced through loan and securities repayments and sales; and the availability of attractively priced wholesale funds. In addition, the degree to which we seek to compete for deposits is influenced by the liquidity needed to fund our loan production and other outstanding commitments.

Another competitive advantage is our strong community presence, with April 14, 2019 having marked the 160th year of service of our forebear, Queens County Savings Bank. We have found that our longevity, as well as our strong capital position, are especially appealing to customers seeking a strong, stable, and service-oriented bank.

Competition for Loans

Our success as a lender is substantially tied to the economic health of the markets where we lend. Local economic conditions have a significant impact on loan demand, the value of the collateral securing our credits, and the ability of our borrowers to repay their loans.

The competition we face for loans also varies with the type of loan we are originating. In New York City, where the majority of the buildings collateralizing our multi-family loans are located, we compete for such loans on the basis of timely service and the expertise that stems from being a specialist in this lending niche. In addition to the money center, regional, and local banks we compete with in this market, we compete with insurance companies and other types of lenders. Certain of the banks we compete with sell the loans they produce to Fannie Mae and Freddie Mac.

Our ability to compete for CRE loans depends on the same factors that impact our ability to compete for multi-family credits, and the degree to which other CRE lenders choose to offer loan products similar to ours.

While we continue to originate ADC and C&I loans for investment, such loans represent a small portion of our loan portfolio as compared to multi-family, CRE loans, and specialty finance loans.

Environmental Issues

We encounter certain environmental risks in our lending activities and other operations. The existence of hazardous materials may make it unattractive for a lender to foreclose on the properties securing its loans. In addition, under certain conditions, lenders may become liable for the costs of cleaning up hazardous materials

found on such properties. We attempt to mitigate such environmental risks by requiring either that a borrower purchase environmental insurance or that an appropriate environmental site assessment be completed as part of our underwriting review on the initial granting of CRE and ADC loans, regardless of location, and of any out-of-state multi-family loans we may produce. Depending on the results of an assessment, appropriate measures are taken to address the identified risks. In addition, we order an updated environmental analysis prior to foreclosing on such properties, and typically hold foreclosed multi-family, CRE, and ADC properties in subsidiaries.

Our attention to environmental risks also applies to the properties and facilities that house our bank operations. Prior to acquiring a large-scale property, a Phase 1 Environmental Property Assessment is typically performed by a licensed professional engineer to determine the integrity of, and/or the potential risk associated with, the facility and the property on which it is built. Properties and facilities of a smaller scale are evaluated by qualified in-house assessors, as well as by industry experts in environmental testing and remediation. This two-pronged approach identifies potential risks associated with asbestos-containing material, above and underground storage tanks, radon, electrical transformers (which may contain PCBs), ground water flow, storm and sanitary discharge, and mold, among other environmental risks. These processes assist us in mitigating environmental risk by enabling us to identify and address potential issues, including by avoiding taking ownership or control of contaminated properties.

Subsidiary Activities

The Bank has formed, or acquired through merger transactions, 20 active subsidiary corporations. Of these, 12 are direct subsidiaries of the Bank and eight are subsidiaries of Bank-owned entities.

The 12 direct subsidiaries of the Bank are:

Name	Jurisdiction of Organization	Purpose
100 Duffy Realty, LLC	New York	Owns a branch building.
Beta Investments, Inc.	Delaware	Holding company for Omega Commercial Mortgage Corp. and Long Island Commercial Capital Corp.
BSR 1400 Corp.	New York	Organized to own interests in real estate.
Ferry Development Holding Company	Delaware	Formed to hold and manage investment portfolios for the Company.
NYCB Specialty Finance Company, LLC	Delaware	Originates asset-based, equipment financing, and dealer-floor plan loans.
NYB Realty Holding Company, LLC	New York	Holding company for subsidiaries owning an interest in real estate.
NYCB Insurance Agency, Inc.	New York	Sells non-deposit investment products.
Pacific Urban Renewal, Inc.	New Jersey	Owns a branch building.
Richmond Enterprises, Inc.	New York	Holding company for previously sold entity.
Synergy Capital Investments, Inc.	New Jersey	Formed to hold and manage investment portfolios for the Company.
NYCB Mortgage Company, LLC	Delaware	Holding company for Walnut Realty Holding Company, LLC.
Woodhaven Investment Company, LLC	Delaware	Holding company for Ironbound Investment Company, Inc. and 1400 Corp.

The eight subsidiaries of Bank-owned entities are:

Name	Jurisdiction of Organization	Purpose
1400 Corp.	New York	Holding company for Roslyn Real Estate Asset Corp.
Ironbound Investment Company, LLC.	Florida	Organized for the purpose of investing in mortgage-related assets.
Long Island Commercial Capital Corporation	New York	A REIT organized for the purpose of investing in mortgage-related assets.
Omega Commercial Mortgage Corp.	Delaware	A REIT organized for the purpose of investing in mortgage-related assets.
Prospect Realty Holding Company, LLC	New York	Owns a back-office building.
Rational Real Estate II, LLC	New York	Owns a back-office building.
Roslyn Real Estate Asset Corp.	Delaware	A REIT organized for the purpose of investing in mortgage-related assets.
Walnut Realty Holding Company, LLC	Delaware	Established to own Bank-owned properties.

NYB Realty Holding Company, LLC owns interests in six additional active entities organized as indirect wholly-owned subsidiaries to own interests in various real estate properties.

The Parent Company owns special business trusts that were formed for the purpose of issuing capital and common securities and investing the proceeds thereof in the junior subordinated debentures issued by the Company. See Note 9, “Borrowed Funds,” in Item 8, “Financial Statements and Supplementary Data,” for a further discussion of the Company’s special business trusts. The Parent Company also has one non-banking subsidiary that was established in connection with the acquisition of Atlantic Bank of New York.

Personnel

At December 31, 2019, the number of FTEs was 2,786, including 1,522 branch-related FTEs. Our employees are not represented by a collective bargaining unit, and we consider our relationship with our employees to be good.

Federal, State, and Local Taxation

The Company is subject to federal, state, and local income taxes. See the discussion of “Income Taxes” in “Critical Accounting Policies” in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” later in this annual report.

Regulation and Supervision

General

The Bank is a New York State-chartered savings bank and its deposit accounts are insured under the DIF of the FDIC up to applicable legal limits. For the fiscal year ended December 31, 2019, the Bank was subject to regulation and supervision by the NYSDFS, as its chartering agency; by the FDIC, as its insurer of deposits; and by the CFPB.

The Bank is required to file reports with the NYSDFS, the FDIC, and the CFPB concerning its activities and financial condition, and is periodically examined by the NYSDFS, the FDIC, and the CFPB to assess compliance with various regulatory requirements, including with respect to safety and soundness and consumer financial protection regulations. The regulatory structure gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets and the establishment of an adequate loan loss allowance for regulatory purposes. Changes in such regulations or in banking legislation could have a material impact on the Company, the Bank, and their operations, as well as the Company’s shareholders.

The Company is subject to examination, regulation, and periodic reporting under the Bank Holding Company Act of 1956, as amended (the “BHCA”) by the FRB. Furthermore, the Company would be required to obtain the prior approval of the FRB to acquire all, or substantially all, of the assets of any bank or bank holding company.

In addition, the Company is periodically examined by the FRB-NY, and is required to file certain reports under, and otherwise comply with, the rules and regulations of the SEC under federal securities laws. Certain of the regulatory requirements applicable to the Bank and the Company are referred to below or elsewhere herein. However, such discussion is not meant to be a complete explanation of all laws and regulations, and is qualified in its entirety by reference to the actual laws and regulations.

The Dodd-Frank Wall Street Reform and Consumer Protection Act

Enacted in July 2010, the DFA significantly changed the bank regulatory structure and will continue to affect, into the immediate future, the lending and investment activities and general operations of depository institutions and their holding companies. The DFA is complex and comprehensive legislation that impacts practically all aspects of a banking organization, and represents a significant overhaul of many aspects of the regulation of the financial services industry.

The Economic Growth, Regulatory Relief, and Consumer Protection Act

On May 24, 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act (also referred to as S.2155) was signed into law. As enacted, S.2155 modifies major provisions of the DFA and other laws governing regulation of the financial industry. Among other things, S.2155 re-defines the manner by which banks are designated as a SIFI, by increasing the asset threshold to $250 billion from $50 billion, modifies and provides exemptions to certain mortgage lending rules, provides an exemption for certain banks with less than $10 billion in assets from leverage and risk-based capital requirements, creates an exemption from prohibitions on proprietary trading (the “Volcker Rule”), includes various provisions to address consumer protection, as well as several provisions regarding securities exchanges and capital formation.

Capital Requirements

In early July 2013, the FRB and the FDIC approved revisions to their capital adequacy guidelines and prompt corrective action rules to implement the revised standards of the Basel Committee on Banking Supervision, commonly called Basel III, and to address relevant provisions of the DFA. Basel III generally refers to two consultative documents released by the Basel Committee on Banking Supervision in December 2009. The Basel III rules generally refer to the rules adopted by U.S. banking regulators in December 2010 to align U.S. bank capital requirements with Basel III and with the related loss absorbency rules they issued in January 2011, which include significant changes to bank capital, leverage, and liquidity requirements.

The Basel III rules include new risk-based capital and leverage ratios, which became effective January 1, 2015, and revised the definition of what constitutes “capital” for the purposes of calculating those ratios. Under Basel III, the Company and the Bank are required to maintain minimum capital in accordance with the following ratios: (i) a common equity tier 1 capital ratio of 4.5%; (ii) a tier 1 capital ratio of 6% (increased from 4%); (iii) a total capital ratio of 8% (unchanged from the prior rules); and (iv) a tier 1 leverage ratio of 4%.

In addition, the Basel III rules assign higher risk weights to certain assets, such as the 150% risk weighting assigned to exposures that are more than 90 days past due or are on non-accrual status, and to certain CRE facilities that finance the acquisition, development, or construction of real property. Basel III also eliminate the inclusion of certain instruments, such as trust preferred securities, from tier 1 capital. In addition, tier 2 capital is no longer limited to the amount of tier 1 capital included in total capital. Mortgage servicing rights, certain deferred tax assets, and investments in unconsolidated subsidiaries over designated percentages of common stock will be required, subject to limitation, to be deducted from capital. Finally, tier 1 capital will include accumulated other comprehensive income, which includes all unrealized gains and losses on available-for-sale securities.

Basel III also established a “capital conservation buffer” (consisting entirely of common equity tier 1 capital) that is 2.5% above the new regulatory minimum capital requirements. This resulted in an increase in the minimum common equity tier 1, tier 1, and total capital ratios to 7.0%, 8.5%, and 10.5%, respectively. The phase-in of the new capital conservation buffer requirement was fully implemented in January 2019. The capital conservation buffer is now at its fully phased-in level of 2.5%. An institution can be subject to limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses if its capital levels fall below these amounts. Basel III also establish a maximum percentage of eligible retained income that can be utilized for such capital distributions.

On September 17, 2019, the FRB, the FDIC, and the OCC issued a final rule designed to reduce regulatory burden by simplifying several requirements in the agencies' regulatory capital rule. Most aspects of the rule apply only to banking organizations that are not subject to the "advanced approaches" in the capital rule, which are generally firms with less than $250 billion in total consolidated assets and less than $10 billion in total foreign exposure. The rule simplifies and clarifies a number of the more complex aspects of the existing capital rule. Specifically, the proposed rule simplifies the capital treatment for certain mortgage servicing assets, certain deferred tax assets, investments in the capital instruments of unconsolidated financial institutions, and minority interests.

Prompt Corrective Regulatory Action

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") requires, among other things, that federal bank regulatory authorities take "prompt corrective action" with respect to institutions that do not meet minimum capital requirements. For such purposes, the law establishes five capital tiers: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. The five capital tiers are described in more detail below. Under the prompt corrective action regulations, an institution that fails to remain "well capitalized" becomes subject to a series of restrictions that increase in severity as its capital condition weakens. Such restrictions may include a prohibition on capital distributions, restrictions on asset growth, or restrictions on the ability to receive regulatory approval of applications. The FDICIA also provides for enhanced supervision authority over undercapitalized institutions, including authority for the appointment of a conservator or receiver for the institution.

As a result of the Basel III rules, new definitions of the relevant measures for the five capital categories took effect on January 1, 2015. An institution is deemed to be "well capitalized" if it has a total risk-based capital ratio of 10% or greater, a tier 1 risk-based capital ratio of 8% or greater, a common equity tier 1 risk-based capital ratio of 6.5% or greater, and a tier 1 leverage ratio of 5% or greater, and is not subject to a regulatory order, agreement, or directive to meet and maintain a specific capital level for any capital measure.

An institution is deemed to be "adequately capitalized" if it has a total risk-based capital ratio of 8% or greater, a tier 1 risk-based capital ratio of 6% or greater, a common equity tier 1 risk-based capital ratio of 4.5% or greater, and a tier 1 leverage ratio of 4% or greater.

An institution is deemed to be "undercapitalized" if it has a total risk-based capital ratio of less than 8%, a tier 1 risk-based capital ratio of less than 6%, a common equity tier 1 risk-based capital ratio of less than 4.5%, or a tier 1 leverage ratio of less than 4%. An institution is deemed to be "significantly undercapitalized" if it has a total risk-based capital ratio of less than 6%, a tier 1 risk-based capital ratio of less than 4%, a common equity tier 1 risk-based capital ratio of less than 3%, or a tier 1 leverage ratio of less than 3%. An institution is deemed to be "critically undercapitalized" if it has a ratio of tangible equity (as defined in the regulations) to total assets that is equal to or less than 2%.

"Undercapitalized" institutions are subject to growth, capital distribution (including dividend), and other limitations, and are required to submit a capital restoration plan. An institution's compliance with such a plan is required to be guaranteed by any company that controls the undercapitalized institution in an amount equal to the lesser of 5% of the bank's total assets when deemed undercapitalized or the amount necessary to achieve the status of adequately capitalized. If an undercapitalized institution fails to submit an acceptable plan, it is treated as if it is "significantly undercapitalized." Significantly undercapitalized institutions are subject to one or more additional restrictions including, but not limited to, an order by the FDIC to sell sufficient voting stock to become adequately capitalized; requirements to reduce total assets, cease receipt of deposits from correspondent banks, or dismiss directors or officers; and restrictions on interest rates paid on deposits, compensation of executive officers, and capital distributions by the parent holding company.

Beginning 60 days after becoming "critically undercapitalized," critically undercapitalized institutions also may not make any payment of principal or interest on certain subordinated debt, extend credit for a highly leveraged transaction, or enter into any material transaction outside the ordinary course of business. In addition, subject to a narrow exception, the appointment of a receiver is required for a critically undercapitalized institution within 270 days after it obtains such status.

As of December 31, 2019, each of the Bank's capital ratios exceeded those required for an institution to be considered "well capitalized" under these regulations.

Stress Testing

Stress Testing for Systemically Important Financial Institutions

Should the four-quarter average of our total consolidated assets exceed $250 billion, we would become subject to the FRB's stress testing regulations administered under its CCAR capital planning and supervisory process. Under this regime, in addition to reporting the results of a SIFI's own capital stress testing, the FRB uses its own models to evaluate whether each SIFI has the capital, on a total consolidated basis, necessary to continue operating under the economic and financial market conditions of stressed macroeconomic scenarios identified by the FRB. The FRB's analysis includes an assessment of the projected losses, net income, and pro forma capital levels, and the regulatory capital ratio, tier 1 common ratio, and other capital ratios, for the SIFI, and uses such analytical techniques that the FRB determines to be appropriate to identify, measure, and monitor any risks of the SIFI that may affect the financial stability of the United States.

Boards of directors of SIFIs are required to review and approve capital plans before they are submitted to the FRB.

In October 2019, the FDIC issued a final rule, which became effective on November 25, 2019, that revised the FDIC's requirement for stress testing by FDIC-insured institutions, consistent with changes made by the Economic Growth, Regulatory Relief, and Consumer Protection Act (the "EGRRCPA"). The rule amended the FDIC's existing stress testing regulations to change the minimum threshold for applicability from $10 billion to $250 billion, revised the frequency of required stress tests by FDIC-supervised institutions from annual to periodic, and reduced the number of required stress testing scenarios from three to two.

Standards for Safety and Soundness

Federal law requires each federal banking agency to prescribe, for the depository institutions under its jurisdiction, standards that relate to, among other things, internal controls; information and audit systems; loan documentation; credit underwriting; the monitoring of interest rate risk; asset growth; compensation; fees and benefits; and such other operational and managerial standards as the agency deems appropriate. The federal banking agencies adopted final regulations and Interagency Guidelines Establishing Standards for Safety and Soundness (the "Guidelines") to implement these safety and soundness standards. The Guidelines set forth the safety and soundness standards that the federal banking agencies use to identify and address problems at insured depository institutions before capital becomes impaired. If the appropriate federal banking agency determines that an institution fails to meet any standard prescribed by the Guidelines, the agency may require the institution to provide it with an acceptable plan to achieve compliance with the standard, as required by the Federal Deposit Insurance Act, as amended, (the "FDI Act").

FDIC Regulations

The discussion that follows pertains to FDIC regulations other than those already discussed on the preceding pages.

Real Estate Lending Standards

The FDIC and the other federal banking agencies have adopted regulations that prescribe standards for extensions of credit that (i) are secured by real estate, or (ii) are made for the purpose of financing construction or improvements on real estate. The FDIC regulations require each institution to establish and maintain written internal real estate lending standards that are consistent with safe and sound banking practices, and appropriate to the size of the institution and the nature and scope of its real estate lending activities. The standards also must be consistent with accompanying FDIC Guidelines, which include loan-to-value limitations for the different types of real estate loans. Institutions are also permitted to make a limited amount of loans that do not conform to the proposed loan-to-value limitations as long as such exceptions are reviewed and justified appropriately. The FDIC Guidelines also list a number of lending situations in which exceptions to the loan-to-value standards are justified.

The FDIC, the OCC, and the FRB (collectively, the "Agencies") also have issued joint guidance entitled "Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices" (the "CRE Guidance"). The CRE Guidance, which addresses land development, construction, and certain multi-family loans, as well as CRE loans, does not establish specific lending limits but, rather, reinforces and enhances the Agencies' existing regulations and guidelines for such lending and portfolio management. Specifically, the CRE

Guidance provides that a bank has a concentration in CRE lending if (1) total reported loans for construction, land development, and other land represent 100% or more of total risk-based capital; or (2) total reported loans secured by multi-family properties, non-farm non-residential properties (excluding those that are owner-occupied), and loans for construction, land development, and other land represent 300% or more of total risk-based capital and the bank's CRE loan portfolio has increased 50% or more during the prior 36 months. If a concentration is present, management must employ heightened risk management practices that address key elements, including board and management oversight and strategic planning, portfolio management, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing, and maintenance of increased capital levels as needed to support the level of CRE lending.

On December 13, 2019, the FRB, FDIC, and OCC issued a final rule, which will become effective on April 1, 2020, to modify the agencies' capital rules for high volatility CRE ("HVCRE") exposures, as required by the EGRRCPA. The final rule revises the definition of HVCRE exposure to make it consistent with the statutory definition of the term included in Section 214 of the EGRRCPA, which excludes any loan made before January 1, 2015. The revised HVCRE exposure definition differs from the previous definition primarily in two ways. First, the previous definition applied to loans that financed ADC activities, whereas the new definition only applies to loans that "primarily" finance ADC activities and that are secured by land or improved real estate. This change excludes multipurpose credit facilities that primarily finance the purchase of equipment or other non-ADC activities. Second, the new definition permits the full appraised value of borrower-contributed land (less the total amount of any liens on the real property securing the HVCRE exposure) to count toward the 15 percent capital contribution of the real property's appraised "as completed" value, which is one of the criteria for an exemption from the heightened risk weight. The final rule includes a grandfathering provision, which will provide banking organizations with the option to maintain their current capital treatment for ADC loans originated on or after January 1, 2015, and before April 1, 2020. Banking organizations also will have the option to reevaluate any or all of their ADC loans originated on or after January 1, 2015, using the revised HVCRE exposure definition.

Dividend Limitations

The FDIC has authority to use its enforcement powers to prohibit a savings bank or commercial bank from paying dividends if, in its opinion, the payment of dividends would constitute an unsafe or unsound practice. Federal law prohibits the payment of dividends that will result in the institution failing to meet applicable capital requirements on a pro forma basis. The Bank is also subject to dividend declaration restrictions imposed by, and as later discussed under, "New York State Law."

Investment Activities

Since the enactment of the FDICIA, all state-chartered financial institutions, including savings banks, commercial banks, and their subsidiaries, have generally been limited to such activities as principal and equity investments of the type, and in the amount, authorized for national banks. The GLBA and FDIC regulations impose certain quantitative and qualitative restrictions on such activities and on a bank's dealings with a subsidiary that engages in specified activities.

In 1993, the Bank received grandfathering authority from the FDIC, which it continues to use, to invest in listed stocks and/or registered shares subject to the maximum permissible investments of 100% of tier 1 capital, as specified by the FDIC's regulations, or the maximum amount permitted by New York State Banking Law, whichever is less. Such grandfathering authority is subject to termination upon the FDIC's determination that such investments pose a safety and soundness risk to the Bank, or in the event that the Bank converts its charter or undergoes a change in control.

Enforcement

The FDIC has extensive enforcement authority over insured banks, including the Bank. This enforcement authority includes, among other things, the ability to assess civil money penalties, to issue cease and desist orders, and to remove directors and officers. In general, these enforcement actions may be initiated in response to violations of laws and regulations and unsafe or unsound practices.

Insurance of Deposit Accounts

The deposits of the Bank are insured up to applicable limits by the DIF. The maximum deposit insurance provided by the FDIC per account owner is $250,000 for all types of accounts.

Under the FDIC's risk-based assessment system, insured institutions are assigned to one of four risk categories based upon supervisory evaluations, regulatory capital level, and certain other factors, with less risky institutions paying lower assessments based on the assigned risk levels. An institution's assessment rate depends upon the category to which it is assigned and certain other factors. Assessment rates range from 1.5 to 40 basis points of the institution's assessment base, which is calculated as average total assets minus average tangible equity.

Insurance of deposits may be terminated by the FDIC upon a finding that an institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order, or condition imposed by the FDIC. Management does not know of any practice, condition, or violation that would lead to termination of the deposit insurance for the Bank.

Holding Company Regulations

Federal Regulation

The Company is currently subject to examination, regulation, and periodic reporting under the BHCA, as administered by the FRB.

The Company is required to obtain the prior approval of the FRB to acquire all, or substantially all, of the assets of any bank or bank holding company. Prior FRB approval would be required for the Company to acquire direct or indirect ownership or control of any voting securities of any bank or bank holding company if, after giving effect to such acquisition, it would, directly or indirectly, own or control more than 5% of any class of voting shares of such bank or bank holding company. In addition, before any bank acquisition can be completed, prior approval thereof may also be required to be obtained from other agencies having supervisory jurisdiction over the bank to be acquired, including the NYSDFS.

FRB regulations generally prohibit a bank holding company from engaging in, or acquiring, direct or indirect control of more than 5% of the voting securities of any company engaged in non-banking activities. One of the principal exceptions to this prohibition is for activities found by the FRB to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Some of the principal activities that the FRB has determined by regulation to be so closely related to banking are: (i) making or servicing loans; (ii) performing certain data processing services; (iii) providing discount brokerage services; (iv) acting as fiduciary, investment, or financial advisor; (v) leasing personal or real property; (vi) making investments in corporations or projects designed primarily to promote community welfare; and (vii) acquiring a savings and loan association.

The FRB has issued a policy statement regarding the payment of dividends by bank holding companies. In general, the FRB's policies provide that dividends should be paid only out of current earnings, and only if the prospective rate of earnings retention by the bank holding company appears consistent with the organization's capital needs, asset quality, and overall financial condition. The FRB's policies also require that a bank holding company serve as a source of financial strength to its subsidiary bank by standing ready to use available resources to provide adequate capital funds to those bank during periods of financial stress or adversity, and by maintaining the financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary bank where necessary.

The DFA codified the source of financial strength policy and required regulations to facilitate its application. Under the prompt corrective action laws, the ability of a bank holding company to pay dividends may be restricted if a subsidiary bank becomes undercapitalized. These regulatory policies could affect the ability of the Company to pay dividends or otherwise engage in capital distributions.

The status of the Company as a registered bank holding company under the BHCA does not exempt it from certain federal and state laws and regulations applicable to corporations generally, including, without limitation, certain provisions of the federal securities laws.

New York State Regulation

The Company is subject to regulation as a "multi-bank holding company" under New York State law. Among other requirements, this means that the Company must receive the approval of the Superintendent prior to the acquisition of 10% or more of the voting stock of another banking institution, or to otherwise acquire a banking institution by merger or purchase.

Transactions with Affiliates

Under current federal law, transactions between depository institutions and their affiliates are governed by Sections 23A and 23B of the Federal Reserve Act and the FRB's Regulation W promulgated thereunder. Generally, Section 23A limits the extent to which the institution or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of the institution's capital stock and surplus, and contains an aggregate limit on all such transactions with all affiliates to an amount equal to 20% of such capital stock and surplus. Section 23A also establishes specific collateral requirements for loans or extensions of credit to, or guarantees or acceptances on letters of credit issued on behalf of, an affiliate. Section 23B requires that covered transactions and a broad list of other specified transactions be on terms substantially the same as, or at least as favorable to, the institution or its subsidiaries as similar transactions with non-affiliates.

The Sarbanes-Oxley Act of 2002 generally prohibits loans by the Company to its executive officers and directors. However, the Sarbanes-Oxley Act contains a specific exemption for loans by an institution to its executive officers and directors in compliance with other federal banking laws. Section 22(h) of the Federal Reserve Act, and FRB Regulation O adopted thereunder, govern loans by a savings bank or commercial bank to directors, executive officers, and principal shareholders.

Community Reinvestment Act

Federal Regulation

Under the CRA, as implemented by FDIC regulations, an institution has a continuing and affirmative obligation consistent with its safe and sound operation to help meet the credit needs of its entire community, including low and moderate income neighborhoods. The CRA generally does not establish specific lending requirements or programs for financial institutions, nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community, consistent with the CRA. In its most recent FDIC CRA performance evaluation, the Bank received overall state ratings of "Satisfactory" for Ohio, Florida, Arizona, and New Jersey, as well as for the New York/New Jersey multi-state region. Furthermore, the most recent overall FDIC CRA ratings for the Bank was "Satisfactory."

New York State Regulation

The Bank is also subject to provisions of the New York State Banking Law that impose continuing and affirmative obligations upon a banking institution organized in New York State to serve the credit needs of its local community. Such obligations are substantially similar to those imposed by the CRA. The latest New York State CRA ratings received by the Bank was "Outstanding".

Bank Secrecy and Anti-Money Laundering

Federal laws and regulations impose obligations on U.S. financial institutions, including banks and broker/dealer subsidiaries, to implement and maintain appropriate policies, procedures, and controls that are reasonably designed to prevent, detect, and report instances of money laundering and the financing of terrorism, and to verify the identity of their customers. In addition, these provisions require the federal financial institution regulatory agencies to consider the effectiveness of a financial institution's anti-money laundering activities when reviewing bank mergers and bank holding company acquisitions. Failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing could have serious legal and reputational consequences for the institution.

Office of Foreign Assets Control Regulation

The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals, and others. These are typically known as the "OFAC" rules, based on their administration by the U.S. Treasury Department Office of Foreign Assets Control. The OFAC-administered sanctions targeting countries take many different forms. Generally, however, they contain one or more of the following elements: (i) restrictions on trade with, or investment in, a sanctioned country, including prohibitions against direct or indirect imports from, and exports to, a sanctioned country and prohibitions on "U.S. persons" engaging in financial transactions relating to making investments in, or providing investment-related advice or assistance to, a sanctioned country; and (ii) a blocking of assets in which the government or specially designated nationals of the sanctioned country have an interest, by prohibiting transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons). Blocked assets (e.g., property and bank deposits) cannot

be paid out, withdrawn, set off, or transferred in any manner without a license from OFAC. Failure to comply with these sanctions could have serious legal and reputational consequences.

Data Privacy

Federal and state law contains extensive consumer privacy protection provisions. The GLBA requires financial institutions to periodically disclose their privacy practices and policies relating to sharing such information and enable retail customers to opt out of the Company's ability to share certain information with affiliates and non-affiliates for marketing and/or non-marketing purposes, or to contact customers with marketing offers. The GLBA also requires financial institutions to implement a comprehensive information security program that includes administrative, technical, and physical safeguards to ensure the security and confidentiality of customer records and information.

Cybersecurity

The Cybersecurity Information Sharing Act (the "CISA") is intended to improve cybersecurity in the U.S. through sharing of information about security threats between the U.S. government and private sector organizations, including financial institutions such as the Company. The CISA also authorizes companies to monitor their own systems, notwithstanding any other provision of law, and allows companies to carry out defensive measures on their own systems from potential cyber-attacks.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 was enacted to address, among other things, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. As directed by the Sarbanes-Oxley Act, our Chief Executive Officer and Chief Financial Officer are required to certify that our quarterly and annual reports do not contain any untrue statement of a material fact. The rules adopted by the SEC under the Sarbanes-Oxley Act have several requirements, including having those Officers certify that they are responsible for establishing, maintaining and regularly evaluating the effectiveness of our internal controls over financial reporting; that they have made certain disclosures to our auditors and the Audit Committee of the Board of Directors about our internal control over financial reporting; and they have included information in our quarterly and annual reports about their evaluation and whether there have been changes in our internal control over financial reporting or in other factors that could materially affect internal control over financial reporting.

Federal Home Loan Bank System

The Bank is a member of the FHLB-NY. As a member of the FHLB-NY, the Bank is required to acquire and hold shares of FHLB-NY capital stock. At December 31, 2019, the Bank held $647.6 million of FHLB-NY stock.

New York State Law

The Bank derives its lending, investment, and other authority primarily from the applicable provisions of New York State Banking Law and the regulations of the NYSDFS, as limited by FDIC regulations. Under these laws and regulations, banks, including the Bank, may invest in real estate mortgages, consumer and commercial loans, certain types of debt securities (including certain corporate debt securities, and obligations of federal, state, and local governments and agencies), certain types of corporate equity securities, and certain other assets.

Under New York State Banking Law, New York State-chartered stock-form savings banks and commercial banks may declare and pay dividends out of their net profits, unless there is an impairment of capital. Approval of the Superintendent is required if the total of all dividends declared by the bank in a calendar year would exceed the total of its net profits for that year combined with its retained net profits for the preceding two years, less prior dividends paid.

New York State Banking Law gives the Superintendent authority to issue an order to a New York State-chartered banking institution to appear and explain an apparent violation of law, to discontinue unauthorized or unsafe practices, and to keep prescribed books and accounts. Upon a finding by the NYSDFS that any director, trustee, or officer of any banking organization has violated any law, or has continued unauthorized or unsafe practices in conducting the business of the banking organization after having been notified by the Superintendent to discontinue such practices, such director, trustee, or officer may be removed from office after notice and an

opportunity to be heard. The Superintendent also has authority to appoint a conservator or a receiver for a savings or commercial bank under certain circumstances.

Interstate Branching

Federal law allows the FDIC, and New York State Banking Law allows the Superintendent, to approve an application by a state banking institution to acquire interstate branches by merger, unless, in the case of the FDIC, the state of the target institution has opted out of interstate branching. New York State Banking Law authorizes savings banks and commercial banks to open and occupy de novo branches outside the state of New York. Pursuant to the DFA, the FDIC is authorized to approve a state bank's establishment of a de novo interstate branch if the intended host state allows de novo branching by banks chartered by that state. The Bank currently maintains 42 branches in New Jersey, 26 branches in Florida, 28 branches in Ohio, and 14 branches in Arizona, in addition to its 128 branches in New York State.

Acquisition of the Holding Company

Federal Restrictions

Under the Federal Change in Bank Control Act ("CIBCA"), a notice must be submitted to the FRB if any person (including a company), or group acting in concert, seeks to acquire 10% or more of the Company's shares of outstanding common stock, unless the FRB has found that the acquisition will not result in a change in control of the Company. Under the CIBCA, the FRB generally has 60 days within which to act on such notices, taking into consideration certain factors, including the financial and managerial resources of the acquirer; the convenience and needs of the communities served by the Company, the Bank; and the anti-trust effects of the acquisition. Under the BHCA, any company would be required to obtain approval from the FRB before it may obtain "control" of the Company within the meaning of the BHCA. Control generally is defined to mean the ownership or power to vote 25% or more of any class of voting securities of the Company, the ability to control in any manner the election of a majority of the Company's directors, or the power to exercise a controlling influence over the management or policies of the Company. Under the BHCA, an existing bank holding company would be required to obtain the FRB's approval before acquiring more than 5% of the Company's voting stock. See "Holding Company Regulation" earlier in this report.

New York State Change in Control Restrictions

New York State Banking Law generally requires prior approval of the New York State Banking Board before any action is taken that causes any company to acquire direct or indirect control of a banking institution which is organized in New York.

Federal Securities Law

The Company's common stock and certain other securities listed on the cover page of this report are registered with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company is subject to the information and proxy solicitation requirements, insider trading restrictions, and other requirements under the Exchange Act.

Consumer Protection Regulations

The activities of the Company's banking subsidiary, including its lending and deposit gathering activities, is subject to a variety of consumer laws and regulations designed to protect consumers. These laws and regulations mandate certain disclosure requirements, and regulate the manner in which financial institutions must deal with clients and monitor account activity when taking deposits from, making loans to, or engaging in other types of transactions with, such clients. Failure to comply with these laws and regulations could lead to substantial penalties, operating restrictions, and reputational damage to the financial institution.

Applicable consumer protection laws include, but may not be limited to, the DFA, Truth in Lending Act, Truth in Savings Act, Equal Credit Opportunity Act, Electronic Funds Transfer Act, Fair Housing Act, Home Mortgage Disclosure Act, Fair Debt Collection Practices Act, Fair Credit Reporting Act, Expedited Funds Availability (Regulation CC), Reserve Requirements (Regulation D), Insider Transactions (Regulation O), Privacy of Consumer Information (Regulation P), Margin Stock Loans (Regulation U), Right To Financial Privacy Act, Flood Disaster Protection Act, Homeowners Protection Act, Servicemembers Civil Relief Act, Real Estate Settlement Procedures Act, Telephone Consumer Protection Act, CAN-SPAM Act, Children's Online Privacy Protection Act, the Military Lending Act, and the Homeownership Counseling Act.

In addition, the Bank and its subsidiaries are subject to certain state laws and regulations designed to protect consumers.

Consumer Financial Protection Bureau

The Bank is subject to oversight by the CFPB within the Federal Reserve System. The CFPB was established under the DFA to implement and enforce rules and regulations under certain federal consumer protection laws with respect to the conduct of providers of certain consumer financial products and services. The CFPB has broad rulemaking authority for a wide range of consumer financial laws that apply to all banks, including, among other things, the authority to prohibit acts and practices that are deemed to be unfair, deceptive, or abusive. Abusive acts or practices are defined as those that (1) materially interfere with a consumer's ability to understand a term or condition of a consumer financial product or service, or (2) take unreasonable advantage of a consumer's (a) lack of financial savvy, (b) inability to protect himself in the selection or use of consumer financial products or services, or (c) reasonable reliance on a covered entity to act in the consumer's interests.

The CFPB has the authority to investigate possible violations of federal consumer financial law, hold hearings, and commence civil litigation. The CFPB can issue cease-and-desist orders against banks and other entities that violate consumer financial laws. The CFPB also may institute a civil action against an entity in violation of federal consumer financial law in order to impose a civil penalty or an injunction. The CFPB has examination and enforcement authority over all banks with more than $10 billion in assets, as well as certain of their affiliates.

Enterprise Risk Management

The Company's and the Bank's Boards of Directors are actively engaged in the process of overseeing the efforts made by the Enterprise Risk Management ("ERM") department to identify, measure, monitor, mitigate, and report risk. The Company has established an ERM program that reinforces a strong risk culture to support sound risk management practices. The Board is responsible for the approval and oversight of the ERM program and framework.

ERM is responsible for setting and aligning the Company's Risk Appetite Policy with the goals and objectives set forth in the budget, and the strategic and capital plans. Internal controls and ongoing monitoring processes capture and address heightened risks that threaten the Company's ability to achieve our goals and objectives, including the recognition of safety and soundness concerns and consumer protection. Additionally, ERM monitors key risk indicators against the established risk warning levels and limits, as well as elevated risks identified by the Chief Risk Officer.

ITEM 1A. RISK FACTORS

There are various risks and uncertainties that are inherent to our business. Primary among these are (1) interest rate risk, which arises from movements in interest rates; (2) credit risk, which arises from an obligor's failure to meet the terms of any contract with a bank or to otherwise perform as agreed; (3) risks related to our financial statements; (4) liquidity risk, which arises from a bank's inability to meet its obligations when they come due without incurring unacceptable losses; (5) legal/compliance risk, which arises from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, or ethical standards; (6) market risk, which arises from changes in the value of portfolios of financial instruments; (7) strategic risk, which is the risk of loss arising from inadequate or failed internal processes, people, and systems; (8) operational risk, which arises from problems with service or product delivery; and (9) reputational risk, which arises from negative public opinion resulting in a significant decline in shareholder value.

Following is a discussion of the material risks and uncertainties that could have a material adverse impact on our financial condition, results of operations, and the value of our shares. The failure to properly identify, monitor, and mitigate any of the below referenced risks, could result in increased regulatory risk and could potentially have an adverse impact on the Company. Additional risks that are not currently known to us, or that we currently believe to be immaterial, also may have a material effect on our financial condition and results of operations. This report is qualified in its entirety by those risk factors.

Interest Rate Risks

Changes in interest rates could reduce our net interest income and negatively impact the value of our loans, securities, and other assets. This could have a material adverse effect on our cash flows, financial condition, results of operations, and capital.

Our primary source of income is net interest income, which is the difference between the interest income generated by our interest-earning assets (consisting primarily of loans and, to a lesser extent, securities) and the interest expense produced by our interest-bearing liabilities (consisting primarily of deposits and wholesale borrowings).

The cost of our deposits and short-term wholesale borrowings is largely based on short-term interest rates, the level of which is driven by the FOMC of the FRB. However, the yields generated by our loans and securities are typically driven by intermediate-term interest rates, which are set by the bond market and generally vary from day to day. The level of our net interest income is therefore influenced by movements in such interest rates, and the pace at which such movements occur. If the interest rates on our interest-bearing liabilities increase at a faster pace than the interest rates on our interest-earning assets, the result could be a reduction in net interest income and, with it, a reduction in our earnings. Our net interest income and earnings would be similarly impacted were the interest rates on our interest-earning assets to decline more quickly than the interest rates on our interest-bearing liabilities.

In addition, such changes in interest rates could affect our ability to originate loans and attract and retain deposits; the fair values of our securities and other financial assets; the fair values of our liabilities; and the average lives of our loan and securities portfolios.

Changes in interest rates also could have an effect on loan refinancing activity, which, in turn, would impact the amount of prepayment income we receive on our multi-family and CRE loans. Because prepayment income is recorded as interest income, the extent to which it increases or decreases during any given period could have a significant impact on the level of net interest income and net income we generate during that time.

Also, changes in interest rates could have an effect on the slope of the yield curve. If the yield curve were to invert or become flat, our net interest income and net interest margin could contract, adversely affecting our net income and cash flows, and the value of our assets.

We will be required to transition from the use of the LIBOR interest rate index to an alternate index in the future.

We have certain loans and leases, securities, wholesale borrowings, derivative financial instruments, and long-term debt whose interest rate is indexed to LIBOR. The United Kingdom's Financial Conduct Authority, which is responsible for regulating LIBOR, has announced that the publication of LIBOR is not guaranteed beyond 2021 and it appears highly likely that LIBOR will be discontinued or modified by 2021. At this time, no consensus exists as to what reference rate or rates or benchmarks may become acceptable alternatives to LIBOR, although the Alternative Reference Rates Committee (a group of private-market participants convened by the Federal Reserve Board and the Federal Reserve Bank of New York) has identified the Secured Overnight Financing Rate, or SOFR, as the recommended alternative to LIBOR.

Uncertainty as to the adoption, market acceptance, or availability of SOFR or other alternative reference rates, may adversely affect the value of LIBOR-based loans and securities in our portfolio and may impact the availability and cost of hedging instruments and borrowings. The language in our LIBOR-based contracts and financial instruments has developed over time and may have various events that trigger when a successor index to LIBOR would be selected. If a trigger is satisfied, contracts and financial instruments may give us or the calculation agent, as applicable, discretion over the selection of the substitute index for the calculation of interest rates. The implementation of a substitute index for the calculation of interest rates under our loan agreements may result in our incurring significant expenses in effecting the transition and may result in disputes or litigation with customers over the appropriateness or comparability to LIBOR of the substitute index, any of which could have an adverse effect on our results of operations. We continue to develop and implement plans to mitigate the risks associated with the expected discontinuation of LIBOR. In particular, we have implemented or are in the process of implementing fallback language for LIBOR-linked loans.

Credit Risks

A decline in the quality of our assets could result in higher losses and the need to set aside higher loan loss provisions, thus reducing our earnings and our stockholders' equity.

The inability of our borrowers to repay their loans in accordance with their terms would likely necessitate an increase in our provision for loan losses, and therefore reduce our earnings.

The loans we originate for investment are primarily multi-family loans, CRE loans, and specialty finance loans and leases. Such loans are generally larger, and have higher risk-adjusted returns and shorter maturities, than the other loans we produce for investment. Our credit risk would ordinarily be expected to increase with the growth of our multi-family and CRE loan portfolios.

Payments on multi-family and CRE loans generally depend on the income generated by the underlying properties which, in turn, depends on their successful operation and management. The ability of our borrowers to repay these loans may be impacted by adverse conditions in the local real estate market and the local economy. While we seek to minimize these risks through our underwriting policies, which generally require that such loans be qualified on the basis of the collateral property's cash flows, appraised value, and debt service coverage ratio, among other factors, there can be no assurance that our underwriting policies will protect us from credit-related losses or delinquencies.

To minimize the risks involved in our specialty finance lending and leasing, we participate in syndicated loans that are brought to us, and equipment loans and leases that are assigned to us, by a select group of nationally recognized sources, and generally are made to large corporate obligors, many of which are publicly traded, carry investment grade or near-investment grade ratings, and participate in stable industries nationwide. Each of our credits is secured with a perfected first security interest in the underlying collateral and structured as senior debt or as a non-cancelable lease.

We seek to minimize the risks involved in our other C&I lending by underwriting such loans on the basis of the cash flows produced by the business; by requiring that such loans be collateralized by various business assets, including inventory, equipment, and accounts receivable, among others; and by requiring personal guarantees. However, the capacity of a borrower to repay such a C&I loan is substantially dependent on the degree to which his or her business is successful. In addition, the collateral underlying other C&I loans may depreciate over time, may not be conducive to appraisal, or may fluctuate in value, based upon the results of operations of the business.

We also originate ADC loans, although to a far lesser degree than we originate multi-family and CRE loans. ADC financing typically involves a greater degree of credit risk than longer-term financing on multi-family and CRE properties. Risk of loss on an ADC loan largely depends upon the accuracy of the initial estimate of the property's value at completion of construction or development, compared to the estimated costs (including interest) of construction. If the estimate of value proves to be inaccurate, the loan may be under-secured. While we seek to minimize these risks by maintaining consistent lending policies and procedures, and rigorous underwriting standards, an error in such estimates, among other factors, could have a material adverse effect on the quality of our ADC loan portfolio, thereby resulting in losses or delinquencies.

The ability of our borrowers to repay their loans could be adversely impacted by a decline in real estate values and/or an increase in unemployment, which not only could result in our experiencing losses, but also could necessitate our recording a provision for losses on loans. Either of these events would have an adverse impact on our net income.

Although losses on the loans we produce have been comparatively limited, even during periods of economic weakness in our markets, we cannot guarantee that this will be our experience in future periods.

Our allowance for losses on loans might not be sufficient to cover our actual losses, which would adversely impact our financial condition and results of operations.

In addition to mitigating credit risk through our underwriting processes, we attempt to mitigate such risk through the establishment of an allowance for losses on loans. The process of determining whether or not the allowance is sufficient to cover potential loan losses is based on the methodology described in detail under

"Critical Accounting Policies" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report.

If the judgments and assumptions we make with regard to the allowance are incorrect, our allowance for losses on such loans might not be sufficient, and additional loan loss provisions might need to be made. Depending on the amount of such loan loss provisions, the adverse impact on our earnings could be material.

In addition, growth in our loan portfolio may require us to increase the allowance for losses on such loans by making additional provisions, which would reduce our net income. Furthermore, bank regulators have the authority to require us to make provisions for loan losses or otherwise recognize loan charge-offs following their periodic review of our loan portfolio, our underwriting procedures, and our allowance for losses on such loans. Any increase in the loan loss allowance or in loan charge-offs as required by such regulatory authorities could have a material adverse effect on our financial condition and results of operations.

Our New York State multi-family loan portfolio could be adversely impacted by changes in legislation or regulation.

On June 14, 2019, the New York State legislature passed the Housing Stability and Tenant Protection Act of 2019 impacting about one million rent-regulated apartment units. Among other things, the new legislation: (i) curtails rent increases from Major Capital Improvements and Individual Apartment Improvements; (ii) all but eliminates the ability for apartments to exit rent regulation; (iii) does away with vacancy decontrol and high-income deregulation; and (iv) repealed the 20% vacancy bonus. While it is too early to measure the full impact of the legislation or its impact on loan production, in total, it generally limits a landlord's ability to increase rents on rent regulated apartments and makes it more difficult to convert rent regulated apartments to market rate apartments. As a result, the value of the collateral located in New York State securing the Company's multi-family loans or the future net operating income of such properties could potentially become impaired.

Economic weakness in the New York metropolitan region, where the majority of the properties collateralizing our multi-family, CRE, and ADC loans, and the majority of the businesses collateralizing our other C&I loans, are located could have an adverse impact on our financial condition and results of operations.

Unlike larger national or superregional banks that serve a broader and more diverse geographic region, our business depends significantly on general economic conditions in the New York metropolitan region, where the majority of the buildings and properties securing the multi-family, CRE, and ADC loans we originate for investment, and the businesses of the customers to whom we make our other C&I loans, are located.

Accordingly, the ability of our borrowers to repay their loans, and the value of the collateral securing such loans, may be significantly affected by economic conditions in this region, including changes in the local real estate market. A significant decline in general economic conditions caused by inflation, recession, unemployment, acts of terrorism, extreme weather, or other factors beyond our control, could therefore have an adverse effect on our financial condition and results of operations. In addition, because multi-family and CRE loans represent the majority of the loans in our portfolio, a decline in tenant occupancy or rents due to such factors, or for other reasons, such as new legislation, could adversely impact the ability of our borrowers to repay their loans on a timely basis, which could have a negative impact on our net income.

Furthermore, economic or market turmoil could occur in the near or long term. This could negatively affect our business, our financial condition, and our results of operations, as well as our ability to maintain or increase the level of cash dividends we currently pay to our shareholders.

Risks Related to our Financial Statements

Changes in accounting standards or interpretation of new or existing standards may affect how we report our financial condition and results of operations.

From time to time the FASB and the SEC change accounting regulations and reporting standards that govern the preparation of our financial statements. In addition, the FASB, SEC, bank regulators, and the outside independent auditors may revise their previous interpretations regarding existing accounting regulations and the application of these accounting standards. These changes can be difficult to predict and can materially impact how to record and report our financial condition and results of operations. In some cases, there could be a requirement to apply a new or revised accounting standard retroactively, resulting in the restatement of prior period financial statements.

The implementation of a new accounting standard could require us to increase its allowance for loan losses and may have a material adverse effect on our financial condition and results of operations.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU No. 2016-13 replaces the incurred loss model with an expected loss model, which is referred to as the current expected credit loss model, or CECL. ASU No. 2016-13 became effective for us on January 1, 2020. The change to the CECL framework requires us to greatly increase the data we must collect and review to determine the appropriate level of the allowance for loan losses. The adoption of CECL may result in greater volatility in the level of the allowance for loan losses, depending on various factors and assumptions applied in the model, such as the forecasted economic conditions in the foreseeable future and loan payment behaviors. Any increase in the allowance for loan losses, or expenses incurred to determine the appropriate level of the allowance for loan losses, may have an adverse effect on our financial condition and results of operations.

Our accounting estimates and risk management processes rely on analytical and forecasting models.

The processes that we use to estimate expected losses and to measure the fair value of financial instruments, as well as the processes used to estimate the effects of changing interest rates and other market measures on its financial condition and results of operations, depends upon the use of analytical and forecasting models. These models reflect assumptions that may not be accurate, particularly in times of market stress or other unforeseen circumstances. Even if these assumptions are adequate, the models may prove to be inadequate or inaccurate because of other flaws in their design or their implementation. If the models that we use for interest rate risk and asset-liability management are inadequate, we may incur increased or unexpected losses upon changes in market interest rates or other market measures. If the models that we use for determining its expected losses are inadequate, the allowance for loan losses may not be sufficient to support future charge-offs. If the models that we use to measure the fair value of financial instruments are inadequate, the fair value of such financial instruments may fluctuate unexpectedly or may not accurately reflect what we could realize upon sale or settlement of such financial instruments. Any such failure in our analytical or forecasting models could have a material adverse effect on our business, financial condition and results of operations.

Impairment in the carrying value of goodwill and other intangible assets could negatively impact our financial condition and results of operations.

At December 31, 2019, goodwill and other intangible assets totaled $2.4 billion. Goodwill represents the excess purchase price paid over the fair value of the net assets acquired in a business combination. Goodwill is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. A significant decline in expected future cash flows, a material change in interest rates, a significant adverse change in the business climate, slower growth rates, or a significant or sustained decline in the price of our common stock may necessitate taking charges in the future related to the impairment of goodwill and other intangible assets. The amount of any impairment charge could be significant and could have a material adverse impact on our financial condition and results of operations.

Liquidity Risks

Failure to maintain an adequate level of liquidity could result in an inability to fulfill our financial obligations and also could subject us to material reputational and compliance risk.

"Liquidity" refers to our ability to generate sufficient cash flows to support our operations and to fulfill our obligations, including commitments to originate loans, to repay our wholesale borrowings and other liabilities, and to satisfy the withdrawal of deposits by our customers.

Our primary sources of liquidity are the retail and institutional deposits we gather or acquire in connection with acquisitions, and the brokered deposits we accept; borrowed funds, primarily in the form of wholesale borrowings from the FHLB-NY and various Wall Street brokerage firms; cash flows generated through the repayment and sale of loans; and cash flows generated through the repayment and sale of securities. In addition, and depending on current market conditions, we have the ability to access the capital markets from time to time to generate additional liquidity.

Deposit flows, calls of investment securities and wholesale borrowings, and the prepayment of loans and mortgage-related securities are strongly influenced by such external factors as the direction of interest rates, whether actual or perceived; local and national economic conditions; and competition for deposits and loans in

the markets we serve. The withdrawal of more deposits than we anticipate could have an adverse impact on our profitability as this source of funding, if not replaced by similar deposit funding, would need to be replaced with wholesale funding, the sale of interest-earning assets, or a combination of the two. The replacement of deposit funding with wholesale funding could cause our overall cost of funds to increase, which would reduce our net interest income and results of operations. A decline in interest-earning assets would also lower our net interest income and results of operations.

In addition, large-scale withdrawals of brokered or institutional deposits could require us to pay significantly higher interest rates on our retail deposits or on other wholesale funding sources, which would have an adverse impact on our net interest income and net income. Furthermore, changes to the FHLB-NY's underwriting guidelines for wholesale borrowings or lending policies may limit or restrict our ability to borrow, and therefore could have a significant adverse impact on our liquidity. A decline in available funding could adversely impact our ability to originate loans, invest in securities, and meet our expenses, or to fulfill such obligations as repaying our borrowings or meeting deposit withdrawal demands.

A downgrade of the credit ratings of the Company and the Bank could also adversely affect our access to liquidity and capital, and could significantly increase our cost of funds, trigger additional collateral or funding requirements, and decrease the number of investors and counterparties willing to lend to us or to purchase our securities. This could affect our growth, profitability, and financial condition, including our liquidity.

If we were to defer payments on our trust preferred capital debt securities or were in default under the related indentures, we would be prohibited from paying dividends or distributions on our common stock.

The terms of our outstanding trust preferred capital debt securities prohibit us from (1) declaring or paying any dividends or distributions on our capital stock, including our common stock; or (2) purchasing, acquiring, or making a liquidation payment on such stock, under the following circumstances: (a) if an event of default has occurred and is continuing under the applicable indenture; (b) if we are in default with respect to a payment under the guarantee of the related trust preferred securities; or (c) if we have given notice of our election to defer interest payments but the related deferral period has not yet commenced, or a deferral period is continuing. In addition, without notice to, or consent from, the holders of our common stock, we may issue additional series of trust preferred capital debt securities with similar terms, or enter into other financing agreements, that limit our ability to pay dividends on our common stock.

Dividends on the Series A Preferred Stock are discretionary and noncumulative, and may not be paid if such payment will result in our failure to comply with all applicable laws and regulations.

Dividends on the Series A Preferred Stock are discretionary and noncumulative. If our Board of Directors (or any duly authorized committee of the Board) does not authorize and declare a dividend on the Series A Preferred Stock for any dividend period, holders of the depositary shares will not be entitled to receive any dividend for that dividend period, and the unpaid dividend will cease to accrue and be payable. We have no obligation to pay dividends accrued for a dividend period after the dividend payment date for that period if our Board of Directors (or any duly authorized committee thereof) has not declared a dividend before the related dividend payment date, whether or not dividends on the Series A Preferred Stock or any other series of our preferred stock or our common stock are declared for any future dividend period. Additionally, under the FRB's capital rules, dividends on the Series A Preferred Stock may only be paid out of our net income, retained earnings, or surplus related to other additional tier 1 capital instruments.

If the non-payment of dividends on Series A Preferred Stock for any dividend period would cause the Company to fail to comply with any applicable law or regulation, or any agreement we may enter into with our regulators from time to time, then we would not be able to declare or pay a dividend for such dividend period. In such a case, holders of the depositary shares will not be entitled to receive any dividend for that dividend period, and the unpaid dividend will cease to accrue and be payable.

Legal/Compliance Risks

Inability to fulfill minimum capital requirements could limit our ability to conduct or expand our business, pay a dividend, or result in termination of our FDIC deposit insurance, and thus impact our financial condition, our results of operations, and the market value of our stock.

We are subject to the comprehensive, consolidated supervision and regulation set forth by the FRB. Such regulation includes, among other matters, the level of leverage and risk-based capital ratios we are required to

maintain. Depending on general economic conditions, changes in our capital position could have a materially adverse impact on our financial condition and risk profile, and also could limit our ability to grow through acquisitions or otherwise. Compliance with regulatory capital requirements may limit our ability to engage in operations that require the intensive use of capital and therefore could adversely affect our ability to maintain our current level of business or expand.

Furthermore, it is possible that future regulatory changes could result in more stringent capital or liquidity requirements, including increases in the levels of regulatory capital we are required to maintain and changes in the way capital or liquidity is measured for regulatory purposes, either of which could adversely affect our business and our ability to expand. For example, federal banking regulations adopted under Basel III standards require bank holding companies and banks to undertake significant activities to demonstrate compliance with higher capital requirements. Any additional requirements to increase our capital ratios or liquidity could necessitate our liquidating certain assets, perhaps on terms that are unfavorable to us or that are contrary to our business plans. In addition, such requirements could also compel us to issue additional securities, thus diluting the value of our common stock.

In addition, failure to meet established capital requirements could result in the FRB placing limitations or conditions on our activities and further restricting the commencement of new activities. The failure to meet applicable capital guidelines could subject us to a variety of enforcement remedies available to the federal regulatory authorities, including limiting our ability to pay dividends; issuing a directive to increase our capital; and terminating our FDIC deposit insurance.

Pursuant to the current requirements of the DFA, a bank holding company whose total consolidated assets average more than $250 billion over the four most recent quarters is determined to be a SIFI, and therefore is subject to stricter prudential standards. In addition to capital and liquidity requirements, these standards primarily include risk-management requirements, dividend limits, and early remediation regimes.

Our results of operations could be materially affected by further changes in bank regulation, or by our ability to comply with certain existing laws, rules, and regulations governing our industry.

We are subject to regulation, supervision, and examination by the following entities: (1) the NYSDFS, the chartering authority for the Bank; (2) the FDIC, as the insurer of the Bank's deposits; (3) the FRB-NY, in accordance with objectives and standards of the U.S. Federal Reserve System; and (4) the CFPB, which was established in 2011 under the Dodd-Frank Act and given broad authority to regulate financial service providers and financial products.

Such regulation and supervision governs the activities in which a bank holding company and its banking subsidiaries may engage, and are intended primarily for the protection of the DIF, the banking system in general, and bank customers, rather than for the benefit of a company's stockholders. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including with respect to the imposition of restrictions on the operation of a bank or a bank holding company, the imposition of significant fines, the ability to delay or deny merger or other regulatory applications, the classification of assets by a bank, and the adequacy of a bank's allowance for loan losses, among other matters. Changes in such regulation and supervision, or changes in regulation or enforcement by such authorities, whether in the form of policy, regulations, legislation, rules, orders, enforcement actions, ratings, or decisions, could have a material impact on the Company, our subsidiary bank and other affiliates, and our operations. In addition, failure of the Company or the Bank to comply with such regulations could have a material adverse effect on our earnings and capital.

See "Regulation and Supervision" in Part I, Item 1, "Business" earlier in this filing for a detailed description of the federal, state, and local regulations to which the Company and the Bank are subject.

Our enterprise risk management framework may not be effective in mitigating the risks to which we are subject, based upon the size, scope, and complexity of the Company.

As a financial institution, we are subject to a number of risks, including interest rate, credit, liquidity, legal/compliance, market, strategic, operational, and reputational. Our ERM framework is designed to minimize the risks to which we are subject, as well as any losses stemming from such risks. Although we seek to identify, measure, monitor, report, and control our exposure to such risks, and employ a broad and diverse set of risk monitoring and mitigation techniques in the process, those techniques are inherently limited because they cannot anticipate the existence or development of risks that are currently unknown and unanticipated.

For example, economic and market conditions, heightened legislative and regulatory scrutiny of the financial services industry, and increases in the overall complexity of our operations, among other developments, have resulted in the creation of a variety of risks that were previously unknown and unanticipated, highlighting the intrinsic limitations of our risk monitoring and mitigation techniques. As a result, the further development of previously unknown or unanticipated risks may result in our incurring losses in the future that could adversely impact our financial condition and results of operations. Furthermore, an ineffective ERM framework, as well as other risk factors, could result in a material increase in our FDIC insurance premiums.

Market Risks

A decline in economic conditions could adversely affect the value of the loans we originate and the securities in which we invest.

Although we take steps to reduce our exposure to the risks that stem from adverse changes in economic conditions, such changes nevertheless could adversely impact the value of the loans we originate and the securities we invest in.

Declines in real estate values and home sales, and an increase in the financial stress on borrowers stemming from high unemployment or other adverse economic conditions, could negatively affect our borrowers and, in turn, the repayment of the loans in our portfolio. Deterioration in economic conditions also could subject us and our industry to increased regulatory scrutiny, and could result in an increase in loan delinquencies, an increase in problem assets and foreclosures, and a decline in the value of the collateral for our loans, which could reduce our customers' borrowing power. Deterioration in local economic conditions could drive the level of loan losses beyond the level we have provided for in our loan loss allowance; this, in turn, could necessitate an increase in our provisions for loan losses, which would reduce our earnings and capital.

Furthermore, declines in the value of our investment securities could result in our having to record losses based on the other-than-temporary impairment of securities, which would reduce our earnings and also could reduce our capital. In addition, continued economic weakness could reduce the demand for our products and services, which would adversely impact our liquidity and the revenues we produce.

The market price and liquidity of our common stock could be adversely affected if the economy were to weaken or the capital markets were to experience volatility.

The market price of our common stock could be subject to significant fluctuations due to changes in investor sentiment regarding our operations or business prospects. Among other factors, these risks may be affected by:

- Operating results that vary from the expectations of our management or of securities analysts and investors;
- Developments in our business or in the financial services sector generally;
- Regulatory or legislative changes affecting our industry generally or our business and operations;
- Operating and securities price performance of companies that investors consider to be comparable to us;
- Changes in estimates or recommendations by securities analysts or rating agencies;
- Announcements of strategic developments, acquisitions, dispositions, financings, and other material events by us or our competitors;
- Changes or volatility in global financial markets and economies, general market conditions, interest or foreign exchange rates, stock, commodity, credit, or asset valuations; and
- Significant fluctuations in the capital markets.

Economic or market turmoil could occur in the near or long term, which could negatively affect our business, our financial condition, and our results of operations, as well as volatility in the price and trading volume of our common stock.

Strategic Risks

Extensive competition for loans and deposits could adversely affect our ability to expand our business, as well as our financial condition and results of operations.

We face significant competition for loans and deposits from other banks and financial institutions, both within and beyond our local markets. We also compete with companies that solicit loans and deposits over the internet and from FinTech companies.

Because our profitability stems from our ability to attract deposits and originate loans, our continued ability to compete for depositors and borrowers is critical to our success. Our success as a competitor depends on a number of factors, including our ability to develop, maintain, and build long-term relationships with our customers by providing them with convenience, in the form of multiple branch locations, extended hours of service, and access through alternative delivery channels; a broad and diverse selection of products and services; interest rates and service fees that compare favorably with those of our competitors; and skilled and knowledgeable personnel to assist our customers by addressing their financial needs. External factors that may impact our ability to compete include, among others, the entry of new lenders and depository institutions in our current markets and, with regard to lending, an increased focus on multi-family and CRE lending by existing competitors.

Limitations on our ability to grow our portfolios of multi-family and CRE loans could adversely affect our ability to generate interest income, as well our financial condition and results of operations, perhaps materially.

Although we also originate C&I and ADC loans, and invest in securities, our portfolios of multi-family and CRE loans represent the largest portion of our asset mix (91.4% of total loans as of December 31, 2019). Our leadership position in these markets has been instrumental to our production of solid earnings and our consistent record of exceptional asset quality. We monitor the ratio of our multi-family, CRE, and ADC loans (as defined in the CRE Guidance) to our total risk-based capital to ensure that we are in compliance with regulatory guidance. Any inability to grow our multi-family and CRE loan portfolios, could negatively impact our ability to grow our earnings per share.

The inability to engage in merger transactions, or to realize the anticipated benefits of acquisitions in which we might engage, could adversely affect our ability to compete with other financial institutions and weaken our financial performance.

Mergers and acquisitions have contributed significantly to our growth and it is possible that we will look to acquire other financial institutions, financial service providers, or branches in the future.

Our ability to engage in future mergers and acquisitions would depend on our ability to identify suitable merger partners and acquisition opportunities, our ability to finance and complete negotiated transactions at acceptable prices and on acceptable terms, and our ability to obtain the necessary shareholder and regulatory approvals.

If we are unable to engage in or complete a desired acquisition or merger transaction, our financial condition and results of operations could be adversely impacted. As acquisitions have been a significant source of deposits, the inability to complete a business combination could require that we increase the interest rates we pay on deposits in order to attract such funding through our current branch network, or that we increase our use of wholesale funds. Increasing our cost of funds could adversely impact our net interest income and our net income. Furthermore, the absence of acquisitions could impact our ability to fulfill our loan demand.

Mergers and acquisitions involve a number of risks and challenges, including:

- Our ability to successfully integrate the branches and operations we acquire, and to adopt appropriate internal controls and regulatory functions relating to such activities;
- Our ability to limit the outflow of deposits held by customers in acquired branches, and to successfully retain and manage any loans we acquire;
- Our ability to attract new deposits, and to generate new interest-earning assets, in geographic areas we have not previously served;
- Our success in deploying any cash received in a transaction into assets bearing sufficiently high yields without incurring unacceptable credit or interest rate risk;

- Our ability to control the incremental non-interest expense from acquired operations;
- Our ability to retain and attract the appropriate personnel to staff acquired branches and conduct any acquired operations;
- Our ability to generate acceptable levels of net interest income and non-interest income, including fee income, from acquired operations;
- The diversion of management's attention from existing operations;
- Our ability to address an increase in working capital requirements; and
- Limitations on our ability to successfully reposition the post-merger balance sheet when deemed appropriate.

In addition, mergers and acquisitions can lead to uncertainties about the future on the part of customers and employees. Such uncertainties could cause customers and others to consider changing their existing business relationships with the company to be acquired, and could cause its employees to accept positions with other companies before the merger occurs. As a result, the ability of a company to attract and retain customers, and to attract, retain, and motivate key personnel, prior to a merger's completion could be impaired.

Furthermore, no assurance can be given that acquired operations would not adversely affect our existing profitability; that we would be able to achieve results in the future similar to those achieved by our existing banking business; that we would be able to compete effectively in the market areas served by acquired branches; or that we would be able to manage any growth resulting from a transaction effectively. In particular, our ability to compete effectively in new markets would be dependent on our ability to understand those markets and their competitive dynamics, and our ability to retain certain key employees from the acquired institution who know those markets better than we do.

The inability to receive dividends from our subsidiary bank could have a material adverse effect on our financial condition or results of operations, as well as our ability to maintain or increase the current level of cash dividends we pay to our shareholders.

The Parent Company (i.e., the company on an unconsolidated basis) is a separate and distinct legal entity from the Bank, and a substantial portion of the revenues the Parent Company receives consists of dividends from the Bank. These dividends are the primary funding source for the dividends we pay on our common stock and the interest and principal payments on our debt. Various federal and state laws and regulations limit the amount of dividends that a bank may pay to its parent company. In addition, our right to participate in a distribution of assets upon the liquidation or reorganization of a subsidiary may be subject to the prior claims of the subsidiary's creditors. If the Bank is unable to pay dividends to the Parent Company, we might not be able to service our debt, pay our obligations, or pay dividends on our common stock.

Reduction or elimination of our quarterly cash dividend could have an adverse impact on the market price of our common stock.

Holders of our common stock are only entitled to receive such dividends as our Board of Directors may declare out of funds available for such payments under applicable law and regulatory guidance, and although we have historically declared cash dividends on our common stock, we are not required to do so. Furthermore, the payment of dividends falls under federal regulations that have grown more stringent in recent years. While we pay our quarterly cash dividend in compliance with current regulations, such regulations could change in the future. Any reduction or elimination of our common stock dividend in the future could adversely affect the market price of our common stock.

Operational Risks

Our stress testing processes rely on analytical and forecasting models that may prove to be inadequate or inaccurate, which could adversely affect the effectiveness of our strategic planning and our ability to pursue certain corporate goals.

The processes we use to estimate the effects of changing interest rates, real estate values, and economic indicators such as unemployment on our financial condition and results of operations depend upon the use of analytical and forecasting models. These models reflect assumptions that may not be accurate, particularly in times of market stress or other unforeseen circumstances. Furthermore, even if our assumptions are accurate predictors of future performance, the models they are based on may prove to be inadequate or inaccurate because of other flaws in their design or implementation. If the models we use in the process of managing our interest rate and other risks prove to be inadequate or inaccurate, we could incur increased or unexpected losses which,

in turn, could adversely affect our earnings and capital. Additionally, failure by the Company to maintain compliance with strict capital, liquidity, and other stress test requirements under banking regulations could subject us to regulatory sanctions, including limitations on our ability to pay dividends.

The occurrence of any failure, breach, or interruption in service involving our systems or those of our service providers could damage our reputation, cause losses, increase our expenses, and result in a loss of customers, an increase in regulatory scrutiny, or expose us to civil litigation and possibly financial liability, any of which could adversely impact our financial condition, results of operations, and the market price of our stock.

Communication and information systems are essential to the conduct of our business, as we use such systems, and those maintained and provided to us by third party service providers, to manage our customer relationships, our general ledger, our deposits, and our loans. In addition, our operations rely on the secure processing, storage, and transmission of confidential and other information in our computer systems and networks. Although we take protective measures and endeavor to modify them as circumstances warrant, the security of our computer systems, software, and networks may be vulnerable to breaches, unauthorized access, misuse, computer viruses, or other malicious code and cyber-attacks that could have an impact on information security. With the rise and permeation of online and mobile banking, the financial services industry in particular faces substantial cybersecurity risk due to the type of sensitive information provided by customers. Our systems and those of our third-party service providers and customers are under constant threat, and it is possible that we or they could experience a significant event in the future that could adversely affect our business or operations.

In addition, breaches of security may occur through intentional or unintentional acts by those having authorized or unauthorized access to our confidential or other information, or that of our customers, clients, or counterparties. If one or more of such events were to occur, the confidential and other information processed and stored in, and transmitted through, our computer systems and networks could potentially be jeopardized, or could otherwise cause interruptions or malfunctions in our operations or the operations of our customers, clients, or counterparties. This could cause us significant reputational damage or result in our experiencing significant losses.

While we diligently assess applicable regulatory and legislative developments affecting our business, laws and regulations relating to cybersecurity have been frequently changing, imposing new requirements on us. In light of these conditions, we face the potential for additional regulatory scrutiny that will lead to increasing compliance and technology expenses and, in some cases, possible limitations on the achievement of our plans for growth and other strategic objectives.

Furthermore, we may be required to expend significant additional resources to modify our protective measures or investigate and remediate vulnerabilities or other exposures arising from operational and security risks. Additional expenditures may be required for third-party expert consultants or outside counsel.

We also may be subject to litigation and financial losses that either are not insured against or not fully covered through any insurance we maintain.

In addition, we routinely transmit and receive personal, confidential, and proprietary information by e-mail and other electronic means. We have discussed, and worked with our customers, clients, and counterparties to develop secure transmission capabilities, but we do not have, and may be unable to put in place, secure capabilities with all of these constituents, and we may not be able to ensure that these third parties have appropriate controls in place to protect the confidentiality of such information. We maintain disclosure controls and procedures to ensure we will timely and sufficiently notify our investors of material cybersecurity risks and incidents, including the associated financial, legal, or reputational consequence of such an event, as well as reviewing and updating any prior disclosures relating to the risk or event.

While we have established information security policies and procedures, including an Incident Response Plan, to prevent or limit the impact of systems failures and interruptions, we may not be able to anticipate all possible security breaches that could affect our systems or information and there can be no assurance that such events will not occur or will be adequately prevented or mitigated if they do.

The Company and the Bank rely on third parties to perform certain key business functions, which may expose us to further operational risk.

We outsource certain key aspects of our data processing to certain third-party providers. While we have selected these third-party providers carefully, we cannot control their actions. Our ability to deliver products and services to our customers, to adequately process and account for our customers' transactions, or otherwise conduct our business could be adversely impacted by any disruption in the services provided by these third parties; their failure to handle current or higher volumes of usage; or any difficulties we may encounter in communicating with them. Replacing these third-party providers also could entail significant delay and expense.

Our third-party providers may be vulnerable to unauthorized access, computer viruses, phishing schemes, and other security breaches. Threats to information security also exist in the processing of customer information through various other third-party providers and their personnel. We may be required to expend significant additional resources to protect against the threat of such security breaches and computer viruses, or to alleviate problems caused by such security breaches or viruses. To the extent that the activities of our third-party providers or the activities of our customers involve the storage and transmission of confidential information, security breaches and viruses could expose us to claims, regulatory scrutiny, litigation, and other possible liabilities.

In addition, the Company may not be adequately insured against all types of losses resulting from third-party failures, and our insurance coverage may be inadequate to cover all losses resulting from systems failures or other disruptions to our banking services.

Failure to keep pace with technological changes could have a material adverse impact on our ability to compete for loans and deposits, and therefore on our financial condition and results of operations.

Financial products and services have become increasingly technology-driven. To some degree, our ability to meet the needs of our customers competitively, and in a cost-efficient manner, is dependent on our ability to keep pace with technological advances and to invest in new technology as it becomes available. Many of our competitors have greater resources to invest in technology than we do and may be better equipped to market new technology-driven products and services.

If federal, state, or local tax authorities were to determine that we did not adequately provide for our taxes, our income tax expense could be increased, adversely affecting our earnings.

The amount of income taxes we are required to pay on our earnings is based on federal, state, and local legislation and regulations. We provide for current and deferred taxes in our financial statements, based on our results of operations, business activity, legal structure, interpretation of tax statutes, assessment of risk of adjustment upon audit, and application of financial accounting standards. We may take tax return filing positions for which the final determination of tax is uncertain, and our net income and earnings per share could be reduced if a federal, state, or local authority were to assess additional taxes that have not been provided for in our consolidated financial statements. In addition, there can be no assurance that we will achieve our anticipated effective tax rate. Unanticipated changes in tax laws or related regulatory or judicial guidance, or an audit assessment that denies previously recognized tax benefits, could result in our recording tax expenses that materially reduce our net income.

The inability to attract and retain key personnel could adversely impact our operations.

To a large degree, our success depends on our ability to attract and retain key personnel whose expertise, knowledge of our markets, and years of industry experience would make them difficult to replace. Competition for skilled leaders in our industry can be intense, and we may not be able to hire or retain the people we would like to have working for us. The unexpected loss of services of one or more of our key personnel could have a material adverse impact on our business, given the specialized knowledge of such personnel and the difficulty of finding qualified replacements on a timely basis. Furthermore, our ability to attract and retain personnel with the skills and knowledge to support our business may require that we offer additional compensation and benefits that would reduce our earnings.

Many aspects of our operations are dependent upon the soundness of other financial intermediaries and thus could expose us to systemic risk.

The soundness of many financial institutions may be closely interrelated as a result of relationships between them involving credit, trading, execution of transactions, and the like. As a result, concerns about, or a

default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses, or defaults by other institutions. As such "systemic risk" may adversely affect the financial intermediaries with which we interact on a daily basis (such as clearing agencies, clearing houses, banks, and securities firms and exchanges), we could be adversely impacted as well.

Noncompliance with the Bank Secrecy Act and other anti-money laundering statutes and regulations could result in material financial loss.

The BSA and the Patriot Act contain anti-money laundering and financial transparency provisions intended to detect and prevent the use of the U.S. financial system for money laundering and terrorist financing activities. The BSA, as amended by the Patriot Act, requires depository institutions to undertake activities including monitoring an anti-money laundering program, verifying the identity of clients, monitoring for and reporting suspicious transactions, reporting on cash transactions above a certain threshold, and responding to requests for information by regulatory authorities and law enforcement agencies. FINCEN, a unit of the U.S. Treasury Department that administers the BSA, is authorized to impose significant civil monetary penalties for violations of these requirements.

There is also increased scrutiny of compliance with OFAC. If the Company's policies, procedures, and systems are deemed deficient or the policies, procedures, and systems of financial institutions we have acquired or may acquire in the future are deemed deficient, the Company would be subject to liability, including fines and regulatory actions.

Failure to maintain and implement adequate programs to combat money laundering and terrorist financing activities could also result in reputational risk for the Company.

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have a material adverse effect on our business and stock price.

As a public company, we are required to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. Internal control over financial reporting is complex and may be revised over time to adapt to changes in our business, or changes in applicable accounting rules. We cannot assure you that our internal control over financial reporting will be effective in the future or that a material weakness will not be discovered with respect to a prior period for which we had previously believed that our internal control over financial reporting was effective.

If we are not able to maintain or document effective internal control over financial reporting, our independent registered public accounting firm will not be able to certify as to the effectiveness of our internal control over financial reporting. Matters impacting our internal control over financial reporting may cause us to be unable to report our financial information on a timely basis, or may cause us to restate previously issued financial information, and thereby subject us to adverse regulatory consequences, including sanctions or investigations by the SEC, or violations of applicable stock exchange listing rules.

There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if we or our independent registered public accounting firm reports a material weakness in the effectiveness of our internal control over financial reporting. This could materially adversely affect us by, for example, leading to a decline in our stock price and impairing our ability to raise capital.

Reputational Risk

Damage to our reputation could significantly harm the businesses we engage in, as well as our competitive position and prospects for growth.

Our ability to attract and retain investors, customers, clients, and employees could be adversely affected by damage to our reputation resulting from various sources, including employee misconduct, litigation, or regulatory outcomes; failure to deliver minimum standards of service and quality; compliance failures; unethical behavior; unintended disclosure of confidential information; and the activities of our clients, customers, and/or counterparties. Actions by the financial services industry in general, or by certain entities or individuals within it, also could have a significantly adverse impact on our reputation.

Our actual or perceived failure to identify and address various issues also could give rise to reputational risk that could significantly harm us and our business prospects, including failure to properly address operational risks. These issues include legal and regulatory requirements; consumer protection, fair lending, and privacy issues; properly maintaining customer and associated personal information; record keeping; protecting against money laundering; sales and trading practices; and ethical issues.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own certain of our branch offices, as well as our headquarters on Long Island and certain other back-office buildings in New York, Ohio, and Florida. We also utilize other branch and back-office locations in those states, and in New Jersey and Arizona, under various lease and license agreements that expire at various times. (See Note 7, "Leases" in Item 8, "Financial Statements and Supplementary Data.") We believe that our facilities are adequate to meet our present and immediately foreseeable needs.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal actions arising in the ordinary course of its business. All such actions in the aggregate involve amounts that are believed by management to be immaterial to the financial condition and results of operations of the Company.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The common stock of New York Community Bancorp, Inc. trades on the New York Stock Exchange (the "NYSE") under the symbol "NYCB."

At December 31, 2019, the number of outstanding shares was 467,346,781 and the number of registered owners was approximately 11,042. The latter figure does not include those investors whose shares were held for them by a bank or broker at that date.

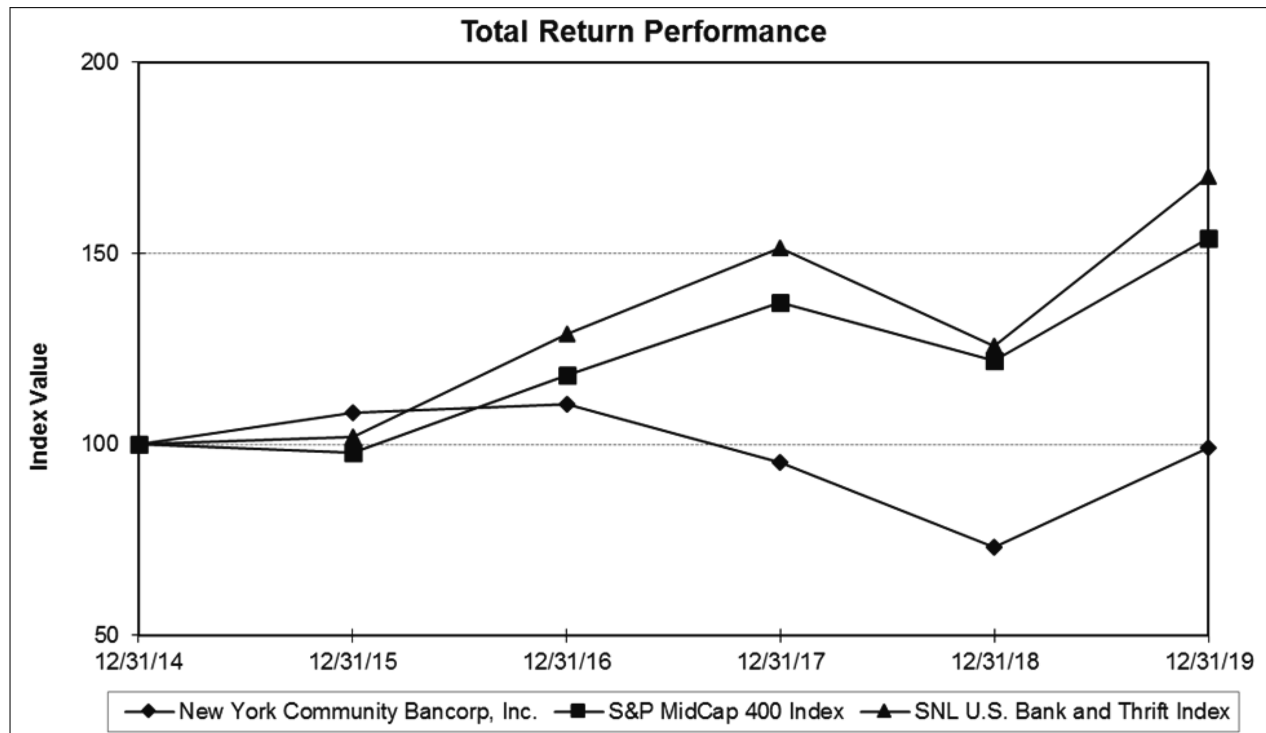
Stock Performance Graph

The following graph compares the cumulative total return on the Company's stock in the five years ended December 31, 2019 with the cumulative total returns on a broad market index (the S&P Mid-Cap 400 Index) and a peer group index (the SNL U.S. Bank and Thrift Index) during the same time. The S&P Mid-Cap 400 Index was chosen as the broad market index in connection with the Company's trading activity on the NYSE; the SNL U.S. Bank and Thrift Index currently is comprised of 386 bank and thrift institutions, including the Company. S&P Global Market Intelligence provided us with the data for both indices.

The performance graph is being furnished solely to accompany this report pursuant to Item 201(e) of Regulation S-K, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

The cumulative total returns are based on the assumption that $100.00 was invested in each of the three investments on December 31, 2014 and that all dividends paid since that date were reinvested. Such returns are based on historical results and are not intended to suggest future performance.

Comparison of 5-Year Cumulative Total Return
Among New York Community Bancorp, Inc.,
S&P Mid-Cap 400 Index, and SNL U.S. Bank and Thrift Index



ASSUMES $100 INVESTED ON DECEMBER 31, 2014
ASSUMES DIVIDEND REINVESTED
FISCAL YEAR ENDING DECEMBER 31, 2019

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
New York Community Bancorp, Inc.	$100.00	$108.22	$110.55	$ 95.20	$ 73.09	$ 98.99
S&P Mid-Cap 400 Index	$100.00	$ 97.82	$118.11	$137.30	$122.08	$154.07
SNL U.S. Bank and Thrift Index	$100.00	$102.02	$128.80	$151.45	$125.81	$170.04

Share Repurchases

Shares Repurchased Pursuant to the Company's Stock-Based Incentive Plans

Participants in the Company's stock-based incentive plans may have shares of common stock withheld to fulfill the income tax obligations that arise in connection with their exercise of stock options and the vesting of their stock awards. Shares that are withheld for this purpose are repurchased pursuant to the terms of the applicable stock-based incentive plan, rather than pursuant to the share repurchase program authorized by the Board of Directors described below.

Shares Repurchased Pursuant to the Board of Directors' Share Repurchase Authorization

On October 23, 2018, the Board of Directors authorized the repurchase of up to $300 million of the Company's common stock. Under said authorization, shares may be repurchased on the open market or in privately negotiated transactions.

Shares that are repurchased pursuant to the Board of Directors' authorization, and those that are repurchased pursuant to the Company's stock-based incentive plans, are held in our Treasury account and may be used for various corporate purposes, including, but not limited to, merger transactions and the vesting of restricted stock awards.

As indicated in the table below, during the twelve months ended December 31, 2019, the Company allocated 769,111 shares or $8.1 million toward the repurchase of shares tied to its stock-based incentive plans. Also, during the first quarter of the year, the Company repurchased $67.1 million or 7.1 million shares of its common stock under its authorized share repurchase program, leaving $72.1 million remaining under the repurchase authorization at December 31, 2019.

(dollars in thousands, except per share data)

Period	Total Shares of Common Stock Repurchased	Average Price Paid per Common Share	Total Allocation
First Quarter 2019	7,816,228	$ 9.57	$74,788
Second Quarter 2019	3,485	11.14	39
Third Quarter 2019	31,059	11.10	345
Fourth Quarter 2019:			
October	232	13.02	3
November	3,018	12.02	36
December	829	10.53	9
Total Fourth Quarter 2019	4,079	11.78	48
2019 Total	7,854,851	9.58	$75,220

ITEM 6. SELECTED FINANCIAL DATA

(dollars in thousands, except share data)	At or For the Years Ended December 31,				
	2019	2018	2017	2016	2015
EARNINGS SUMMARY:					
Net interest income [1]	$ 957,400	$ 1,030,995	$ 1,130,003	$ 1,287,382	$ 408,075
Provision for (recovery of) losses on non-covered loans	7,105	18,256	60,943	11,874	(3,334)
Recovery of losses on covered loans	--	--	(23,701)	(7,694)	(11,670)
Non-interest income	84,230	91,558	216,880	145,572	210,763
Non-interest expense:					
Operating expenses [2]	511,218	546,628	641,218	638,109	615,600
Amortization of core deposit intangibles	--	--	208	2,391	5,344
Debt repositioning charge	--	--	--	--	141,209
Merger-related expenses	--	--	--	11,146	3,702
Total non-interest expense	511,218	546,628	641,426	651,646	765,855
Income tax expense (benefit)	128,264	135,252	202,014	281,727	(84,857)
Net income (loss) [3]	395,043	422,417	466,201	495,401	(47,156)
Basic earnings (loss) per common share [3]	$0.77	$0.79	$0.90	$1.01	$(0.11)
Diluted earnings (loss) per common share [3]	0.77	0.79	0.90	1.01	(0.11)
Dividends paid per common share	0.68	0.68	0.68	0.68	1.00
SELECTED RATIOS:					
Return on average assets [3]	0.76%	0.84%	0.96%	1.00%	(0.10)%
Return on average common stockholders' equity [3]	5.88	6.20	7.12	8.19	(0.81)
Average common stockholders' equity to average assets	11.82	12.51	12.76	12.28	11.90
Operating expenses to average assets [2]	0.98	1.09	1.32	1.29	1.26
Efficiency ratio [1][2]	49.08	48.70	47.61	44.53	99.48
Net interest rate spread [1]	1.79	2.06	2.47	2.85	0.69
Net interest margin [1]	2.02	2.25	2.59	2.93	0.94
Dividend payout ratio	88.31	86.08	75.56	67.33	--
BALANCE SHEET SUMMARY:					
Total assets	$53,640,821	$51,899,376	$49,124,195	$48,926,555	$50,317,796
Loans, net of allowance for loan losses	41,746,517	40,006,088	38,265,183	39,308,016	38,011,995
Allowance for losses on non-covered loans	147,638	159,820	158,046	158,290	147,124
Allowance for losses on covered loans	--	--	--	23,701	31,395
Securities	5,885,887	5,644,071	3,531,427	3,817,057	6,173,645
Deposits	31,657,132	30,764,430	29,102,163	28,887,903	28,426,758
Borrowed funds	14,557,593	14,207,866	12,913,679	13,673,379	15,748,405
Common stockholders' equity	6,208,854	6,152,395	6,292,536	6,123,991	5,934,696
Common shares outstanding	467,346,781	473,536,604	488,490,352	487,056,676	484,943,308
Book value per common share	$13.29	$12.99	$12.88	$12.57	$12.24
Common stockholders' equity to total assets	11.57%	11.85 %	12.81 %	12.52%	11.79%
ASSET QUALITY RATIOS (excluding covered assets and non-covered purchased credit-impaired loans):					
Non-performing non-covered loans to total non-covered loans	0.15%	0.11 %	0.19 %	0.15%	0.13%
Non-performing non-covered assets to total non-covered assets	0.14	0.11	0.18	0.14	0.13
Allowance for losses on non-covered loans to non-performing non-covered loans	241.07	351.21	214.50	277.19	310.08
Allowance for losses on non-covered loans to total non-covered loans	0.35	0.40	0.41	0.42	0.41
Net charge-offs (recoveries) to average loans [4]	0.05	0.04	0.16	0.00	(0.02)

(1) The 2015 amount reflects the impact of a $773.8 million debt repositioning charge recorded as interest expense in the fourth quarter of the year.

(2) The 2015 amount includes state and local non-income taxes of $5.4 million resulting from the debt repositioning charge.

(3) The 2015 amount reflects the $546.8 million after-tax impact of the debt repositioning charge recorded as interest expense and non-interest expense, combined.

(4) Average loans include covered loans.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the purpose of this discussion and analysis, the words "we," "us," "our," and the "Company" are used to refer to New York Community Bancorp, Inc. and our consolidated subsidiaries, including New York Community Bank (the "Bank").

Executive Summary

New York Community Bancorp, Inc. is the holding company for New York Community Bank, with 238 branches in Metro New York, New Jersey, Ohio, Florida, and Arizona. At December 31, 2019, we had total assets of $53.6 billion, including total loans of $41.7 billion, total deposits of $31.7 billion, and total stockholders' equity of $6.7 billion.

Chartered in the State of New York, the Bank is subject to regulation by the FDIC, the CFPB, and the NYSDFS. In addition, the holding company is subject to regulation by the FRB, the SEC, and to the requirements of the NYSE, where shares of our common stock are traded under the symbol "NYCB" and shares of our preferred stock trade under the symbol "NYCB PA."

As a publicly traded company, our mission is to provide our shareholders with a solid return on their investment by producing a strong financial performance, maintaining a solid capital position, and engaging in corporate strategies that enhance the value of their shares. For the twelve months ended December 31, 2019, the Company reported net income of $395.0 million, compared to the $422.4 million reported for the twelve months ended December 31, 2018. Net income available to common shareholders in the comparable period was $362.2 million, versus $389.6 million for the twelve months ended December 31, 2018. Diluted earnings per common share were $0.77 for the twelve months ended December 31, 2019, as compared to $0.79 per diluted common share for the twelve months ended December 31, 2018.

The key trends during 2019 were:

Continued Growth in Our Loan Portfolio

At December 31, 2019 the Company's loan portfolio totaled $41.7 billion, up $1.7 billion or a 4.4% increase compared to the balance at December 31, 2018. The year-over-year growth in our loan portfolio was due to growth in the multi-family portfolio, the specialty finance portfolio (which is part of our C&I loan portfolio), and the CRE portfolio.

Fueled by $6.0 billion in originations and $770.8 million of repurchases, the multi-family portfolio increased $1.3 billion or 4.3% to $31.2 billion at December 31, 2019 compared to $29.9 billion at December 31, 2018, and it accounted for most of the loan growth during the current year. The specialty finance portfolio had another strong year, growing $675.8 million or 35% on a year-over-year basis to $2.6 billion at December 31, 2019, while the CRE portfolio increased $83.5 million or 1% to $7.1 billion at December 31, 2019 compared to December 31, 2018.

Inflection Point for the NIM and Net Interest Income

Both net interest income and the NIM declined on a year-over-year basis, but they increased during the fourth quarter of 2019, marking the first time since the end of 2015 that both of these metrics increased. The primary driver of the increase was lower funding costs which led to lower interest expense, which, in turn, drove the growth in net interest income. The NIM rose five basis points to 2.04% on a linked-quarter basis as net interest income improved $6.6 million to $242.5 million or 11% annualized compared to the third quarter of 2019.

Operating Expenses Decline Further

Our cost-cutting efforts continued to pay off in 2019. After declining nearly $95 million during the course of 2018, total non-interest expense declined a further $35.4 million or 6.5% over the course of 2019. In 2019, non-interest expense included $10.4 million of certain items related to severance costs and branch rationalization costs.

Asset Quality Remained Exceptional During the Current Year

The Company's asset quality metrics remained strong during full-year 2019. Total NPAs were $73.5 million or 0.14% of total assets, while non-performing loans were $61.2 million or 0.15% of total loans. Included in these amounts was $30.4 million of non-accrual taxi medallion-related loans. Repossessed assets were $12.3 million at year-end 2019 and included $10.3 million of repossessed taxi medallions at that time period.

For the twelve months ended December 31, 2019, we recorded $19.3 million of net charge-offs or 0.05% of average loans. This figure included $10.2 million of charge-offs related to the taxi medallion portfolio. Importantly, on a combined basis, we only recorded $659,000 of charge-offs in the MF/CRE loan portfolios or 0.00% of average loans.

External Factors

The following is a discussion of certain external factors that tend to influence our financial performance and the strategic actions we take.

Interest Rates

Among the external factors that tend to influence our performance, the interest rate environment is key. Just as short-term interest rates affect the cost of our deposits and that of the funds we borrow, market interest rates affect the yields on the loans we produce for investment and the securities in which we invest.

As further discussed under "Loans Held for Investment" later on in this discussion, the interest rates on our multi-family loans and CRE credits generally are based on the five-year and seven-year CMT. The following table summarizes the high, low, and average five- and seven-year CMT rates in 2019 and 2018:

	Constant Maturity Treasury Rates			
	Five-Year		Seven-Year	
	2019	2018	2019	2018
High	2.62%	3.09%	2.70%	3.18%
Low	1.32	2.25	1.40	2.37
Average	1.95	2.75	2.05	2.85

Because the multi-family and CRE loans we produce generate income when they prepay (which is recorded as interest income), the impact of repayment activity can be especially meaningful. In 2019, prepayment income from loans contributed $48.9 million to interest income; in the prior year, the contribution was $44.9 million.

Economic Indicators

While we attribute our asset quality to the nature of the loans we produce and our conservative underwriting standards, the quality of our assets can also be impacted by economic conditions in our local markets and throughout the United States. The information that follows consists of recent economic data that we consider to be germane to our performance and the markets we serve.

The following table presents the generally downward trend in unemployment rates, as reported by the U.S. Department of Labor, both nationally and in the various markets that comprise our footprint, for the months indicated:

	December	
	2019	2018
Unemployment rate:		
United States	3.4%	3.7%
New York City	3.2	3.9
Arizona	4.3	4.9
Florida	2.5	3.3
New Jersey	3.6	3.6
New York	3.7	3.9
Ohio	3.8	4.8

The CPI measures the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The following table indicates the change in the CPI for the twelve months ended at each of the indicated dates:

	For the Twelve Months Ended December	
	2019	2018
Change in prices:	2.3%	1.9%

Economic activity also is indicated by the Consumer Confidence Index®, which moved up to 128.2 in December 2019 from 126.2 in December 2018. An index level of 90 or more is considered indicative of a strong economy.

The following chart illustrates the relative stability of the rental vacancy rate in New York City for all rental units and for rent stabilized units, from 1991 through 2017, as compared to the changes in average unemployment rates in New York City during those years. As the New York City rental vacancy rate is only reported every three years, the annual average unemployment rate in New York City is provided for those years only. As you can see the vacancy rates for rent stabilized units are lower, in some years, meaningfully lower, then the vacancy rates for all rental units.

New York City Rental Vacancy Rates to Unemployment Rates

Year	**New York City Rental Vacancy Rate All Rental Units[1]**	**New York City Rental Vacancy Rate Rent Stabilized Units[1]**	**New York City Annual Average Unemployment Rate[2]**
2017	3.63%	2.06%	4.50%
2014	3.45%	2.12%	7.20%
2011	3.12%	2.55%	9.10%
2008	2.88%	2.14%	5.60%
2005	3.09%	2.68%	5.80%
2002	2.94%	2.52%	8.00%
1999	3.19%	2.46%	6.80%
1996	4.01%	3.57%	8.80%
1993	3.44%	3.10%	10.40%
1991	3.78%	3.54%	8.70%

(1) Source: Selected Initial Findings of the New York City Housing and Vacancy Survey
(2) Source: http://www.labor.ny.gov/stats/laus.asp

Recent Events

Dividend Declaration

On January 28, 2020, the Board of Directors declared a quarterly cash dividend on the Company's common stock of $0.17 per share, payable on February 24, 2020 to common shareholders of record at the close of business on February 10, 2020.

Critical Accounting Policies

We consider certain accounting policies to be critically important to the portrayal of our financial condition and results of operations, since they require management to make complex or subjective judgments, some of which may relate to matters that are inherently uncertain. The inherent sensitivity of our consolidated financial statements to these critical accounting policies, and the judgments, estimates, and assumptions used therein, could have a material impact on our financial condition or results of operations.

We have identified the following to be critical accounting policies: the determination of the allowance for loan losses and the determination of the amount, if any, of goodwill impairment.

The judgments used by management in applying these critical accounting policies may be influenced by adverse changes in the economic environment, which may result in changes to future financial results.

Allowance for Loan Losses

The allowance for loan losses represents our estimate of probable and estimable losses inherent in the loan portfolio as of the date of the balance sheet. Losses on loans are charged against, and recoveries of losses on loans are credited back to, the allowance for loan losses.

The methodology used for the allocation of the allowance for loan losses at December 31, 2019 and December 31, 2018 was generally comparable, whereby the Bank segregated their loss factors (used for both criticized and non-criticized loans) into a component that was primarily based on historical loss rates and a component that was primarily based on other qualitative factors that are probable to affect loan collectability. In determining the allowance for loan losses, management considers the Bank's current business strategies and credit processes, including compliance with applicable regulatory guidelines and with guidelines approved by the Boards of Directors with regard to credit limitations, loan approvals, underwriting criteria, and loan workout procedures.

The allowance for loan losses is established based on management's evaluation of incurred losses in the portfolio in accordance with GAAP, and is comprised of both specific valuation allowances and a general valuation allowance.

Specific valuation allowances are established based on management's analyses of individual loans that are considered impaired. If a loan is deemed to be impaired, management measures the extent of the impairment and establishes a specific valuation allowance for that amount. A loan is classified as impaired when, based on current information and/or events, it is probable that we will be unable to collect all amounts due under the contractual terms of the loan agreement. We apply this classification as necessary to loans individually evaluated for impairment in our portfolios. Smaller-balance homogenous loans and loans carried at the lower of cost or fair value are evaluated for impairment on a collective, rather than individual, basis. Loans to certain borrowers who have experienced financial difficulty and for which the terms have been modified, resulting in a concession, are considered TDRs and are classified as impaired.

We primarily measure impairment on an individual loan and determine the extent to which a specific valuation allowance is necessary by comparing the loan's outstanding balance to either the fair value of the collateral, less the estimated cost to sell, or the present value of expected cash flows, discounted at the loan's effective interest rate. Generally, when the fair value of the collateral, net of the estimated cost to sell, or the present value of the expected cash flows is less than the recorded investment in the loan, any shortfall is promptly charged off.

We also follow a process to assign the general valuation allowance to loan categories. The general valuation allowance is established by applying our loan loss provisioning methodology, and reflect the inherent risk in outstanding held-for-investment loans. This loan loss provisioning methodology considers various factors

in determining the appropriate quantified risk factors to use to determine the general valuation allowance. The factors assessed begin with the historical loan loss experience for each major loan category. We also take into account an estimated historical loss emergence period (which is the period of time between the event that triggers a loss and the confirmation and/or charge-off of that loss) for each loan portfolio segment.

The allocation methodology consists of the following components: First, we determine an allowance for loan losses based on a quantitative loss factor for loans evaluated collectively for impairment. This quantitative loss factor is based primarily on historical loss rates, after considering loan type, historical loss and delinquency experience, and loss emergence periods. The quantitative loss factors applied in the methodology are periodically re-evaluated and adjusted to reflect changes in historical loss levels, loss emergence periods, or other risks. Lastly, we allocate an allowance for loan losses based on qualitative loss factors. These qualitative loss factors are designed to account for losses that may not be provided for by the quantitative loss component due to other factors evaluated by management, which include, but are not limited to:

- Changes in lending policies and procedures, including changes in underwriting standards and collection, and charge-off and recovery practices;
- Changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the portfolio, including the condition of various market segments;
- Changes in the nature and volume of the portfolio and in the terms of loans;
- Changes in the volume and severity of past-due loans, the volume of non-accrual loans, and the volume and severity of adversely classified or graded loans;
- Changes in the quality of our loan review system;
- Changes in the value of the underlying collateral for collateral-dependent loans;
- The existence and effect of any concentrations of credit, and changes in the level of such concentrations;
- Changes in the experience, ability, and depth of lending management and other relevant staff; and
- The effect of other external factors, such as competition and legal and regulatory requirements, on the level of estimated credit losses in the existing portfolio.

By considering the factors discussed above, we determine an allowance for loan losses that is applied to each significant loan portfolio segment to determine the total allowance for loan losses.

The historical loss period we use to determine the allowance for loan losses on loans is a rolling 36-quarter look-back period, as we believe this produces an appropriate reflection of our historical loss experience.

The process of establishing the allowance for losses on loans also involves:

- Periodic inspections of the loan collateral by qualified in-house and external property appraisers/inspectors;
- Regular meetings of executive management with the pertinent Board committees, during which observable trends in the local economy and/or the real estate market are discussed;
- Assessment of the aforementioned factors by the pertinent members of the Board of Directors and management when making a business judgment regarding the impact of anticipated changes on the future level of loan losses; and
- Analysis of the portfolio in the aggregate, as well as on an individual loan basis, taking into consideration payment history, underwriting analyses, and internal risk ratings.

In order to determine their overall adequacy, the loan loss allowance is reviewed quarterly by management Board Committees and the Board of Directors of the Bank, as applicable.

We charge off loans, or portions of loans, in the period that such loans, or portions thereof, are deemed uncollectible. The collectability of individual loans is determined through an assessment of the financial condition and repayment capacity of the borrower and/or through an estimate of the fair value of any underlying collateral. For non-real estate-related consumer credits, the following past-due time periods determine when charge-offs are typically recorded: (1) closed-end credits are charged off in the quarter that the loan becomes

120 days past due; (2) open-end credits are charged off in the quarter that the loan becomes 180 days past due; and (3) both closed-end and open-end credits are typically charged off in the quarter that the credit is 60 days past the date we received notification that the borrower has filed for bankruptcy.

The level of future additions to the respective loan loss allowance is based on many factors, including certain factors that are beyond management's control, such as changes in economic and local market conditions, including declines in real estate values, and increases in vacancy rates and unemployment. Management uses the best available information to recognize losses on loans or to make additions to the loan loss allowance; however, the Bank may be required to take certain charge-offs and/or recognize further additions to the loan loss allowance, based on the judgment of regulatory agencies with regard to information provided during their examinations of the Bank.

An allowance for unfunded commitments is maintained separate from the allowance for loan losses and is included in Other liabilities in the Consolidated Statements of Condition.

See Note 6, Allowance for Loan Losses for a further discussion of our allowance for loan losses.

Goodwill Impairment

We have significant intangible assets related to goodwill. As of December 31, 2019, we had goodwill of $2.4 billion. In connection with our acquisitions, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill represents the excess of the purchase price of our acquisitions over the fair value of identifiable net assets acquired, including other identified intangible assets. Our goodwill is evaluated for impairment annually as of year-end or more frequently if conditions exist that indicate that the value may be impaired. We test our goodwill for impairment at the reporting unit level. These impairment evaluations are performed by comparing the carrying value of the goodwill of a reporting unit to its estimated fair value. We allocate goodwill to reporting units based on the reporting unit expected to benefit from the business combination. We have identified one reporting unit which is the same as our operating segment and reportable segment. If we change our strategy or if market conditions shift, our judgments may change, which may result in adjustments to the recorded goodwill balance.

For annual goodwill impairment testing, we have the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If we conclude that this is the case, we must perform the two-step test described below. If we conclude based on the qualitative assessment that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, we have completed our goodwill impairment test and do not need to perform the two-step test.

Step one requires the fair value of each reporting unit is compared to its carrying value in order to identify potential impairment. If the fair value of a reporting unit exceeds the carrying value of its net assets, goodwill is not considered impaired and no further testing is required. If the carrying value of the net assets exceeds the fair value of a reporting unit, potential impairment is indicated at the reporting unit level and step two of the impairment test is performed.

Step two requires that when potential impairment is indicated in step one, we compare the implied fair value of goodwill with the carrying amount of that goodwill. Determining the implied fair value of goodwill requires a valuation of the reporting unit's tangible and (non-goodwill) intangible assets and liabilities in a manner similar to the allocation of the purchase price in a business combination. Any excess in the value of a reporting unit over the amounts assigned to its assets and liabilities is referred to as the implied fair value of goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

During the year ended December 31, 2019, no triggering events were identified that indicated that the value of goodwill may be impaired. For the year ended December 31, 2019, the Company's annual goodwill impairment assessment, using step one of the quantitative test, found no indication of goodwill impairment.

Income Taxes

In estimating income taxes, management assesses the relative merits and risks of the tax treatment of transactions, taking into account statutory, judicial, and regulatory guidance in the context of our tax position. In

this process, management also relies on tax opinions, recent audits, and historical experience. Although we use the best available information to record income taxes, underlying estimates and assumptions can change over time as a result of unanticipated events or circumstances such as changes in tax laws and judicial guidance influencing our overall or transaction-specific tax position.

We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and the carryforward of certain tax attributes such as net operating losses. A valuation allowance is maintained for deferred tax assets that we estimate are more likely than not to be unrealizable, based on available evidence at the time the estimate is made. In assessing the need for a valuation allowance, we estimate future taxable income, considering the prudence and feasibility of tax planning strategies and the realizability of tax loss carryforwards. Valuation allowances related to deferred tax assets can be affected by changes to tax laws, statutory tax rates, and future taxable income levels.

In the event we were to determine that we would not be able to realize all or a portion of our net deferred tax assets in the future, we would reduce such amounts through a charge to income tax expense in the period in which that determination was made. Conversely, if we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net carrying amounts, we would decrease the recorded valuation allowance through a decrease in income tax expense in the period in which that determination was made. Subsequently recognized tax benefits associated with valuation allowances recorded in a business combination would be recorded as an adjustment to goodwill.

FINANCIAL CONDITION

Balance Sheet Summary

At December 31, 2019, total assets were $53.6 billion, up $1.7 billion or 3.4% on a year-over-year basis. Our asset growth was largely the result of loan growth and to a much lesser extent, growth in the securities portfolio. This was funded through a combination of growth in deposits and in wholesale borrowings, and by a decrease in cash and cash equivalents.

Total loans held for investment rose $1.7 billion or 4.3% on a year-over-year basis to $41.9 billion, as the multi-family loan portfolio increased $1.3 billion or 4.3% to $31.2 billion and the C&I loan portfolio rose $626.0 million or 26.2% to $3.0 billion.

Total securities, consisting mainly of available-for-sale securities increased $241.8 million or 4.3% on a year-over-year basis, to $5.9 billion.

On the liability side, total deposits rose $892.7 million or 2.9% to $31.7 billion compared to the balance at year-end 2018, while total borrowed funds increased $349.7 million or 2.5% to $14.6 billion. Most of the growth in borrowings occurred in the fourth quarter of the year.

Total stockholders' equity at December 31, 2019 was $6.7 billion, relatively unchanged compared to the balance at December 31, 2018. Common stockholders' equity to total assets was 11.57% compared to 11.85% at December 31, 2018. Book value per common share was $13.29 at December 31, 2019 compared to $12.99 at December 31, 2018.

Excluding goodwill of $2.4 billion at both December 31, 2019 and 2018, tangible common stockholders' equity totaled $3.8 billion at year-end 2019, up $66.2 million or 1.8% compared to year-end 2018. Tangible common stockholders' equity to tangible assets was 7.39% at December 31, 2019 compared to 7.51% at December 31, 2018. Tangible book value per common share at December 31, 2019 was $8.09 compared to $7.85 at December 31, 2018.

Loans

Loans Held for Investment

The majority of the loans we produce are multi-family loans. Our production of multi-family loans began several decades ago in the five boroughs of New York City, where the majority of the rental units currently consist of rent-regulated apartments featuring below-market rents.

In addition to multi-family loans, our loan portfolio contains a large number of CRE credits, most of which are secured by income-producing properties located in New York City and on Long Island.

In addition to multi-family loans and CRE loans, our portfolio includes substantially smaller balances of one-to-four family loans, ADC loans, and other loans held for investment, with C&I loans comprising the bulk of the other loan portfolio. Specialty finance loans and leases account for most of our C&I credits, with the remainder consisting primarily of loans to small and mid-size businesses, referred to as other C&I loans.

In 2019, we originated $10.6 billion of loans, a $540.5 million or a 5.4% increase from the prior year. The higher level of originations was largely driven by an increase in specialty finance originations and CRE originations, offset by a decline in multi-family originations. During full-year 2019, the Bank originated $6.0 billion of multi-family loans, down 9.7% compared to full-year 2018, while specialty finance loans grew $882.9 million or 46.1%, to $2.8 billion, and CRE originations increased $259.5 million or 26.8%.

In addition to the strong origination volumes over the course of 2019, during the fourth quarter of the year, the Company also opportunistically repurchased $770.8 million of primarily multi-family loans it previously originated and sold to other financial institutions. These loans were originally sold by the Company in order to manage the balance sheet below the $50 billion in asset SIFI threshold in place at the time.

Multi-Family Loans

Multi-family loans are our principal asset. The loans we produce are primarily secured by non-luxury residential apartment buildings in New York City that feature rent-regulated units and below-market rents—a market we refer to as our "primary lending niche." Consistent with our emphasis on multi-family lending, multi-family loan originations represented $6.0 billion, or 56.4%, of the loans we produced for investment in 2019.

At December 31, 2019, multi-family loans represented $31.2 billion, or 74.5%, of total loans held for investment, reflecting a year-over-year increase of $1.3 billion, or 4.3% and the average multi-family loan had a principal balance of $6.4 million and $6.1 million; the expected weighted average life of the portfolio was 2.0 years at December 31, 2019 compared to 2.6 years at December 31, 2018.

The majority of our multi-family loans were secured by rental apartment buildings. In addition, 77.9% of our multi-family loans were secured by buildings in the metro New York City area and 3.0% were secured by buildings elsewhere in New York State. The remaining multi-family loans were secured by buildings outside these markets, including in the four other states served by our retail branch offices.

At December 31, 2019, $18.7 billion or 60.0% of the Company's total multi-family loan portfolio is secured by properties in New York State and, therefore, are subject to the new rent regulation laws. The weighted average LTV of the NYS rent regulated multi-family portfolio was 53.17% as of December 31, 2019, compared to a weighted average LTV of 56.86% for the entire multi-family loan portfolio at that date.

In addition to underwriting multi-family loans on the basis of the buildings' income and condition, we consider the borrowers' credit history, profitability, and building management expertise. Borrowers are required to present evidence of their ability to repay the loan from the buildings' current rent rolls, their financial statements, and related documents.

While a percentage of our multi-family loans are ten-year fixed rate credits, the vast majority of our multi-family loans feature a term of ten or twelve years, with a fixed rate of interest for the first five or seven years of the loan, and an alternative rate of interest in years six through ten or eight through twelve. The rate charged in the first five or seven years is generally based on intermediate-term interest rates plus a spread.

During the remaining years, the loan resets to an annually adjustable rate that is tied to the prime rate of interest, plus a spread. Alternately, the borrower may opt for a fixed rate that is tied to the five-year fixed advance rate of the FHLB-NY, plus a spread. The fixed-rate option also requires the payment of one percentage point of the then-outstanding loan balance. In either case, the minimum rate at repricing is equivalent to the rate in the initial five-or seven-year term. As the rent roll increases, the typical property owner seeks to refinance the mortgage, and generally does so before the loan reprices in year six or eight.

Multi-family loans that refinance within the first five or seven years are typically subject to an established prepayment penalty schedule. Depending on the remaining term of the loan at the time of prepayment, the penalties normally range from five percentage points to one percentage point of the then-current loan balance. If a loan extends past the fifth or seventh year and the borrower selects the fixed-rate option, the prepayment penalties typically reset to a range of five points to one point over years six through ten or eight through twelve. For example, a ten-year multi-family loan that prepays in year three would generally be expected to pay a prepayment penalty equal to three percentage points of the remaining principal balance. A twelve-year multi-family loan that prepays in year one or two would generally be expected to pay a penalty equal to five percentage points.

Because prepayment penalties are recorded as interest income, they are reflected in the average yields on our loans and interest-earning assets, our net interest rate spread and net interest margin, and the level of net interest income we record. No assumptions are involved in the recognition of prepayment income, as such income is only recorded when cash is received.

Our success as a multi-family lender partly reflects the solid relationships we have developed with the market's leading mortgage brokers, who are familiar with our lending practices, our underwriting standards, and our long-standing practice of basing our loans on the cash flows produced by the properties. The process of producing such loans is generally four to six weeks in duration and, because the multi-family market is largely broker-driven, the expense incurred in sourcing such loans is substantially reduced.

Our emphasis on multi-family loans is driven by several factors, including their structure, which reduces our exposure to interest rate volatility to some degree. Another factor driving our focus on multi-family lending has been the comparative quality of the loans we produce. Reflecting the nature of the buildings securing our loans, our underwriting standards, and the generally conservative LTV ratios our multi-family loans feature at origination, a relatively small percentage of the multi-family loans that have transitioned to non-performing status have actually resulted in losses, even when the credit cycle has taken a downward turn.

We primarily underwrite our multi-family loans based on the current cash flows produced by the collateral property, with a reliance on the "income" approach to appraising the properties, rather than the "sales" approach. The sales approach is subject to fluctuations in the real estate market, as well as general economic conditions, and is therefore likely to be more risky in the event of a downward credit cycle turn. We also consider a variety of other factors, including the physical condition of the underlying property; the net operating income of the mortgaged premises prior to debt service; the DSCR, which is the ratio of the property's net operating income to its debt service; and the ratio of the loan amount to the appraised value (i.e., the LTV) of the property.

In addition to requiring a minimum DSCR of 120% on multi-family buildings, we obtain a security interest in the personal property located on the premises, and an assignment of rents and leases. Our multi-family loans generally represent no more than 75% of the lower of the appraised value or the sales price of the underlying property, and typically feature an amortization period of 30 years. In addition, our multi-family loans may contain an initial interest-only period which typically does not exceed two years; however, these loans are underwritten on a fully amortizing basis.

Accordingly, while our multi-family lending niche has not been immune to downturns in the credit cycle, the limited number of losses we have recorded, even in adverse credit cycles, suggests that the multi-family loans we produce involve less credit risk than certain other types of loans. In general, buildings that are subject to rent regulation have tended to be stable, with occupancy levels remaining more or less constant over time. Because the rents are typically below market and the buildings securing our loans are generally maintained in good condition, they have been more likely to retain their tenants in adverse economic times. In addition, we exclude any short-term property tax exemptions and abatement benefits the property owners receive when we underwrite our multi-family loans.

Commercial Real Estate Loans

At December 31, 2019, CRE loans represented $7.1 billion, or 16.9%, of total loans held for investment, reflecting a year-over-year increase of $83.1 million or 1.2% compared to December 31, 2018. The average CRE loan had a principal balance of $6.6 million at the end of this December, as compared to $6.1 million at the prior year-end. In addition, the portfolio had an expected weighted average life of 2.3 years and 2.7 years at the corresponding dates.

CRE loans represented $1.2 billion, or 11.6%, of the loans we originated in 2019, as compared to $966.7 million, or 9.6%, in the prior year.

The CRE loans we produce are secured by income-producing properties such as office buildings, retail centers, mixed-use buildings, and multi-tenanted light industrial properties. At December 31, 2019, 85.7% of our CRE loans were secured by properties in the metro New York City area, while properties in other parts of New York State accounted for 2.3% of the properties securing our CRE credits, while all other states accounted for 12.0%, combined.

The terms of our CRE loans are similar to the terms of our multi-family credits. While a small percentage of our CRE loans feature ten-year fixed-rate terms, they primarily feature a fixed rate of interest for the first five or seven years of the loan that is generally based on intermediate-term interest rates plus a spread. During years six through ten or eight through twelve, the loan resets to an annually adjustable rate that is tied to the prime rate of interest, plus a spread. Alternately, the borrower may opt for a fixed rate that is tied to the five-year fixed advance rate of the FHLB-NY plus a spread. The fixed-rate option also requires the payment of an amount equal to one percentage point of the then-outstanding loan balance. In either case, the minimum rate at repricing is equivalent to the rate in the initial five- or seven-year term.

Prepayment penalties apply to our CRE loans, as they do our multi-family credits. Depending on the remaining term of the loan at the time of prepayment, the penalties normally range from five percentage points to one percentage point of the then-current loan balance. If a loan extends past the fifth or seventh year and the borrower selects the fixed rate option, the prepayment penalties typically reset to a range of five points to one point over years six through ten or eight through twelve. Our CRE loans tend to refinance within two to three years of origination, as reflected in the expected weighted average life of the CRE portfolio noted above.

The repayment of loans secured by commercial real estate is often dependent on the successful operation and management of the underlying properties. To minimize our credit risk, we originate CRE loans in adherence with conservative underwriting standards, and require that such loans qualify on the basis of the property's current income stream and DSCR. The approval of a loan also depends on the borrower's credit history, profitability, and expertise in property management, and generally requires a minimum DSCR of 130% and a maximum LTV of 65%. In addition, the origination of CRE loans typically requires a security interest in the fixtures, equipment, and other personal property of the borrower and/or an assignment of the rents and/or leases. In addition, our CRE loans may contain an interest-only period which typically does not exceed three years; however, these loans are underwritten on a fully amortizing basis.

C&I Loans

Our C&I loans are divided into two categories: Specialty Finance Loans and Leases and other C&I loans, as further described below.

Specialty Finance Loans and Leases

At December 31, 2019 and 2018, specialty finance loans and leases represented $2.6 billion and $1.9 billion, respectively, of total loans held for investment.

We produce our specialty finance loans and leases through a subsidiary that is staffed by a group of industry veterans with expertise in originating and underwriting senior securitized debt and equipment loans and leases. The subsidiary participates in syndicated loans that are brought to them, and equipment loans and leases that are assigned to them, by a select group of nationally recognized sources, and are generally made to large corporate obligors, many of which are publicly traded, carry investment grade or near-investment grade ratings, and participate in stable industries nationwide.

The specialty finance loans and leases we fund fall into three categories: asset-based lending, dealer floor-plan lending, and equipment loan and lease financing. Each of these credits is secured with a perfected first security interest in, or outright ownership of, the underlying collateral, and structured as senior debt or as a non-cancelable lease. Asset-based and dealer floor-plan loans are priced at floating rates predominately tied to LIBOR, while our equipment financing credits are priced at fixed rates at a spread over Treasuries.

Since launching our specialty finance business in the third quarter of 2013, no losses have been recorded on any of the loans or leases in this portfolio.

Other C&I Loans

In the twelve months ended December 31, 2019, other C&I loans declined $49.8 million to $420.1 million, and represented $391.7 million of the held-for-investment loans we produced. Included in the balance at year-end 2019 were taxi medallion-related loans of $55.0 million.

In contrast to the loans produced by our specialty finance subsidiary, the other C&I loans we produce are primarily made to small and mid-size businesses in the five boroughs of New York City and on Long Island. Such loans are tailored to meet the specific needs of our borrowers, and include term loans, demand loans, revolving lines of credit, and, to a much lesser extent, loans that are partly guaranteed by the Small Business Administration.

A broad range of other C&I loans, both collateralized and unsecured, are made available to businesses for working capital (including inventory and accounts receivable), business expansion, the purchase of machinery and equipment, and other general corporate needs. In determining the term and structure of other C&I loans, several factors are considered, including the purpose, the collateral, and the anticipated sources of repayment. Other C&I loans are typically secured by business assets and personal guarantees of the borrower, and include financial covenants to monitor the borrower's financial stability.

The interest rates on our other C&I loans can be fixed or floating, with floating-rate loans being tied to prime or some other market index, plus an applicable spread. Our floating-rate loans may or may not feature a floor rate of interest. The decision to require a floor on other C&I loans depends on the level of competition we face for such loans from other institutions, the direction of market interest rates, and the profitability of our relationship with the borrower.

Acquisition, Development, and Construction Loans

At December 31, 2019, ADC loans represented $200.6 million, or 0.5%, of total loans held for investment, as compared to $407.9 million, or 1.0%, at the prior year-end. Originations of ADC loans totaled $91.4 million in 2019, up $34.7 million from the year-earlier amount.

At December 31, 2019, 4.2% of the loans in our ADC portfolio were for land acquisition and development; the remaining 95.8% consisted of loans that were provided for the construction of commercial properties and owner-occupied homes. Loan terms vary based upon the scope of the construction, and generally range from 18 months to two years. They also feature a floating rate of interest tied to prime, with a floor. At December 31, 2019, 70.5% of our ADC loans were for properties in New York City.

Because ADC loans are generally considered to have a higher degree of credit risk, especially during a downturn in the credit cycle, borrowers are required to provide a guarantee of repayment and completion. In the twelve months ended December 31, 2019 and 2018, we did not recover any losses against guarantees. The risk of loss on an ADC loan is largely dependent upon the accuracy of the initial appraisal of the property's value upon completion of construction; the developer's experience; the estimated cost of construction, including interest; and the estimated time to complete and/or sell or lease such property.

When applicable, as a condition to closing an ADC loan, it is our practice to require that properties meet pre-sale or pre-lease requirements prior to funding.

One-to-Four Family Loans

At December 31, 2019, one-to-four family loans represented $380.4 million, or 0.9%, of total loans held for investment, as compared to $446.1 million, or 1.1%, at the prior year-end. These loan balances include certain mixed-use CRE loans with less than five residential units being classified as one-to-four family loans. Other than these types of loans, we do not currently expect to originate traditional one-to-four family loans.

Other Loans

At December 31, 2019, other loans totaled $8.1 million and consisted primarily of consumer loans, most of which were overdraft loans and loans to non-profit organizations. We currently do not offer home equity loans or lines of credit.

Lending Authority

The loans we originate for investment are subject to federal and state laws and regulations, and are underwritten in accordance with loan underwriting policies approved by the Management Credit Committee, the Commercial Credit Committee and the Mortgage and Real Estate and Credit Committees of the Board, and the Board of Directors of the Bank.

All multifamily, CRE, ADC, and Specialty Finance loans regardless of amount and C&I loans in excess of $3.0 million are required to be presented to the Management Credit Committee for approval. Multifamily, CRE and C&I loans in excess of $5.0 million and Specialty Finance in excess of $15.0 million are also required to be presented to the Commercial Credit Committee and the Mortgage and Real Estate Committee of the Board, as applicable. All C&I loans less than or equal to $3.0 million are approved by the joint authority of lending officers.

All mortgage loans in excess of $50.0 million, Specialty Finance loans in excess of $15.0 million and all other C&I loans in excess of $5.0 million require approval by the Mortgage and Real Estate Committee or the Credit Committee of the Board, as applicable. In addition, all loans of $20.0 million or more originated by the Bank continue to be reported to the Board of Directors.

The various Committee have authority to direct changes in lending practices as they deem necessary or appropriate in order to address individual or aggregate risks and credit exposures in accordance with the Bank's strategic objectives and risk appetites.

In 2019, 146 loans greater than $10.0 million were originated by the Bank, with an aggregate loan balance of $4.1 billion at origination. In 2018, by comparison, 192 loans greater than $10.0 million were originated, with an aggregate loan balance at origination of $4.5 billion.

At December 31, 2019 and 2018, the largest mortgage loan in our portfolio was a $246.0 million multi-family loan originated by the Bank on February 8, 2018, which is collateralized by six properties located in Brooklyn, New York. As of the date of this report, the loan has been current since origination.

Geographical Analysis of the Portfolio of Loans Held for Investment

The following table presents a geographical analysis of the multi-family and CRE loans in our held-for-investment loan portfolio at December 31, 2019:

	At December 31, 2019			
	Multi-Family Loans		Commercial Real Estate Loans	
(dollars in thousands)	Amount	Percent of Total	Amount	Percent of Total
New York City:				
Manhattan	$ 7,788,722	25.00%	$3,360,067	47.45%
Brooklyn	5,486,486	17.61	537,304	7.59
Bronx	3,929,333	12.61	163,468	2.31
Queens	2,583,430	8.29	618,644	8.73
Staten Island	119,270	0.38	53,767	0.76
Total New York City	$19,907,241	63.89%	$4,733,250	66.84%
New Jersey	3,752,028	12.04	532,029	7.51
Long Island	602,884	1.93	806,580	11.39
Total Metro New York	$24,262,153	77.86%	$6,071,859	85.74%
Other New York State	942,881	3.03	157,841	2.23
All other states	5,953,638	19.11	852,210	12.03
Total	$31,158,672	100.00%	$7,081,910	100.00 %

At December 31, 2019, the largest concentration of ADC loans held for investment was in New York City, with a total of $141.5 million at that date. The majority of our other loans held for investment were secured by properties and/or businesses located in Metro New York.

Loan Maturity and Repricing Analysis: Loans Held for Investment

The following table sets forth the maturity or period to repricing of our portfolio of loans held for investment at December 31, 2019. Loans that have adjustable rates are shown as being due in the period during which their interest rates are next subject to change.

(in thousands)	Multi-Family	Commercial Real Estate	One-to-Four Family	Acquisition, Development, and Construction	Other	Total Loans
Amount due:						
Within one year	$10,989,614	$2,264,268	$109,605	$142,281	$1,856,687	$15,362,455
After one year:						
One to five years	19,324,070	4,212,409	248,216	57,030	842,900	24,684,625
Over five years	844,988	605,233	22,540	1,285	322,893	1,796,939
Total due or repricing after one year	20,169,058	4,817,642	270,756	58,315	1,165,793	26,481,564
Total amounts due or repricing, gross	$31,158,672	$7,081,910	$380,361	$200,596	$3,022,480	$41,844,019

The following table sets forth, as of December 31, 2019, the dollar amount of all loans held for investment that are due after December 31, 2020, and indicates whether such loans have fixed or adjustable rates of interest:

	Due after December 31, 2020		
(in thousands)	Fixed	Adjustable	Total
Mortgage Loans:			
Multi-family	$2,585,674	$17,583,384	$20,169,058
Commercial real estate	904,271	3,913,371	4,817,642
One-to-four family	64,793	205,963	270,756
Acquisition, development, and construction	40,930	17,385	58,315
Total mortgage loans	3,595,668	21,720,103	25,315,771
Other loans	1,014,240	151,553	1,165,793
Total loans	$4,609,908	$21,871,656	$26,481,564

Loans Held for Sale

At December 31, 2019 and 2018, we did not have any loans held for sale.

Loan Origination Analysis

The following table summarizes our production of loans held for investment in the years ended December 31, 2019 and 2018:

	For the Years Ended December 31,			
	2019		2018	
(dollars in thousands)	Amount	Percent of Total	Amount	Percent of Total
Mortgage Loan Originated for Investment:				
Multi-family	$ 5,981,700	56.44%	$ 6,621,808	65.84%
Commercial real estate	1,226,272	11.57	966,731	9.61
One-to-four family residential	102,829	0.97	12,624	0.13
Acquisition, development, and construction	91,400	0.86	56,651	0.56
Total mortgage loans originated for investment	7,402,201	69.84	7,657,814	76.14
Other Loans Originated for Investment:				
Specialty finance	2,799,962	26.42	1,917,048	19.06
Other commercial and industrial	391,702	3.70	478,619	4.76
Other	4,200	0.04	4,116	0.04
Total other loans originated for investment	3,195,864	30.16	2,399,783	23.86
Total loans originated for investment	$10,598,065	100.00%	$10,057,597	100.00%

Loan Portfolio Analysis

The following table summarizes the composition of our loan portfolio at each year-end for the five years ended December 31, 2019:

	At December 31,											
	2019		2018		2017		2016			2015		
(dollars in thousands)	Amount	Percent of Total Loans	Amount	Percent of Total Loans	Amount	Percent of Total Loans	Amount	Percent of Total Loans	Percent of Non-Covered Loans	Amount	Percent of Total Loans	Percent of Non-Covered Loans
Non-Covered Mortgage Loans:												
Multi-family	$31,158,672	74.46%	$29,883,919	74.46%	$28,074,709	73.12%	$26,945,052	68.28%	71.35%	$25,971,620	68.04%	71.93%
Commercial real estate	7,081,910	16.93	6,998,834	17.44	7,322,226	19.07	7,724,362	19.57	20.45	7,857,204	20.58	21.76
One-to-four family	380,361	0.91	446,094	1.11	477,228	1.24	381,081	0.97	1.01	116,841	0.31	0.32
Acquisition, development, and construction	200,596	0.48	407,870	1.02	435,825	1.14	381,194	0.97	1.01	311,676	0.82	0.86
Total non-covered mortgage loans	38,821,539	92.78	37,736,717	94.03	36,309,988	94.57	35,431,689	89.79	93.82	34,257,350	89.75	94.87
Non-Covered Other Loans:												
Specialty finance	2,594,326	6.20	1,918,545	4.78	1,539,733	4.01	1,267,530	3.21	3.36	880,673	2.31	2.44
Other commercial and industrial	420,052	1.00	469,875	1.17	500,841	1.31	632,915	1.60	1.68	569,883	1.49	1.58
Other loans	8,102	0.02	8,724	0.02	8,460	0.02	24,067	0.06	0.06	32,583	0.09	0.09
Total non-covered other loans	3,022,480	7.22	2,397,144	5.97	2,049,034	5.34	1,924,512	4.87	5.10	1,483,139	3.89	4.11
Total non-covered loans held for investment	$41,844,019	100.00	$40,133,861	100.00	$38,359,022	99.91	$37,356,201	94.66	98.92	$35,740,489	93.64	98.98
Loans held for sale	--	--	--	--	35,258	0.09	409,152	1.04	1.08	367,221	0.96	1.02
Total non-covered loans	$41,844,019	100.00%	$40,133,861	100.00%	$38,394,280	100.00	$37,765,353	95.70	100.00%	$36,107,710	94.60	100.00%
Covered loans	--		--		--	--	1,698,133	4.30		2,060,089	5.40	
Total loans	$41,844,019		$40,133,861		$38,394,280	100.00%	$39,463,486	100.00%		$38,167,799	100.00%	
Net deferred loan origination costs	50,136		32,047		28,949		26,521			22,715		
Allowance for losses on non-covered loans	(147,638)		(159,820)		(158,046)		(158,290)			(147,124)		
Allowance for losses on covered loans	--		--		--		(23,701)			(31,395)		
Total loans and leases, net	$41,746,517		$40,006,088		$38,265,183		$39,308,016			$38,011,995		

Outstanding Loan Commitments

At December 31, 2019 and 2018, we had outstanding loan commitments of $2.0 billion and $2.0 billion, respectively. We also had commitments to issue letters of credit totaling $509.9 million and $508.1 million at December 31, 2019 and 2018, respectively. The fees we collect in connection with the issuance of letters of credit are included in "Fee income" in the Consolidated Statements of Income and Comprehensive Income.

The letters of credit we issue consist of performance stand-by, financial stand-by, and commercial letters of credit. Financial stand-by letters of credit primarily are issued for the benefit of other financial institutions, municipalities, or landlords on behalf of certain of our current borrowers, and obligate us to guarantee payment of a specified financial obligation. Performance stand-by letters of credit are primarily issued for the benefit of local municipalities on behalf of certain of our borrowers. Performance letters of credit obligate us to make payments in the event that a specified third party fails to perform under non-financial contractual obligations. Commercial letters of credit act as a means of ensuring payment to a seller upon shipment of goods to a buyer. Although commercial letters of credit are used to effect payment for domestic transactions, the majority are used to settle payments in international trade. Typically, such letters of credit require the presentation of documents that describe the commercial transaction, and provide evidence of shipment and the transfer of title.

For more information about our outstanding loan commitments and commitments to issue letters of credit at the end of this December, see the discussion of "Liquidity" later in this discussion and analysis of our financial condition and results of operations.

Asset Quality

Loans Held for Investment and Repossessed Assets

Total NPAs were $73.5 million or 0.14% of total assets at December 31, 2019, up 30.6% or $17.2 million compared to $56.3 million or 0.11% of total assets at December 31, 2018. Total non-accrual mortgage loans rose $13.1 million to $22.0 million, largely due to one CRE credit that went non-performing during the fourth quarter of 2019. Other non-accrual loans, consisting mainly of taxi medallion-related loans, rose $2.7 million to $39.3 million compared to $36.6 million at December 31, 2018. Included in these amounts were non-accrual taxi medallion-related loans of $30.4 million and $35.5 million, respectively.

Repossessed assets totaled $12.3 million, up $1.5 million or 13.7% compared to the balance at December 31, 2018. As is the case with other non-accrual loans, the majority of the Company's repossessed assets consist of taxi medallions. Taxi medallions represented $10.3 million of total repossessed assets at December 31, 2019 compared to $8.2 million at December 31, 2018.

The following table presents our non-performing loans by loan type and the changes in the respective balances from December 31, 2018 to December 31, 2019:

			Change from December 31, 2018 to December 31, 2019	
(dollars in thousands)	December 31, 2019	December 31, 2018	Amount	Percent
Non-Performing Loans:				
Non-accrual mortgage loans:				
Multi-family	$ 5,407	$ 4,220	$ 1,187	28.13%
Commercial real estate	14,830	3,021	11,809	390.90
One-to-four family	1,730	1,651	79	4.78
Acquisition, development, and construction	--	--	--	--
Total non-accrual mortgage loans	21,967	8,892	13,075	147.04
Non-accrual other loans [(1)]	39,276	36,614	2,662	7.27
Total non-performing loans	$61,243	$45,506	$15,737	34.58

(1) Includes $30.4 million and $35.5 million of non-accrual taxi medallion-related loans at December 31, 2019 and 2018, respectively.

At the end of this December, taxi medallion-related loans totaled $55.0 million, representing 0.13% of our total held-for-investment loan portfolio. Last December, taxi medallion-related loans totaled $73.7 million, representing 0.18% of our total held-for-investment loan portfolio

The following table sets forth the changes in non-performing loans over the twelve months ended December 31, 2019:

(in thousands)	
Balance at December 31, 2018	$ 45,506
New non-accrual	46,650
Charge-offs	(10,120)
Transferred to repossessed assets	(4,964)
Loan payoffs, including dispositions and principal pay-downs	(15,829)
Restored to performing status	--
Balance at December 31, 2019	$ 61,243

A loan generally is classified as a "non-accrual" loan when it is 90 days or more past due or when it is deemed to be impaired because we no longer expect to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, we cease the accrual of interest owed, and previously accrued interest is reversed and charged against interest income. At December 31, 2019 and 2018, all of our non-performing loans were non-accrual loans. A loan is generally returned to accrual status when the loan is current and we have reasonable assurance that the loan will be fully collectible.

We monitor non-accrual loans both within and beyond our primary lending area in the same manner. Monitoring loans generally involves inspecting and re-appraising the collateral properties; holding discussions with the principals and managing agents of the borrowing entities and/or retained legal counsel, as applicable; requesting financial, operating, and rent roll information; confirming that hazard insurance is in place or force-placing such insurance; monitoring tax payment status and advancing funds as needed; and appointing a receiver, whenever possible, to collect rents, manage the operations, provide information, and maintain the collateral properties.

It is our policy to order updated appraisals for all non-performing loans, irrespective of loan type, that are collateralized by multi-family buildings, CRE properties, or land, in the event that such a loan is 90 days or more past due, and if the most recent appraisal on file for the property is more than one year old. Appraisals are ordered annually until such time as the loan becomes performing and is returned to accrual status. It is not our policy to obtain updated appraisals for performing loans. However, appraisals may be ordered for performing loans when a borrower requests an increase in the loan amount, a modification in loan terms, or an extension of a maturing loan. We do not analyze current LTVs on a portfolio-wide basis.

Non-performing loans are reviewed regularly by management and discussed on a monthly basis with the Mortgage Committee, the Credit Committee, and the Board of Directors of the Bank, as applicable. In accordance with our charge-off policy, collateral-dependent non-performing loans are written down to their current appraised values, less certain transaction costs. Workout specialists from our Loan Workout Unit actively pursue borrowers who are delinquent in repaying their loans in an effort to collect payment. In addition, outside counsel with experience in foreclosure proceedings are retained to institute such action with regard to such borrowers.

Properties and other assets that are acquired through foreclosure are classified as repossessed assets, and are recorded at fair value at the date of acquisition, less the estimated cost of selling the property. Subsequent declines in the fair value of the assets are charged to earnings and are included in non-interest expense. It is our policy to require an appraisal and an environmental assessment of properties classified as OREO before foreclosure, and to re-appraise the properties on an as-needed basis, and not less than annually, until they are sold. We dispose of such properties as quickly and prudently as possible, given current market conditions and the property's condition.

To mitigate the potential for credit losses, we underwrite our loans in accordance with credit standards that we consider to be prudent. In the case of multi-family and CRE loans, we look first at the consistency of the cash flows being generated by the property to determine its economic value using the "income approach," and then at the market value of the property that collateralizes the loan. The amount of the loan is then based on the lower of the two values, with the economic value more typically used.

The condition of the collateral property is another critical factor. Multi-family buildings and CRE properties are inspected from rooftop to basement as a prerequisite to approval, with a member of the Mortgage or Credit Committee participating in inspections on multi-family loans to be originated in excess of $7.5 million, and a member of the Mortgage or Credit Committee participating in inspections on CRE loans to be originated in excess of $4.0 million. Furthermore, independent appraisers, whose appraisals are carefully reviewed by our experienced in-house appraisal officers and staff, perform appraisals on collateral properties. In many cases, a second independent appraisal review is performed.

In addition, we work with a select group of mortgage brokers who are familiar with our credit standards and whose track record with our lending officers is typically greater than ten years. Furthermore, in New York City, where the majority of the buildings securing our multi-family loans are located, the rents that tenants may be charged on certain apartments are typically restricted under certain rent-control or rent-stabilization laws. As a result, the rents that tenants pay for such apartments are generally lower than current market rents. Buildings with a preponderance of such rent-regulated apartments are less likely to experience vacancies in times of economic adversity.

Reflecting the strength of the underlying collateral for these loans and the collateral structure, a relatively small percentage of our non-performing multi-family loans have resulted in losses over time.

To further manage our credit risk, our lending policies limit the amount of credit granted to any one borrower, and typically require minimum DSCRs of 120% for multi-family loans and 130% for CRE loans. Although we typically lend up to 75% of the appraised value on multi-family buildings and up to 65% on commercial properties, the average LTVs of such credits at origination were below those amounts at December 31, 2019. Exceptions to these LTV limitations are minimal and are reviewed on a case-by-case basis.

The repayment of loans secured by commercial real estate is often dependent on the successful operation and management of the underlying properties. To minimize our credit risk, we originate CRE loans in adherence with conservative underwriting standards, and require that such loans qualify on the basis of the property's current income stream and DSCR. The approval of a CRE loan also depends on the borrower's credit history, profitability, and expertise in property management. Given that our CRE loans are underwritten in accordance with underwriting standards that are similar to those applicable to our multi-family credits, the percentage of our non-performing CRE loans that have resulted in losses has been comparatively small over time.

Multi-family and CRE loans are generally originated at conservative LTVs and DSCRs, as previously stated. Low LTVs provide a greater likelihood of full recovery and reduce the possibility of incurring a severe loss on a credit; in many cases, they reduce the likelihood of the borrower "walking away" from the property. Although borrowers may default on loan payments, they have a greater incentive to protect their equity in the collateral property and to return their loans to performing status. Furthermore, in the case of multi-family loans, the cash flows generated by the properties are generally below-market and have significant value.

With regard to ADC loans, we typically lend up to 75% of the estimated as-completed market value of multi-family and residential tract projects; however, in the case of home construction loans to individuals, the limit is 80%. With respect to commercial construction loans, we typically lend up to 65% of the estimated as-completed market value of the property. Credit risk is also managed through the loan disbursement process. Loan proceeds are disbursed periodically in increments as construction progresses, and as warranted by inspection reports provided to us by our own lending officers and/or consulting engineers.

To minimize the risk involved in specialty finance lending and leasing, each of our credits is secured with a perfected first security interest or outright ownership in the underlying collateral, and structured as senior debt or as a non-cancellable lease. To further minimize the risk involved in specialty finance lending and leasing, we re-underwrite each transaction. In addition, we retain outside counsel to conduct a further review of the underlying documentation.

Other C&I loans are typically underwritten on the basis of the cash flows produced by the borrower's business, and are generally collateralized by various business assets, including, but not limited to, inventory, equipment, and accounts receivable. As a result, the capacity of the borrower to repay is substantially dependent on the degree to which the business is successful. Furthermore, the collateral underlying the loan may depreciate over time, may not be conducive to appraisal, and may fluctuate in value, based upon the operating results of the business. Accordingly, personal guarantees are also a normal requirement for other C&I loans.

In addition, at December 31, 2019, one-to-four family loans, ADC loans, and other loans represented 0.9%, 0.5%, and 7.2%, of total loans held for investment, as compared to 1.1%, 1.0%, and 6.0%, respectively, at

December 31, 2018. Furthermore, while 1.3% of our other loans were non-performing at December 31, 2019, 0.45% of our one-to-four family loans were non-performing at that date. There were no non-performing ADC loans at December 31, 2019.

The procedures we follow with respect to delinquent loans are generally consistent across all categories, with late charges assessed, and notices mailed to the borrower, at specified dates. We attempt to reach the borrower by telephone to ascertain the reasons for delinquency and the prospects for repayment. When contact is made with a borrower at any time prior to foreclosure or recovery against collateral property, we attempt to obtain full payment, and will consider a repayment schedule to avoid taking such action. Delinquencies are addressed by our Loan Workout Unit and every effort is made to collect rather than initiate foreclosure proceedings.

The following table presents our non-covered loans 30 to 89 days past due by loan type and the changes in the respective balances from December 31, 2018 to December 31, 2019:

			Change from December 31, 2018 to December 31, 2019	
(dollars in thousands)	December 31, 2019	December 31, 2018	Amount	Percent
Loans 30-89 Days Past Due:				
Multi-family	$1,131	$ --	$1,131	NM%
Commercial real estate	2,545	--	2,545	NM
One-to-four family	--	9	(9)	NM
Acquisition, development, and construction	--	--	--	--
Other loans [(1)]	44	555	(511)	(92.07)
Total loans 30-89 days past due	$3,720	$564	$3,156	559.57

(1) Includes $0 and $530,000 of non-accrual taxi medallion-related loans at December 31, 2019 and 2018, respectively.

Fair values for all multi-family buildings, CRE properties, and land are determined based on the appraised value. If an appraisal is more than one year old and the loan is classified as either non-performing or as an accruing TDR, then an updated appraisal is required to determine fair value. Estimated disposition costs are deducted from the fair value of the property to determine estimated net realizable value. In the instance of an outdated appraisal on an impaired loan, we adjust the original appraisal by using a third-party index value to determine the extent of impairment until an updated appraisal is received.

While we strive to originate loans that will perform fully, adverse economic and market conditions, among other factors, can negatively impact a borrower's ability to repay. Historically, our level of charge-offs has been relatively low in downward credit cycles, even when the volume of non-performing loans has increased. In 2019, we recorded net charge-offs of $19.3 million, as compared to net charge-offs of $16.5 million in the prior year. Taxi medallion-related net charge-offs accounted for $10.2 million of this year's amount and $12.8 million of last year's amount.

Partially reflecting the net charge-offs noted above, and the provision of $7.1 million for the allowance for loan losses, the allowance for losses on loans decreased $12.2 million, equaling $147.6 million at the end of this December from $159.8 million at December 31, 2018. Reflecting the decrease in non-performing loans cited earlier in this discussion, the allowance for losses on loans represented 241.07% of non-performing loans at December 31, 2019, as compared to 351.21% at the prior year-end.

Based upon all relevant and available information at the end of this December, management believes that the allowance for losses on loans was appropriate at that date.

The following table presents information about our five largest non-performing loans at December 31, 2019.

	Loan No. 1	Loan No. 2 (2)	Loan No. 3 (2)	Loan No. 4 (2)	Loan No. 5
Type of Loan	CRE	C&I	Multi-Family	C&I	C&I
Origination date	06/20/14	10/31/17	1/05/06	4/29/14	06/01/16
Origination balance	$9,750,000	$13,000,000	$12,640,000	$13,325,000	$4,080,000
Full commitment balance (1)	$9,750,000	$13,000,000	$12,640,000	$13,325,000	$4,080,000
Balance at December 31, 2019	$9,750,000	$ 6,961,564	$ 3,576,758	$2,593,755	$2,145,995
Associated allowance	None	None	None	None	None
Non-accrual date	October 2019	February 2019	March 2014	June 2017	August 2019
Origination LTV	65%	N/A	79%	N/A	21%
Current LTV	66%	N/A	28%	N/A	12%
Last appraisal	October 2019	N/A	February 2019	N/A	October 2019

(1) There are no funds available for further advances on the five largest non-performing loans.
(2) Loan is a Troubled Debt Restructure.

The following is a description of the five loans identified in the preceding table. It should be noted that allocations for the loan loss allowance was not required for any loan listed, as determined by using the present value of expected cash flows method in ASC 310-10-35.

No. 1 - The borrower is an owner of real estate and is based in New York. The loan is collateralized by a 8,566 square foot, retail condo unit located in New York, New York.

No. 2 - The borrower is an owner of an apparel company based in New York. The loan is collateralized by all of the borrower's assets, including but not limited to: cash, accounts receivable, and inventory.

No. 3 - The borrower is an owner of real estate and is based in New Jersey. The loan is collateralized by a multi-family complex with 267 residential units and four retail stores in Atlantic City, New Jersey.

No. 4 - The borrower is a finance company based in New York. The loan is collateralized by various taxi medallion loans in New York, New York and Chicago, Illinois.

No. 5 - The borrower is an owner/operator of a quarry company based in New York. The loan is collateralized by 139.7 acres of land used for mining granite in White Hall, New York.

Troubled Debt Restructurings

In an effort to proactively manage delinquent loans, we have selectively extended such concessions as rate reductions and extensions of maturity dates, as well as forbearance agreements, to certain borrowers who have experienced financial difficulty. In accordance with GAAP, we are required to account for such loan modifications or restructurings as TDRs.

The eligibility of a borrower for work-out concessions of any nature depends upon the facts and circumstances of each transaction, which may change from period to period, and involve management's judgment regarding the likelihood that the concession will result in the maximum recovery for the Company.

Loans modified as TDRs are placed on non-accrual status until we determine that future collection of principal and interest is reasonably assured. This generally requires that the borrower demonstrate performance according to the restructured terms for at least six consecutive months.

At December 31, 2019, loans modified as TDRs totaled $40.5 million, including accruing loans of $1.3 million and non-accrual loans of $39.2 million. At the prior year-end, loans modified as TDRs totaled $34.9 million, including accruing loans of $9.2 million and non-accrual loans of $25.7 million.

Analysis of Troubled Debt Restructurings

The following table sets forth the changes in our TDRs over the twelve months ended December 31, 2019:

(in thousands)	Accruing	Non-Accrual	Total
Balance at December 31, 2018	$ 9,162	$25,719	$ 34,881
New TDRs	865	28,827	29,692
Charge-offs	--	(8,367)	(8,367)
Transferred to repossessed assets	--	(368)	(368)
Loan payoffs, including dispositions and principal pay-downs	(8,773)	(6,566)	(15,339)
Balance at December 31, 2019	$ 1,254	$39,245	$ 40,499

Loans on which concessions were made with respect to rate reductions and/or extensions of maturity dates totaled $32.7 million and $34.8 million, respectively, at December 31, 2019 and 2018; loans in connection with which forbearance agreements were reached amounted to $7.8 million and $37,000 at the respective dates.

Multi-family and CRE loans accounted for $3.6 million and zero dollars of TDRs at the end of this December, as compared to $4.2 million and zero, respectively, at the prior year-end. Based on the number of loans performing in accordance with their revised terms, our success rate for restructured multi-family loans was 100%; for ADC loans it was 100%; and for one-to-four loans it was 33% at the end of this December; our success rate for other loans was 88%, at that date.

On a limited basis, we may provide additional credit to a borrower after the loan has been placed on non-accrual status or modified as a TDR if, in management's judgment, the value of the property after the additional loan funding is greater than the initial value of the property plus the additional loan funding amount. In 2019, no such additional credit was provided. Furthermore, the terms of our restructured loans typically would not restrict us from cancelling outstanding commitments for other credit facilities to a borrower in the event of non-payment of a restructured loan.

For additional information about our TDRs at December 31, 2019 and 2018, see the discussion of "Asset Quality" in Note 5, "Loans and Leases" in Item 8, "Financial Statements and Supplementary Data."

Except for the non-accrual loans and TDRs disclosed in this filing, we did not have any potential problem loans at December 31, 2019 that would have caused management to have serious doubts as to the ability of a borrower to comply with present loan repayment terms and that would have resulted in such disclosure if that were the case.

Asset Quality Analysis (Excluding Covered Loans, Covered OREO, Non-Covered Purchased Credit-Impaired Loans, and Non-Covered Loans Held for Sale)

The following table presents information regarding our consolidated allowance for losses on non-covered loans, our non-performing non-covered assets, and our non-covered loans 30 to 89 days past due at each year-end in the five years ended December 31, 2019. Covered loans and non-covered purchased credit-impaired ("PCI") loans are considered to be performing due to the application of the yield accretion method. Therefore, covered loans and non-covered PCI loans are not reflected in the amounts or ratios provided in this table.

	At or for the Years Ended December 31,				
(dollars in thousands)	2019	2018	2017	2016	2015
Allowance for Losses on Non-Covered Loans:					
Balance at beginning of year	$159,820	$158,046	$156,524	$145,196	$139,857
Provision for (recovery of) losses on non-covered loans	7,105	18,256	60,943	12,036	(2,846)
Recovery from allowance on PCI loans	--	--	1,766	--	--
Charge-offs:					
Multi-family	(659)	(34)	(279)	--	(167)
Commercial real estate	--	(3,191)	--	--	(273)
One-to-four family residential	(954)	--	(96)	(170)	(875)
Acquisition, development, and construction	--	(2,220)	--	--	--
Other loans	(18,694)	(12,897)	(62,975)	(3,413)	(1,273)
Total charge-offs	(20,307)	(18,342)	(63,350)	(3,583)	(2,588)
Recoveries	1,020	1,860	2,163	2,875	10,773
Net (charge-offs) recoveries	(19,287)	(16,482)	(61,187)	(708)	8,185
Balance at end of year	$147,638	$159,820	$158,046	$156,524	$145,196
Non-Performing Non-Covered Assets:					
Non-accrual non-covered mortgage loans:					
Multi-family	$ 5,407	$ 4,220	$11,078	$13,558	$13,904
Commercial real estate	14,830	3,021	6,659	9,297	14,920
One-to-four family residential	1,730	1,651	1,966	9,679	12,259
Acquisition, development, and construction	--	--	6,200	6,200	27
Total non-accrual non-covered mortgage loans	21,967	8,892	25,903	38,734	41,110
Non-accrual non-covered other loans	39,276	36,614	47,779	17,735	5,715
Loans 90 days or more past due and still accruing interest	--	--	--	--	--
Total non-performing non-covered loans (1)	$61,243	$45,506	$73,682	$56,469	$46,825
Non-covered repossessed assets (2)	12,268	10,794	16,400	11,607	14,065
Total non-performing non-covered assets	$73,511	$56,300	$90,082	$68,076	$60,890
Asset Quality Measures:					
Non-performing non-covered loans to total non-covered loans	0.15 %	0.11 %	0.19 %	0.15 %	0.13 %
Non-performing non-covered assets to total non-covered assets	0.14	0.11	0.18	0.14	0.13
Allowance for losses on non-covered loans to non-performing non-covered loans	241.07	351.21	214.50	277.19	310.08
Allowance for losses on non-covered loans to total non-covered loans	0.35	0.40	0.41	0.42	0.41
Net charge-offs (recoveries) during the period to average loans outstanding during the period (3)	0.05	0.04	0.16	0.00	(0.02)
Non-Covered Loans 30-89 Days Past Due:					
Multi-family	$1,131	$ --	$ 1,258	$ 28	$4,818
Commercial real estate	2,545	--	13,227	--	178
One-to-four family residential	--	9	585	2,844	1,117
Acquisition, development, and construction	--	--	--	--	--
Other loans	44	555	2,719	7,511	492
Total loans 30-89 days past due (4)	$3,720	$564	$17,789	$10,383	$6,605

(1) The December 31, 2016 and 2015 amounts exclude loans 90 days or more past due of $131.5 million and $137.2 million, respectively, that are covered by FDIC loss sharing agreements. The December 31, 2016 and 2015 amounts also exclude $869,000 and $969,000, respectively, of non-covered PCI loans.

(2) The December 31, 2016 and 2015 amounts exclude OREO of $17.0 million and $25.8 million, respectively, that were covered by FDIC loss sharing agreements.

(3) Average loans include covered loans.

(4) The December 31, 2016 and 2015 amounts exclude loans 30 to 89 days past due of $22.6 million and $32.8 million,, respectively, that are covered by FDIC loss sharing agreements. The December 31, 2016 amount also excludes $6 thousand of non-covered PCI loans. There were no non-covered PCI loans 30 to 89 days past due at any of the prior year-ends.

The following table sets forth the allocation of the consolidated allowance for losses on non-covered loans, excluding the allowance for losses on non-covered PCI loans, at each year-end for the five years ended December 31, 2019:

	2019		2018		2017		2016		2015	
(dollars in thousands)	Amount	Percent of Loans in Each Category to Total Loans Held for Investment	Amount	Percent of Loans in Each Category to Total Loans Held for Investment	Amount	Percent of Loans in Each Category to Total Loans Held for Investment	Amount	Percent of Loans in Each Category to Total Non-Covered Loans Held for Investment	Amount	Percent of Loans in Each Category to Total Non-Covered Loans Held for Investment
Multi-family loans	$ 96,751	74.46%	$ 98,972	74.46%	$ 93,651	73.19%	$ 91,590	72.13%	$ 93,977	72.67%
Commercial real estate loans	20,744	16.93	19,934	17.44	20,572	19.09	20,943	20.68	19,721	21.98
One-to-four family residential loans	1,051	0.91	1,333	1.11	1,360	1.24	1,484	1.02	612	0.33
Acquisition, development, and construction loans	4,148	0.48	10,744	1.02	12,692	1.14	9,908	1.02	8,402	0.87
Other loans	24,944	7.22	28,837	5.97	29,771	5.34	32,599	5.15	22,484	4.15
Total loans	$147,638	100.00%	$159,820	100.00%	$158,046	100.00%	$156,524	100.00%	$145,196	100.00%

Each of the preceding allocations was based upon an estimate of various factors, as discussed in "Critical Accounting Policies" earlier in this report, and a different allocation methodology may be deemed to be more appropriate in the future. In addition, it should be noted that the portion of the allowance for losses on non-covered loans allocated to each non-covered loan category does not represent the total amount available to absorb losses that may occur within that category, since the total loan loss allowance is available for the entire non-covered loan portfolio.

The following table presents a geographical analysis of our non-performing loans at December 31, 2019:

(in thousands)	
New York	$53,974
New Jersey	6,183
All other states	1,086
Total non-performing loans	$61,243

Securities

Total securities were $5.9 billion, or 11.0%, of total assets at the end of this December, as compared to $5.6 billion, or 10.9%, of total assets at December 31, 2018. During the second quarter of 2017, we reclassified our entire securities portfolio as "Available-for-Sale". Accordingly, at December 31, 2019 and December 31, 2018, we had no securities designated as "Held-to-Maturity". During 2019, the Company purchased $93.5 million of CRA—qualified loans. Subsequently, the loans were securitized and transferred to the securities portfolio. At December 31, 2019, 35% of the securities portfolio was tied to floating rates, 34% of which is currently at floating rates, mainly one and three month LIBOR and prime.

At December 31, 2019, available-for-sale securities were $5.9 billion and had an estimated weighted average life of 4.4 years. Included in the year-end amount were mortgage-related securities of $3.4 billion and other debt securities of $2.5 billion.

At the prior year-end, available-for-sale securities were $5.6 billion, and had an estimated weighted average life of 6.2 years. Mortgage-related securities accounted for $3.0 billion of the year-end balance, with other debt securities accounting for the remaining $2.6 billion.

The investment policies of the Company and the Bank are established by the Board of Directors and implemented by the ALCO. ALCO meets monthly or on an as-needed basis to review the portfolios and specific capital market transactions. In addition, the securities portfolios and investment activities are reviewed monthly by the Board of Directors. Furthermore, the policy governing the investment portfolio activities is reviewed at least annually by the ALCO and ratified by the Board of Directors.

Our general investment strategy is to purchase liquid investments with various maturities to ensure that our overall interest rate risk position stays within the required limits of our investment policies. We generally limit our investments to GSE obligations and U.S. Treasury obligations. At December 31, 2019 and 2018, GSE obligations and U.S. Treasury obligations together represented 82.6% and 83.5% of total securities, respectively. The remainder of the portfolio at those dates was comprised of corporate bonds, capital trust notes, asset-backed securities, and municipal obligations.

Federal Home Loan Bank Stock

As members of the FHLB-NY, the Bank is required to acquire and hold shares of its capital stock. At December 31, 2019, the Bank held FHLB-NY stock in the amount of $647.6 million. At December 31, 2018, the Bank held FHLB-NY stock in the amount of $644.6 million. Dividends from the FHLB-NY to the Bank totaled $39.5 million and $40.8 million, respectively, in 2019 and 2018.

Bank-Owned Life Insurance

BOLI is recorded at the total cash surrender value of the policies in the Consolidated Statements of Condition, and the income generated by the increase in the cash surrender value of the policies is recorded in "Non-interest income" in the Consolidated Statements of Income and Comprehensive Income. Reflecting an increase in the cash surrender value of the underlying policies and the purchase of $150.0 million of additional BOLI, our investment in BOLI rose $167.4 million year-over-year to $1.1 billion at December 31, 2019.

Goodwill

We record goodwill in our consolidated statements of condition in connection with certain of our business combinations. Goodwill, which is tested at least annually for impairment, refers to the difference between the purchase price and the fair value of an acquired company's assets, net of the liabilities assumed. Goodwill totaled $2.4 billion at both December 31, 2019 and 2018.

For more information about the Company's goodwill, see the discussion of "Critical Accounting Policies" earlier in this report.

Sources of Funds

The Parent Company has four primary funding sources for the payment of dividends, share repurchases, and other corporate uses: dividends paid to the Parent Company by the Bank; capital raised through the issuance of securities; funding raised through the issuance of debt instruments; and repayments of, and income from, investment securities.

On a consolidated basis, our funding primarily stems from a combination of the following sources: retail, institutional, and brokered deposits; borrowed funds, primarily in the form of wholesale borrowings; cash flows generated through the repayment and sale of loans; and cash flows generated through the repayment and sale of securities.

In 2019, loan repayments and sales generated cash flows of $8.9 billion, as compared to $8.3 billion in 2018. Cash flows from repayments accounted for $8.8 billion and $8.1 billion of the respective totals and cash flows from sales accounted for $115.3 million and $195.6 million, of the respective totals.

In 2019, cash flows from the repayment and sale of securities respectively totaled $2.0 billion and $361.3 million, while the purchase of securities amounted to $2.5 billion for the year. By comparison, cash flows from the repayment and sale of securities totaled $817.8 million and $278.5 million, respectively, in 2018, and were offset by the purchase of securities totaling $3.3 billion.

In 2019, the cash flows from loans and securities were primarily deployed into the production of multi-family loans held for investment, as well as held-for-investment CRE loans and specialty finance loans and leases.

Deposits

Total deposits increased $892.7 million or 2.9% on a year-over-year basis to $31.7 billion. Deposit growth was driven by CDs and to a lesser extent by growth in savings accounts and non-interest bearing accounts. Compared to the fourth quarter of last year, CDs rose $2.0 billion or 16.6% to $14.2 billion, while savings accounts increased $136.7 million or 2.9% to $4.8 billion and non-interest bearing deposits increased over the same timeframe by $35.3 million or 1.5% to $2.4 billion. This was consistent with our strategy to increase the level of retail CDs.

While the vast majority of our deposits are retail in nature (i.e., they are deposits we have gathered through our branches or through business combinations), institutional deposits and municipal deposits are also part of our deposit mix. Retail deposits rose $319.7 million year-over-year to $24.4 billion, while institutional deposits declined $655.6 million to $1.1 billion at year-end. Municipal deposits represented $990.2 million of total deposits at the end of this December, a $28.3 million increase from the balance at December 31, 2018.

Depending on their availability and pricing relative to other funding sources, we also include brokered deposits in our deposit mix. Brokered deposits accounted for $5.2 billion of our deposits at the end of this December, compared to $4.0 billion at December 31, 2018. Brokered money market accounts represented $1.5 billion of total brokered deposits at December 31, 2019 and $1.9 billion at December 31, 2018; brokered interest-bearing checking accounts represented $1.2 billion and $786.1 million, respectively, at the corresponding dates. At December 31, 2019, we had $2.5 billion of brokered CDs, compared to $1.3 billion at December 31, 2018.

Borrowed Funds

The majority of our borrowed funds are wholesale borrowings and consist of FHLB-NY advances, repurchase agreements, and federal funds purchased, and, to a lesser extent, junior subordinated debentures and subordinated notes. At December 31, 2019, total borrowed funds increased $349.7 million or 2.5% to $14.6 billion compared to the balance at December 31, 2018. The bulk of the year-over-year increase was driven by a $349.0 million or 2.6% increase in the balance of wholesale borrowings.

Wholesale Borrowings

Wholesale borrowings totaled $13.9 billion and $13.6 billion, respectively, at December 31, 2019 and 2018, representing 25.9% and 26.1% of total assets at the respective dates. FHLB-NY advances accounted for $13.1 billion of the year-end 2019 balance, as compared to $13.1 billion at the prior year-end. Pursuant to blanket collateral agreements with the Bank, our FHLB-NY advances and overnight advances are secured by pledges of certain eligible collateral in the form of loans and securities. (For more information regarding our FHLB-NY advances, see the discussion that appears earlier in this report regarding our membership and our ownership of stock in the FHLB-NY.) At December 31, 2019, $8.3 billion of our wholesale borrowings had callable features compared to $4.7 billion at December 31, 2018,

Also included in wholesale borrowings were repurchase agreements of $800.0 million at December 31, 2019 compared to $500.0 million at December 31, 2018. Repurchase agreements are contracts for the sale of securities owned or borrowed by the Bank with an agreement to repurchase those securities at agreed-upon prices and dates.

Our repurchase agreements are primarily collateralized by GSE obligations, and may be entered into with the FHLB-NY or certain brokerage firms. The brokerage firms we utilize are subject to an ongoing internal financial review to ensure that we borrow funds only from those dealers whose financial strength will minimize the risk of loss due to default. In addition, a master repurchase agreement must be executed and on file for each of the brokerage firms we use.

We had no federal funds purchased at both December 31, 2019 and 2018.

Junior Subordinated Debentures

Junior subordinated debentures totaled $359.9 million at December 31, 2019, slightly higher than the balance at the prior year-end reflecting discount accretion.

Subordinated Notes

At December 31, 2019, the balance of subordinated notes was $295.1 million, relatively unchanged from December 31, 2018.

See Note 9, "Borrowed Funds," in Item 8, "Financial Statements and Supplementary Data" for a further discussion of our wholesale borrowings and our junior subordinated debentures.

Liquidity, Contractual Obligations and Off-Balance Sheet Commitments, and Capital Position

Liquidity

We manage our liquidity to ensure that our cash flows are sufficient to support our operations, and to compensate for any temporary mismatches between sources and uses of funds caused by variable loan and deposit demand.

We monitor our liquidity daily to ensure that sufficient funds are available to meet our financial obligations. Our most liquid assets are cash and cash equivalents, which totaled $741.9 million and $1.5 billion, respectively, at December 31, 2019 and 2018. As in the past, our loan and securities portfolios provided meaningful liquidity in 2019, with cash flows from the repayment and sale of loans totaling $8.9 billion and cash flows from the repayment and sale of securities totaling $2.3 billion.

Additional liquidity stems from deposits and from our use of wholesale funding sources, including brokered deposits and wholesale borrowings. In addition, we have access to the Bank's approved lines of credit with various counterparties, including the FHLB-NY. The availability of these wholesale funding sources is generally based on the amount of mortgage loan collateral available under a blanket lien we have pledged to the respective institutions and, to a lesser extent, the amount of available securities that may be pledged to collateralize our borrowings. At December 31, 2019, our available borrowing capacity with the FHLB-NY was $7.9 billion. In addition, the Bank had available-for-sale securities of $5.9 billion, of which, $4.5 billion is unpledged.

Furthermore, the Bank has agreements with the FRB-NY that enable it to access the discount window as a further means of enhancing their liquidity. In connection with these agreements, the Bank has pledged certain loans and securities to collateralize any funds they may borrow. At December 31, 2019, the maximum amount the Bank could borrow from the FRB-NY was $1.1 billion. There were no borrowings against either line of credit at December 31, 2019.

Our primary investing activity is loan production, and the volume of loans we originated for investment totaled $10.6 billion in 2019. During this time, the net cash used in investing activities totaled $2.1 billion; the net cash provided by our operating activities totaled $509.8 million. Our financing activities provided net cash of $816.1 million.

CDs due to mature or reprice in one year or less from December 31, 2019 totaled $13.3 billion, representing 94% of total CDs at that date. Our ability to attract and retain retail deposits, including CDs, depends on numerous factors, including, among others, the convenience of our branches and our other banking channels; our customers' satisfaction with the service they receive; the rates of interest we offer; the types of products we feature; and the attractiveness of their terms.

Our decision to compete for deposits also depends on numerous factors, including, among others, our access to deposits through acquisitions, the availability of lower-cost funding sources, the impact of competition on pricing, and the need to fund our loan demand.

The Parent Company is a separate legal entity from the Bank and must provide for its own liquidity. In addition to operating expenses and any share repurchases, the Parent Company is responsible for paying any dividends declared to our shareholders. As a Delaware corporation, the Parent Company is able to pay dividends either from surplus or, in case there is no surplus, from net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

The Parent Company's ability to pay dividends may also depend, in part, upon dividends it receives from the Bank. The ability of the Bank to pay dividends and other capital distributions to the Parent Company is generally limited by New York State Banking Law and regulations, and by certain regulations of the FDIC. In addition, the Superintendent of the New York State Department of Financial Services (the "Superintendent"), the FDIC, and the FRB, for reasons of safety and soundness, may prohibit the payment of dividends that are otherwise permissible by regulations.

Under New York State Banking Law, a New York State-chartered stock-form savings bank or commercial bank may declare and pay dividends out of its net profits, unless there is an impairment of capital. However, the approval of the Superintendent is required if the total of all dividends declared in a calendar year would exceed the total of a bank's net profits for that year, combined with its retained net profits for the preceding two years. In 2019, the Bank paid dividends totaling $380.0 million to the Parent Company, leaving $305.7 million that it could dividend to the Parent Company without regulatory approval at year-end. Additional sources of liquidity available to the Parent Company at December 31, 2019 included $183.1 million in cash and cash equivalents. If the Bank was to apply to the Superintendent for approval to make a dividend or capital distribution in excess of the dividend amounts permitted under the regulations, there can be no assurance that such application would be approved.

Contractual Obligations and Off-Balance Sheet Commitments

In the normal course of business, we enter into a variety of contractual obligations in order to manage our assets and liabilities, fund loan growth, operate our branch network, and address our capital needs.

For example, we offer CDs with contractual terms to our customers, and borrow funds under contract from the FHLB-NY and various brokerage firms. These contractual obligations are reflected in the Consolidated Statements of Condition under "Deposits" and "Borrowed funds," respectively. At December 31, 2019, we had CDs of $14.2 billion and long-term debt (defined as borrowed funds with an original maturity in excess of one year) of $13.5 billion.

We also are obligated under certain non-cancelable operating leases on the buildings and land we use in operating our branch network and in performing our back-office responsibilities. These obligations are included in the Consolidated Statements of Condition and totaled $384.2 million at December 31, 2019.

Contractual Obligations

The following table sets forth the maturity profile of the aforementioned contractual obligations as of December 31, 2019:

(in thousands)	Certificates of Deposit	Long-Term Debt (1)	Operating Leases(2)	Total
One year or less	$13,310,426	$ 3,425,000	$ 27,304	$16,762,730
One to three years	711,615	1,097,661	51,865	1,861,141
Three to five years	192,589	--	25,078	217,667
More than five years	228	8,934,932	279,961	9,215,121
Total	$14,214,858	$13,457,593	$384,208	$28,056,659

(1) Includes FHLB advances, repurchase agreements, and junior subordinated debentures.
(2) Excludes imputed interest of $98.2 million.

At December 31, 2019, we also had commitments to extend credit in the form of mortgage and other loan originations, as well as commercial, performance stand-by, and financial stand-by letters of credit, totaling $2.5 billion. These off-balance sheet commitments consist of agreements to extend credit, as long as there is no violation of any condition established in the contract under which the loan is made. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee.

The following table summarizes our off-balance sheet commitments to extend credit in the form of loans and letters of credit at December 31, 2019:

(in thousands)	
Mortgage Loan Commitments:	
Multi-family and commercial real estate	$ 251,679
One-to-four family	801
Acquisition, development, and construction	205,499
Total mortgage loan commitments	$457,979
Other loan commitments (1)	1,548,513
Total loan commitments	$2,006,492
Commercial, performance stand-by, and financial stand-by letters of credit	509,942
Total commitments	$2,516,434

(1) Includes unadvanced lines of credit.

Based upon our current liquidity position, we expect that our funding will be sufficient to fulfill these obligations and commitments when they are due.

At December 31, 2019, we had no commitments to purchase securities.

Capital Position

Total stockholders' equity rose $56.5 million, or 0.8%, year-over-year to $6.7 billion; common stockholders' equity represented 11.57% of total assets and a book value per common share of $13.29 at December 31, 2019. At the prior year-end, total stockholders' equity totaled $6.7 billion, and common stockholders' equity represented 11.85% of total assets and a book value per common share of $12.99.

Tangible common stockholders' equity increased $66.2 million year-over-year to $3.8 billion. The year-end 2019 balance represented 7.39% of tangible common assets and a tangible common book value per common share of $8.09. At the prior year-end, tangible common stockholders' equity totaled $3.7 billion, representing 7.51% of tangible common assets and a tangible common book value per common share of $7.85.

We calculate tangible common stockholders' equity by subtracting the amount of goodwill and preferred stock recorded at the end of a period from the amount of stockholders' equity recorded at the same date. Goodwill totaled $2.4 billion at December 31, 2019 and 2018 while preferred stock was $502.8 million at the end of 2019 and 2018. (See the discussion and reconciliations of stockholders' equity and tangible common stockholders' equity, total assets

and tangible assets, and the related financial measures that appear on the last page of this discussion and analysis of our financial condition and results of operations.)

Stockholders' equity and tangible common stockholders' equity both include AOCL, which is comprised of the net unrealized gain or loss on available-for-sale securities; the net unrealized loss on the non-credit portion of OTTI securities; the net unrealized gain on cash flow hedges; and the Company's pension and post-retirement obligations at the end of a period. In the twelve months ended December 31, 2019 and 2018, AOCL totaled $32.8 million and $87.7 million, respectively. The decrease in AOCL was largely the net effect of an $11.9 million decrease in net pension and post-retirement obligations to $59.1 million and the $42.0 million difference between the net unrealized loss on securities available for sale recorded at the end of this December and the net unrealized gain on securities available for sale recorded at December 31, 2018.

As reflected in the following table, our capital measures continued to exceed the minimum federal requirements for a bank holding company at December 31, 2019 and 2018:

At December 31, 2019	Actual		Minimum
(dollars in thousands)	Amount	Ratio	Required Ratio
Common equity tier 1 capital	$3,818,311	9.91%	4.50%
Tier 1 risk-based capital	4,321,151	11.22	6.00
Total risk-based capital	5,111,990	13.27	8.00
Leverage capital	4,321,151	8.66	4.00

At December 31, 2018	Actual		Minimum
(dollars in thousands)	Amount	Ratio	Required Ratio
Common equity tier 1 capital	$3,806,857	10.55%	4.50%
Tier 1 risk-based capital	4,309,697	11.94	6.00
Total risk-based capital	5,112,079	14.16	8.00
Leverage capital	4,309,697	8.74	4.00

At December 31, 2019, the capital ratios for the Company and the Bank continued to exceed the levels required for classification as "well capitalized" institutions, as defined under the Federal Deposit Insurance Corporation Improvement Act of 1991, and as further discussed in Note 19, "Capital," in Item 8, "Financial Statements and Supplementary Data."

RESULTS OF OPERATIONS: 2019 AS COMPARED TO 2018

Net Interest Income

Net interest income is our primary source of income. Its level is a function of the average balance of our interest-earning assets, the average balance of our interest-bearing liabilities, and the spread between the yield on such assets and the cost of such liabilities. These factors are influenced by both the pricing and mix of our interest-earning assets and our interest-bearing liabilities which, in turn, are impacted by various external factors, including the local economy, competition for loans and deposits, the monetary policy of the FOMC, and market interest rates.

The cost of our deposits and borrowed funds is largely based on short-term rates of interest, the level of which is partially impacted by the actions of the FOMC. The FOMC reduces, maintains, or increases the target federal funds rate (the rate at which banks borrow funds overnight from one another) as it deems necessary. In 2018, the FOMC increased the target federal funds rate four times for a total of 100 basis points, to a target range of 2.25% to 2.50%.

While the target federal funds rate generally impacts the cost of our short-term borrowings and deposits, the yields on our held-for-investment loans and other interest-earning assets are typically impacted by intermediate-term market interest rates. In 2019, the five-year CMT ranged from a low of 1.32% to a high of 2.62% with an average rate of 1.95% for the year. In 2018, the five-year CMT ranged from a low of 2.25% to a high of 3.09% with an average rate of 2.75% for the year.

Another factor that impacts the yields on our interest-earning assets—and our net interest income—is the income generated by our multi-family and CRE loans and securities when they prepay. Since prepayment income is recorded as interest income, an increase or decrease in its level will also be reflected in the average yields (as applicable) on our loans, securities, and interest-earning assets, and therefore in our net interest income, our net interest rate spread, and our net interest margin.

It should be noted that the level of prepayment income on loans recorded in any given period depends on the volume of loans that refinance or prepay during that time. Such activity is largely dependent on such external factors as current market conditions, including real estate values, and the perceived or actual direction of market interest rates. In addition, while a decline in market interest rates may trigger an increase in refinancing and, therefore, prepayment income, so too may an increase in market interest rates. It is not unusual for borrowers to lock in lower interest rates when they expect, or see, that market interest rates are rising rather than risk refinancing later at a still higher interest rate.

For the twelve months ended December 31, 2019, net interest income declined $73.6 million or 7% to $957.4 million. Total interest income rose $115.5 million or 6.8% for the twelve months ended December 31, 2019, while total interest expense rose $189.1 million or 29% for the same time period.

Year-Over-Year Comparison

The following factors contributed to the year-over-year decline in net interest income:

- Interest income increased $115.5 million or 6.8% to $1.8 billion on a year-over-year basis due to an $85.1 million or 5.8% increase in interest income from loans and a $51.5 million or 28.0% increase in interest income from securities.
- The increase in interest income from loans was the result of a higher level of average loan balances in 2019 compared to 2018, as well as, a higher yield on the loans. Average loans increased $1.3 billion to $40.4 billion, up 3.2% compared to 2018. At the same time, the average yield on the loan portfolio rose ten basis points to 3.85%, year-over-year. In addition, prepayment income contributed $48.9 million and 11 basis points to interest income and the average yield from loans, respectively, compared to $44.9 million and ten basis points in the prior year.
- The year-over-year improvement in interest income from securities was driven by a $1.5 billion increase in the average balance of securities partially offset by a ten basis point decline in the average yield to 3.72%. Prepayment income added $5.3 million and one basis point to the interest income and average yield from securities, respectively, relatively unchanged from 2018.
- The average balance of interest-earning assets increased $1.6 billion or 3.4% to $47.5 billion and the average yield rose 12 basis points to 3.80%.
- Interest expense increased $189.1 million to $847.8 million on a year-over-year basis as interest expense on deposits rose $150.9 million and interest expense on borrowed funds rose $38.1 million.
- The year-over-year increase in interest expenses on deposits was due to a $1.7 billion increase in the average balance of deposits, mostly CD balances, and a 44 basis point increase in the average cost of deposits to 1.84%.
- The year-over-year increase in interest expense from borrowed funds was driven primarily by a 29 basis point increase in the average cost of borrowings, while the average balance of borrowed funds was relatively unchanged.
- As a result, the average balance of interest-bearing liabilities increased $1.6 billion or 4.0% to $42.3 billion and our average cost increased 39 basis points to 2.01%.

Net Interest Margin

The direction of the Company's net interest margin was consistent with that of its net interest income, and generally was driven by the same factors as those described above. At 2.02%, the margin was 23-basis points narrower than the margin recorded for full-year 2018. Adjusted net interest margin is a non-GAAP financial measure, as more fully discussed below.

(dollars in thousands)	For the Twelve Months Ended Dec. 31, 2019	Dec. 31, 2018	Change (%)
Total Interest Income	$1,805,160	$1,689,673	7%
Prepayment Income:			
Loans	$48,884	$44,949	9%
Securities	5,304	4,957	7%
Total prepayment income	$54,188	$49,906	9%
GAAP Net Interest Margin	2.02%	2.25%	-23 bp
Less:			
Prepayment income from loans	11 bp	10 bp	1 bp
Prepayment income from securities	1	1	0 bp
Plus:			
Subordinated debt issuance		-	
Total prepayment income contribution to and subordinated debt impact on net interest margin	12 bp	11 bp	1 bp
Adjusted Net Interest Margin (non-GAAP)	1.90%	2.14%	-24 bp

RECONCILIATION OF NET INTEREST MARGIN AND ADJUSTED NET INTEREST MARGIN

While our net interest margin, including the contribution of prepayment income and the impact from our recent subordinated notes offering, is recorded in accordance with GAAP, adjusted net interest margin, which excludes the contribution of prepayment income, is not. Nevertheless, management uses this non-GAAP measure in its analysis of our performance, and believes that this non-GAAP measure should be disclosed in this report and other investor communications for the following reasons:

1. Adjusted net interest margin gives investors a better understanding of the effect of prepayment income on our net interest margin. Prepayment income in any given period depends on the volume of loans that refinance or prepay, or securities that prepay, during that period. Such activity is largely dependent on external factors such as current market conditions, including real estate values, and the perceived or actual direction of market interest rates.
2. Adjusted net interest margin is among the measures considered by current and prospective investors, both independent of, and in comparison with, our peers.

Adjusted net interest margin should not be considered in isolation or as a substitute for net interest margin, which is calculated in accordance with GAAP. Moreover, the manner in which we calculate this non-GAAP measure may differ from that of other companies reporting a non-GAAP measure with a similar name.

The following table sets forth certain information regarding our average balance sheet for the years indicated, including the average yields on our interest-earning assets and the average costs of our interest-bearing liabilities. Average yields are calculated by dividing the interest income produced by the average balance of interest-earning assets. Average costs are calculated by dividing the interest expense produced by the average balance of interest-bearing liabilities. The average balances for the year are derived from average balances that are calculated daily. The average yields and costs include fees, as well as premiums and discounts (including mark-to-market adjustments from acquisitions), that are considered adjustments to such average yields and costs.

Net Interest Income Analysis

(dollars in thousands)	2019 Average Balance	2019 Interest	2019 Average Yield/ Cost	2018 Average Balance	2018 Interest	2018 Average Yield/ Cost	2017 Average Balance	2017 Interest	2017 Average Yield/ Cost
	For the Years Ended December 31,								
ASSETS:									
Interest-earning assets:									
Mortgage and other loans and leases, net [1]	$40,384,573	$1,553,004	3.85%	$39,122,724	$1,467,944	3.75%	$38,400,003	$1,417,237	3.69%
Securities [2][3]	6,329,898	235,596	3.72	4,819,789	184,136	3.82	3,986,722	148,429	3.72
Interest-earning cash and cash equivalents	744,204	16,560	2.23	1,955,837	37,593	1.92	1,227,137	16,573	1.35
Total interest-earning assets	47,458,675	1,805,160	3.80	45,898,350	1,689,673	3.68	43,613,862	1,582,239	3.63
Non-interest-earning assets	4,650,420			4,314,990			5,011,020		
Total assets	$52,109,095			$50,213,340			$48,624,882		
LIABILITIES AND STOCKHOLDERS' EQUITY:									
Interest-bearing deposits:									
Interest-bearing checking and money market accounts	$10,597,285	$ 174,347	1.65%	$12,033,213	$ 167,972	1.40%	$12,787,703	$ 98,980	0.77%
Savings accounts	4,737,423	35,705	0.75	4,902,728	28,994	0.59	5,170,342	28,447	0.55
Certificates of deposit	13,532,036	320,234	2.37	10,236,599	182,383	1.78	8,164,518	102,355	1.25
Total interest-bearing deposits	28,866,744	530,286	1.84	27,172,540	379,349	1.40	26,122,563	229,782	0.88
Borrowed funds	13,393,837	317,474	2.37	13,454,912	279,329	2.08	12,836,919	222,454	1.73
Total interest-bearing liabilities	42,260,581	847,760	2.01	40,627,452	658,678	1.62	38,959,482	452,236	1.16
Non-interest-bearing deposits	2,588,040			2,550,163			2,782,155		
Other liabilities	596,488			252,804			279,466		
Total liabilities	45,445,109			43,430,419			42,021,103		
Stockholders' equity	6,663,986			6,782,921			6,603,779		
Total liabilities and stockholders' equity	$52,109,095			$50,213,340			$48,624,882		
Net interest income/interest rate spread		$ 957,400	1.79%		$1,030,995	2.06%		$1,130,003	2.47%
Net interest margin			2.02%			2.25%			2.59%
Ratio of interest-earning assets to interest-bearing liabilities			1.12x			1.13x			1.12x

(1) Amounts are net of net deferred loan origination costs/(fees) and the allowances for loan losses and include non-performing loans.
(2) Amounts are at amortized cost.
(3) Includes FHLB stock.

The following table presents the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities affected our interest income and interest expense during the periods indicated. Information is provided in each category with respect to (i) the changes attributable to changes in volume (changes in volume multiplied by prior rate); (ii) the changes attributable to changes in rate (changes in rate multiplied by prior volume); and (iii) the net change. The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate.

Rate/Volume Analysis

	Year Ended December 31, 2019 Compared to Year Ended December 31, 2018 Increase/(Decrease)			Year Ended December 31, 2018 Compared to Year Ended December 31, 2017 Increase/(Decrease)		
	Due to			Due to		
(in thousands)	Volume	Rate	Net	Volume	Rate	Net
INTEREST-EARNING ASSETS:						
Mortgage and other loans and leases, net	$ 48,012	$ 37,048	$ 85,060	$26,909	$ 23,798	$ 50,707
Securities and interest-earning cash and cash equivalents	10,056	20,371	30,427	50,936	5,791	56,727
Total	58,068	57,419	115,487	77,845	29,589	107,434
INTEREST-BEARING LIABILITIES:						
Interest-bearing checking and money market accounts	$ (12,836)	$ 19,211	$ 6,375	$ (5,468)	$ 74,460	$ 68,992
Savings accounts	(940)	7,651	6,711	(1,225)	1,772	547
Certificates of deposit	68,257	69,594	137,851	30,091	49,937	80,028
Borrowed funds	(1,262)	39,407	38,145	11,124	45,751	56,875
Totals	53,219	135,863	189,082	34,522	171,920	206,442
Change in net interest income	$ 4,849	$ (78,444)	$ (73,595)	$43,323	$(142,331)	$ (99,008)

Provision for (Recoveries of) Loan Losses

Provision for (Recovery of) Losses on Loans

The provision for losses on loans, like the recovery of loan losses, is based on the methodology used by management in calculating the allowance for losses on such loans. Reflecting this methodology, which is discussed in detail under "Critical Accounting Policies" earlier in this report, for the twelve months ended December 31, 2019, the Company reported a provision for loan losses of $7.1 million, down $11.2 million or 61% compared to $18.3 million for the twelve months ended December 31, 2018. The year-over-year decrease was related to taxi medallion-related charge-offs during the year.

Reflecting the 2019 provision and twelve-month net charge-offs of $19.3 million, the allowance for losses on loans of $147.6 million decreased $12.2 million at the end of this December compared to $159.8 million at the prior year-end.

For additional information about our methodologies for recording recoveries of, and provisions for, loan losses, see the discussion of the loan loss allowance under "Critical Accounting Policies" and the discussion of "Asset Quality" that appear earlier in this report.

Non-Interest Income

We generate non-interest income through a variety of sources, including—among others—fee income (in the form of retail deposit fees and charges on loans); income from our investment in BOLI; gains on sales of securities; and "other" sources, including the revenues produced through the sale of third-party investment products.

For the twelve months ended December 31, 2019, non-interest income totaled $84.2 million, down $7.3 million or 8% compared to the $91.6 million for the twelve months ended December 31, 2018. Included in the full-year 2018 amount was revenue of $20.3 million related to our wealth management business (which was sold during 2019), versus no such revenue in full-year 2019. Also included in the full-year 2019 period were net gains on securities of $7.7 million compared to a net loss on securities of $2.0 million in full-year 2018 and a branch sale-leaseback gain of $7.9 million compared to no such gains in full-year 2018.

Non-Interest Income Analysis

The following table summarizes our sources of non-interest income in the twelve months ended December 31, 2019, 2018, and 2017:

	For the Years Ended December 31,		
(in thousands)	2019	2018	2017
Fee income	$29,297	$29,765	$ 31,759
BOLI income	28,363	28,252	27,133
Mortgage banking income	--	--	19,337
Net gain (loss) on securities	7,725	(1,994)	29,924
FDIC indemnification expense	--	--	(18,961)
Gain on sale of covered loans and mortgage banking operations	--	--	82,026
Other income:			
Third-party investment product sales	6,468	12,474	12,771
Recovery of OTTI securities	55	146	1,120
Other	12,322	22,915	31,771
Total other income	18,845	35,535	45,662
Total non-interest income	$84,230	$91,558	$216,880

Non-Interest Expense

For the twelve months ended December 31, 2019, total non-interest expense was $511.2 million versus $546.6 million for the twelve months ended December 31, 2018. In 2019, non-interest expense included $10.4 million of certain items related to severance costs and branch rationalization costs.

Reflecting the Company's cost reduction initiatives, compensation and benefits, occupancy and equipment, and general and administrative expenses decreased year-over-year by $15.8 million, $10.9 million, and $8.7 million, respectively.

Income Tax Expense

Income tax expense includes federal, New York State, and New York City income taxes, as well as non-material income taxes from other jurisdictions where we operate our branches and/or conduct our mortgage banking business.

For full-year 2019, income tax expense totaled $128.3 million compared to $135.3 million for full-year 2018. The effective tax rate in 2019 was 24.51% compared to 24.25% in 2018.

RESULTS OF OPERATIONS: 2018 AS COMPARED TO 2017

The results of operations comparison of 2018 compared to 2017 can be found in the Company's previously filed 2018 Form 10-K under Item 7 "Management's Discussion and analysis of Financial Condition and Results of Operations."

QUARTERLY FINANCIAL DATA

The following table sets forth selected unaudited quarterly financial data for the years ended December 31, 2019 and 2018:

	2019				2018			
(in thousands, except per share data)	4th	3rd	2nd	1st	4th	3rd	2nd	1st
Net interest income	$242,470	$235,915	$237,690	$241,325	$247,236	$249,506	$263,955	$270,298
Provision for (recovery of) loan losses	1,702	4,781	1,844	(1,222)	2,770	1,201	4,714	9,571
Non-interest income	17,462	24,386	17,597	24,785	23,073	22,922	22,706	22,857
Non-interest expense	126,097	123,302	123,052	138,767	134,946	134,433	138,142	139,107
Income before income taxes	132,133	132,218	130,391	128,565	132,593	136,794	143,805	144,477
Income tax expense	30,959	33,172	33,145	30,988	30,854	30,022	36,451	37,925
Net income	101,174	99,046	97,246	97,577	101,739	106,772	107,354	106,552
Preferred stock dividends	8,207	8,207	8,207	8,207	8,207	8,207	8,207	8,207
Net income available to common shareholders	$ 92,967	$ 90,839	$ 89,039	$ 89,370	$ 93,532	$ 98,565	$ 99,147	$ 98,345
Basic earnings per common share	$0.20	$0.19	$0.19	$0.19	$0.19	$0.20	$0.20	$0.20
Diluted earnings per common share	$0.20	$0.19	$0.19	$0.19	$0.19	$0.20	$0.20	$0.20

IMPACT OF INFLATION

The consolidated financial statements and notes thereto presented in this report have been prepared in accordance with GAAP, which requires that we measure our financial condition and operating results in terms of historical dollars, without considering changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of our operations. Unlike industrial companies, nearly all of a bank's assets and liabilities are monetary in nature. As a result, the impact of interest rates on our performance is greater than the impact of general levels of inflation. Interest rates do not necessarily move in the same direction, or to the same extent, as the prices of goods and services.

IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

Recently Issued Accounting Standards

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The purpose of ASU No. 2018-13 is to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of the information required by GAAP that is most important to users of each entity's financial statements. The amendments in ASU No. 2018-13 are effective for the Company as of January 1, 2020. The amendments remove the disclosure requirements for transfers between Levels 1 and 2 of the fair value hierarchy, the disclosure of the policy for timing of transfers between levels of the fair value hierarchy, and the disclosure of the valuation processes for Level 3 fair value measurements. Additionally, the amendments modify the disclosure requirements for investments in certain entities that calculate net asset value and measurement uncertainty. Finally, the amendments added disclosure requirements for the changes in unrealized gains and losses included in other comprehensive income for recurring Level 3 fair value measurements and the range and weighted average of significant unobservable inputs used to develop Level 3 measurements. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The adoption of ASU No. 2018-13 is not expected to have a material effect on the Company's Consolidated Statements of Condition, results of operations, or cash flows.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. ASU No. 2017-04 eliminates the second step of the goodwill impairment test which requires an entity to determine the implied fair value of the reporting unit's goodwill. Instead, an entity will recognize an impairment loss if the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, with the impairment loss not to exceed the amount of goodwill recorded. ASU No. 2017-04 does not amend the optional qualitative assessment of goodwill impairment. The Company plans to adopt ASU No. 2017-04 prospectively beginning January 1, 2020 and the impact of its adoption on the Company's Consolidated Statements of Condition, results of operations, or cash flows will be dependent upon goodwill impairment determinations made after that date.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU No. 2016-13 amends guidance on reporting credit losses for assets held on an amortized cost basis and available-for-sale debt securities. For assets held at amortized cost, ASU No. 2016-13 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. Current GAAP requires an "incurred loss" methodology for recognizing credit losses that delays recognition until it is probable a loss has been incurred. The amendments in ASU No. 2016-13 replace the incurred loss impairment methodology in current GAAP with a methodology that reflects the measurement of expected credit losses based on relevant information about past events, including historical loss experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of financial assets to present the net amount expected to be collected. For available-for-sale debt securities, credit losses should be measured in a manner similar to current GAAP but will be presented as an allowance rather than as a write-down. The amendments affect loans, debt securities, trade receivables, off-balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

The Company has developed a CECL allowance model which calculates reserves over the life of the asset or off-balance sheet credit exposure and is largely driven by portfolio characteristics, risk-grading, economic outlook, and other key methodology assumptions. The Company has leveraged analyses derived from its stress testing processes in the development of CECL models. The Company will utilize a single economic forecast over a two-year

reasonable and supportable forecast period and will use straight-line reversion to historical losses. The Company expects not more than a 20% increase in the allowance for credit losses, which will decrease the opening stockholders equity balance as of January 1, 2020. The Company is in the process of finalizing the review of the most recent model run and finalizing assumptions including quantative adjustments and probable troubled debt restructurings, and implementation of operational processes and internal controls.

RECONCILIATIONS OF STOCKHOLDERS' EQUITY, COMMON STOCKHOLDERS' EQUITY, AND TANGIBLE COMMON STOCKHOLDERS' EQUITY; TOTAL ASSETS AND TANGIBLE ASSETS; AND THE RELATED MEASURES

While stockholders' equity, common stockholders' equity, total assets, and book value per common share are financial measures that are recorded in accordance with U.S. GAAP, tangible common stockholders' equity, tangible assets, and tangible book value per common share are not. It is management's belief that these non-GAAP measures should be disclosed in this report and others we issue for the following reasons:

1. Tangible common stockholders' equity is an important indication of the Company's ability to grow organically and through business combinations, as well as its ability to pay dividends and to engage in various capital management strategies.
2. Tangible book value per common share and the ratio of tangible common stockholders' equity to tangible assets are among the capital measures considered by current and prospective investors, both independent of, and in comparison with, the Company's peers.

Tangible common stockholders' equity, tangible assets, and the related non-GAAP measures should not be considered in isolation or as a substitute for stockholders' equity, common stockholders' equity, total assets, or any other measure calculated in accordance with GAAP. Moreover, the manner in which we calculate these non-GAAP measures may differ from that of other companies reporting non-GAAP measures with similar names.

Reconciliations of our stockholders' equity, common stockholders' equity, and tangible common stockholders' equity; our total assets and tangible assets; and the related financial measures for the respective periods follow:

	At or for the Twelve Months Ended December 31,	
(dollars in thousands)	2019	2018
Stockholders' Equity	$ 6,711,694	$ 6,655,235
Less: Goodwill	(2,426,379)	(2,436,131)
Preferred stock	(502,840)	(502,840)
Tangible common stockholders' equity	$ 3,782,475	$ 3,716,264
Total Assets	$53,640,821	$51,899,376
Less: Goodwill	(2,426,379)	(2,436,131)
Tangible assets	$51,214,442	$49,463,245
Common stockholders' equity to total assets	11.57%	11.85%
Tangible common stockholders' equity to tangible assets	7.39	7.51
Book value per common share	$13.29	$12.99
Tangible book value per common share	8.09	7.85

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We manage our assets and liabilities to reduce our exposure to changes in market interest rates. The asset and liability management process has three primary objectives: to evaluate the interest rate risk inherent in certain balance sheet accounts; to determine the appropriate level of risk, given our business strategy, operating environment, capital and liquidity requirements, and performance objectives; and to manage that risk in a manner consistent with guidelines approved by the Boards of Directors of the Company and the Bank.

Market Risk

As a financial institution, we are focused on reducing our exposure to interest rate volatility, which represents our primary market risk. Changes in market interest rates represent the greatest challenge to our financial performance, as such changes can have a significant impact on the level of income and expense recorded on a large portion of our interest-earning assets and interest-bearing liabilities, and on the market value of all interest-earning assets, other than those possessing a short term to maturity. To reduce our exposure to changing rates, the Board of Directors and management monitor interest rate sensitivity on a regular or as needed basis so that adjustments to the asset and liability mix can be made when deemed appropriate.

The actual duration of held-for-investment mortgage loans and mortgage-related securities can be significantly impacted by changes in prepayment levels and market interest rates. The level of prepayments may, in turn, be impacted by a variety of factors, including the economy in the region where the underlying mortgages were originated; seasonal factors; demographic variables; and the assumability of the underlying mortgages. However, the factors with the most significant impact on prepayments are market interest rates and the availability of refinancing opportunities.

In 2019, we managed our interest rate risk by taking the following actions: (1) We continued to emphasize the origination and retention of intermediate-term assets, primarily in the form of multi-family and CRE loans; (2) We increased our portfolio of C&I loans, which feature floating rates; and (3) We replaced maturing wholesale borrowings with longer term borrowings, including some with callable features, and (4) We entered into interest rate swaps with a notional amount of $2.8 billion to hedge certain real estate loans and borrowings.

LIBOR Transition Process

On July 27, 2017, the U.K. Financial Conduct Authority (FCA), which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021. Accordingly, the FRB has recommended an alternative index dubbed the Secured Overnight Financing Rate or "SOFR". The Bank has established a sub-committee of its ALCO to address issues related to the phase-out and ultimate transition away from LIBOR to an alternate rate. This sub-committee is led by our Chief Accounting Officer and consists of personnel from various departments throughout the Bank including lending, loan administration, credit risk management, finance/treasury, information technology, and operations. The Company has LIBOR-based contracts that extend beyond 2021 included in loans and leases, securities, wholesale borrowings, derivative financial instruments, and long-term debt. The sub-committee has reviewed contract fallback language and noted that certain contracts will need updated provisions for the transition and is coordinating with impacted business lines.

Interest Rate Sensitivity Analysis

The matching of assets and liabilities may be analyzed by examining the extent to which such assets and liabilities are "interest rate sensitive" and by monitoring a bank's interest rate sensitivity "gap." An asset or liability is said to be interest rate sensitive within a specific time frame if it will mature or reprice within that period of time. The interest rate sensitivity gap is defined as the difference between the amount of interest-earning assets maturing or repricing within a specific time frame and the amount of interest-bearing liabilities maturing or repricing within that same period of time.

At December 31, 2019, our one-year gap was a negative 12.31%, as compared to a negative 22.56% at December 31, 2018. The change in our one-year gap reflects an increase in expected prepayments on loans coupled with the addition of the previously mentioned interest rate swaps, partially offset by an increase in CDs maturing within one year.

In a rising interest rate environment, an institution with a negative gap would generally be expected, absent the effects of other factors, to experience a greater increase in the cost of its interest-bearing liabilities than it would in the yield on its interest-earning assets, thus producing a decline in its net interest income. Conversely, in a declining rate environment, an institution with a negative gap would generally be expected to experience a lesser reduction in the

yield on its interest-earning assets than it would in the cost of its interest-bearing liabilities, thus producing an increase in its net interest income.

In a rising interest rate environment, an institution with a positive gap would generally be expected to experience a greater increase in the yield on its interest-earning assets than it would in the cost of its interest-bearing liabilities, thus producing an increase in its net interest income. Conversely, in a declining rate environment, an institution with a positive gap would generally be expected to experience a lesser reduction in the cost of its interest-bearing liabilities than it would in the yield on its interest-earning assets, thus producing a decline in its net interest income.

The table on the following page sets forth the amounts of interest-earning assets and interest-bearing liabilities outstanding at December 31, 2019 which, based on certain assumptions stemming from our historical experience, are expected to reprice or mature in each of the future time periods shown. Except as stated below, the amounts of assets and liabilities shown as repricing or maturing during a particular time period were determined in accordance with the earlier of (1) the term to repricing, or (2) the contractual terms of the asset or liability.

The table provides an approximation of the projected repricing of assets and liabilities at December 31, 2019 on the basis of contractual maturities, anticipated prepayments, and scheduled rate adjustments within a three-month period and subsequent selected time intervals. For residential mortgage-related securities, prepayment rates are forecasted at a weighted average CPR of 10% per annum; for multi-family and CRE loans, prepayment rates are forecasted at weighted average CPRs of 23% and 13% per annum, respectively. Borrowed funds were not assumed to prepay.

Savings, NOW, and money market accounts were assumed to decay based on a comprehensive statistical analysis that incorporated our historical deposit experience. Based on the results of this analysis, savings accounts were assumed to decay at a rate of 72% for the first five years and 28% for years six through ten. Interest-bearing checking accounts were assumed to decay at a rate of 85% for the first five years and 15% for years six through ten. The decay assumptions reflect the prolonged low interest rate environment and the uncertainty regarding future depositor behavior. Including those accounts having specified repricing dates, money market accounts were assumed to decay at a rate of 87% for the first five years and 13% for years six through ten.

Interest Rate Sensitivity Analysis

(dollars in thousands)	At December 31, 2019						
	Three Months or Less	Four to Twelve Months	More Than One Year to Three Years	More Than Three Years to Five Years	More Than Five Years to 10 Years	More Than 10 Years	Total
INTEREST-EARNING ASSETS:							
Mortgage and other loans [(1)]	$ 6,319,629	$ 9,029,406	$16,176,327	$8,497,030	$1,730,422	$ 80,098	$41,832,912
Mortgage-related securities [(2)(3)]	84,390	333,928	782,108	604,330	778,414	770,565	3,353,735
Other securities [(2)]	2,328,090	321,208	130,436	176,048	136,361	54,741	3,146,884
Interest-earning cash and cash equivalents	610,149	--	--	--	--	--	610,149
Total interest-earning assets	9,342,258	9,684,542	17,088,871	9,277,408	2,645,197	905,404	48,943,680
INTEREST-BEARING LIABILITES:							
Interest-bearing checking and money market accounts	4,872,458	1,067,266	1,863,357	1,007,278	1,419,785	--	10,230,144
Savings accounts	907,224	1,190,375	792,123	550,256	1,340,029	--	4,780,007
Certificates of deposit	3,485,350	9,840,035	699,077	190,366	30	--	14,214,858
Borrowed funds	2,263,926	2,005,000	2,697,661	--	7,450,000	141,006	14,557,593
Total interest-bearing liabilities	11,528,958	14,102,676	6,052,218	1,747,900	10,209,844	141,006	43,782,602
Interest rate sensitivity gap per period [(4)]	$ (2,186,700)	$ (4,418,134)	$11,036,653	$7,529,508	$(7,564,647)	$764,398	$ 5,161,078
Cumulative interest rate sensitivity gap	$(2,186,700)	$(6,604,834)	$4,431,819	$11,961,327	$4,396,680	$5,161,078	
Cumulative interest rate sensitivity gap as a percentage of total assets	(4.08)%	(12.31)%	8.26%	22.30%	8.20%	9.62%	
Cumulative net interest-earning assets as a percentage of net interest-bearing liabilities	81.03 %	74.23 %	113.99 %	135.78%	110.07%	111.79%	

(1) For the purpose of the gap analysis, non-performing loans and the allowance for loan losses have been excluded.

(2) Mortgage-related and other securities, including FHLB stock, are shown at their respective carrying amounts.

(3) Expected amount based, in part, on historical experience.

(4) The interest rate sensitivity gap per period represents the difference between interest-earning assets and interest-bearing liabilities.

Prepayment and deposit decay rates can have a significant impact on our estimated gap. While we believe our assumptions to be reasonable, there can be no assurance that the assumed prepayment and decay rates noted above will approximate actual future loan and securities prepayments and deposit withdrawal activity.

To validate our prepayment assumptions for our multi-family and CRE loan portfolios, we perform a monthly analysis, during which we review our historical prepayment rates and compare them to our projected prepayment rates. We continually review the actual prepayment rates to ensure that our projections are as accurate as possible, since prepayments on these types of loans are not as closely correlated to changes in interest rates as prepayments on one-to-four family loans tend to be. In addition, we review the call provisions in our borrowings and investment portfolios and, on a monthly basis, compare the actual calls to our projected calls to ensure that our projections are reasonable.

As of December 31, 2019, the impact of a 100-basis point decline in market interest rates would have increased our projected prepayment rates for multi-family and CRE loans by a constant prepayment rate of 8.57% per annum. Conversely, the impact of a 100-basis point increase in market interest rates would have decreased our projected prepayment rates for multi-family and CRE loans by a constant prepayment rate of 9.99% per annum.

Certain shortcomings are inherent in the method of analysis presented in the preceding Interest Rate Sensitivity Analysis. For example, although certain assets and liabilities may have similar maturities or periods to repricing, they may react in different degrees to changes in market interest rates. The interest rates on certain types of assets and liabilities may fluctuate in advance of the market, while interest rates on other types may lag behind changes in market interest rates. Additionally, certain assets, such as adjustable-rate loans, have features that restrict changes in interest rates both on a short-term basis and over the life of the asset. Furthermore, in the event of a change in interest rates, prepayment and early withdrawal levels would likely deviate from those assumed in calculating the table. Also, the ability of some borrowers to repay their adjustable-rate loans may be adversely impacted by an increase in market interest rates.

Interest rate sensitivity is also monitored through the use of a model that generates estimates of the change in our Economic Value of Equity ("EVE") over a range of interest rate scenarios. EVE is defined as the net present value of expected cash flows from assets, liabilities, and off-balance sheet contracts. The EVE ratio, under any interest rate scenario, is defined as the EVE in that scenario divided by the market value of assets in the same scenario. The model assumes estimated loan prepayment rates, reinvestment rates, and deposit decay rates similar to those utilized in formulating the preceding Interest Rate Sensitivity Analysis.

Based on the information and assumptions in effect at December 31, 2019, the following table sets forth our EVE, assuming the changes in interest rates noted:

(*dollars in thousands*)

Change in Interest Rates (in basis points) [(1)]	Market Value of Assets	Market Value of Liabilities	Economic Value of Equity	Net Change	Estimated Percentage Change in Economic Value of Equity
+200	$51,468,631	$45,446,988	$6,021,643	$(792,352)	(11.63)%
+100	52,585,995	46,020,438	6,565,557	(248,438)	(3.65)
--	53,597,005	46,783,010	6,813,995	--	--
- 100	54,328,065	47,728,811	6,599,254	(214,741)	(3.15)

(1) The impact of a 200-bp reduction in interest rates is not presented in view of the current level of the federal funds rate and other short-term interest rates.

The net changes in EVE presented in the preceding table are within the parameters approved by the Boards of Directors of the Company and the Bank.

As with the Interest Rate Sensitivity Analysis, certain shortcomings are inherent in the methodology used in the preceding interest rate risk measurements. Modeling changes in EVE requires that certain assumptions be made which may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the EVE analysis presented above assumes that the composition of our interest rate sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured, and also assumes that a particular change in interest rates is reflected uniformly across the yield curve, regardless of the duration to maturity or repricing of specific assets and liabilities. Furthermore, the model does not take into account the benefit of any

strategic actions we may take to further reduce our exposure to interest rate risk. Accordingly, while the EVE analysis provides 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 may very well differ from actual results.

We also utilize an internal net interest income simulation to manage our sensitivity to interest rate risk. The simulation incorporates various market-based assumptions regarding the impact of changing interest rates on future levels of our financial assets and liabilities. The assumptions used in the net interest income simulation are inherently uncertain. Actual results may differ significantly from those presented in the following table, due to the frequency, timing, and magnitude of changes in interest rates; changes in spreads between maturity and repricing categories; and prepayments, among other factors, coupled with any actions taken to counter the effects of any such changes. Based on the information and assumptions in effect at December 31, 2019, the following table reflects the estimated percentage change in future net interest income for the next twelve months, assuming the changes in interest rates noted:

Change in Interest Rates (in basis points) [1] [2]	Estimated Percentage Change in Future Net Interest Income
+100 over one year	(1.94)%
+200 over one year	(3.91)
-100 over one year	2.52

(1) In general, short- and long-term rates are assumed to increase in parallel fashion across all four quarters and then remain unchanged.

(2) The impact of a 200-bp reduction in interest rates is not presented in view of the current level of the federal funds rate and other short-term interest rates.

Future changes in our mix of assets and liabilities may result in greater changes to our gap, EVE, and/or net interest income simulation.

In the event that our EVE and net interest income sensitivities were to breach our internal policy limits, we would undertake the following actions to ensure that appropriate remedial measures were put in place:

- Our ALCO Committee would inform the Board of Directors of the variance, and present recommendations to the Board regarding proposed courses of action to restore conditions to within-policy tolerances.
- In formulating appropriate strategies, the ALCO Committee would ascertain the primary causes of the variance from policy tolerances, the expected term of such conditions, and the projected effect on capital and earnings.

Where temporary changes in market conditions or volume levels result in significant increases in risk, strategies may involve reducing open positions or employing synthetic hedging techniques to more immediately reduce risk exposure. Where variance from policy tolerances is triggered by more fundamental imbalances in the risk profiles of core loan and deposit products, a remedial strategy may involve restoring balance through natural hedges to the extent possible before employing synthetic hedging techniques. Other strategies might include:

- Asset restructuring, involving sales of assets having higher risk profiles, or a gradual restructuring of the asset mix over time to affect the maturity or repricing schedule of assets;
- Liability restructuring, whereby product offerings and pricing are altered or wholesale borrowings are employed to affect the maturity structure or repricing of liabilities;
- Expansion or shrinkage of the balance sheet to correct imbalances in the repricing or maturity periods between assets and liabilities; and/or
- Use or alteration of off-balance sheet positions, including interest rate swaps, caps, floors, options, and forward purchase or sales commitments.

In connection with our net interest income simulation modeling, we also evaluate the impact of changes in the slope of the yield curve. At December 31, 2019, our analysis indicated that an immediate inversion of the yield curve would be expected to result in an 8.55% decrease in net interest income; conversely, an immediate steepening of the yield curve would be expected to result in an 11.48% increase.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Consolidated Financial Statements and Notes thereto and other supplementary data begin on the following page.

NEW YORK COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF CONDITION

(in thousands, except share data)	December 31, 2019	December 31, 2018
ASSETS:		
Cash and cash equivalents	$ 741,870	$ 1,474,955
Securities:		
Debt securities available-for-sale ($1,372,238 and $1,228,702 pledged at December 31, 2019 and 2018, respectively)	5,853,057	5,613,520
Equity investments with readily determinable fair values, at fair value	32,830	30,551
Total securities	5,885,887	5,644,071
Loans and leases, net of deferred loan fees and costs	41,894,155	40,165,908
Less: Allowance for loan losses	(147,638)	(159,820)
Total loans and leases, net	41,746,517	40,006,088
Federal Home Loan Bank stock, at cost	647,562	644,590
Premises and equipment, net	312,626	346,179
Operating lease right-of-use assets	286,194	--
Goodwill	2,426,379	2,436,131
Bank-owned life insurance	1,145,058	977,627
Other real estate owned and other repossessed assets	12,268	10,794
Other assets	436,460	358,941
Total assets	$53,640,821	$51,899,376
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Deposits:		
Interest-bearing checking and money market accounts	$10,230,144	$11,530,049
Savings accounts	4,780,007	4,643,260
Certificates of deposit	14,214,858	12,194,322
Non-interest-bearing accounts	2,432,123	2,396,799
Total deposits	31,657,132	30,764,430
Borrowed funds:		
Wholesale borrowings:		
Federal Home Loan Bank advances	13,102,661	13,053,661
Repurchase agreements	800,000	500,000
Total wholesale borrowings	13,902,661	13,553,661
Junior subordinated debentures	359,866	359,508
Subordinated notes	295,066	294,697
Total borrowed funds	14,557,593	14,207,866
Operating lease liabilities	285,991	--
Other liabilities	428,411	271,845
Total liabilities	46,929,127	45,244,141
Stockholders' equity:		
Preferred stock at par $0.01 (5,000,000 shares authorized): Series A (515,000 shares issued and outstanding)	502,840	502,840
Common stock at par $0.01 (900,000,000 shares authorized; 490,439,070 and 490,439,070 shares issued; and 467,346,781 and 473,536,604 shares outstanding, respectively)	4,904	4,904
Paid-in capital in excess of par	6,115,487	6,099,940
Retained earnings	342,023	297,202
Treasury stock, at cost (23,092,289 and 16,902,466 shares, respectively)	(220,717)	(161,998)
Accumulated other comprehensive loss, net of tax:		
Net unrealized gain (loss) on securities available for sale, net of tax of $(11,941) and $4,201, respectively	31,482	(10,534)
Net unrealized loss on the non-credit portion of other-than-temporary impairment losses on securities, net of tax of $2,517 and $2,517, respectively	(6,042)	(6,042)
Net unrealized loss on pension and post-retirement obligations, net of tax of $22,191 and $27,224, respectively	(59,136)	(71,077)
Net unrealized gain on cash flow hedges, net of tax of $(333)	853	--
Total accumulated other comprehensive loss, net of tax	(32,843)	(87,653)
Total stockholders' equity	6,711,694	6,655,235
Total liabilities and stockholders' equity	$53,640,821	$51,899,376

See accompanying notes to the consolidated financial statements.

NEW YORK COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Years Ended December 31,		
(in thousands, except per share data)	2019	2018	2017
INTEREST INCOME:			
Mortgage and other loans and leases	$1,553,004	$1,467,944	$1,417,237
Securities and money market investments	252,156	221,729	165,002
Total interest income	1,805,160	1,689,673	1,582,239
INTEREST EXPENSE:			
Interest-bearing checking and money market accounts	174,347	167,972	98,980
Savings accounts	35,705	28,994	28,447
Certificates of deposit	320,234	182,383	102,355
Borrowed funds	317,474	279,329	222,454
Total interest expense	847,760	658,678	452,236
Net interest income	957,400	1,030,995	1,130,003
Provision for losses on non-covered loans	7,105	18,256	60,943
Recovery of losses on covered loans	--	--	(23,701)
Net interest income after provision for (recovery of) loan losses	950,295	1,012,739	1,092,761
NON-INTEREST INCOME:			
Fee income	29,297	29,765	31,759
Bank-owned life insurance	28,363	28,252	27,133
Net gain (loss) on securities	7,725	(1,994)	29,924
Mortgage banking income	--	--	19,337
FDIC indemnification expense	--	--	(18,961)
Gain on sale of covered loans and mortgage banking operations	--	--	82,026
Other	18,845	35,535	45,662
Total non-interest income	84,230	91,558	216,880
NON-INTEREST EXPENSE:			
Operating expenses:			
Compensation and benefits	301,697	317,496	363,698
Occupancy and equipment	89,174	100,107	98,963
General and administrative	120,347	129,025	178,557
Total operating expenses	511,218	546,628	641,218
Amortization of core deposit intangibles	--	--	208
Total non-interest expense	511,218	546,628	641,426
Income before income taxes	523,307	557,669	668,215
Income tax expense	128,264	135,252	202,014
Net income	$ 395,043	$ 422,417	$ 466,201
Preferred stock dividends	32,828	32,828	24,621
Net income available to common shareholders	$ 362,215	$ 389,589	$ 441,580
Basic earnings per common share	$0.77	$0.79	$0.90
Diluted earnings per common share	$0.77	$0.79	$0.90
Net income	$395,043	$422,417	$466,201
Other comprehensive income (loss), net of tax:			
Change in net unrealized gain (loss) on securities available for sale, net of tax of $(17,669); $32,166; and $(29,740), respectively	45,934	(49,732)	41,684
Change in the non-credit portion of OTTI losses recognized in other comprehensive income (loss), net of tax of $000; $(821); and $(13), respectively	--	(821)	20
Change in pension and post-retirement obligations, net of tax of $(5,033); $(4,897); and $(2,234), respectively	11,941	(21,943)	1,585
Change in net unrealized gain (loss) on cash flow hedges, net of tax of $(376)	964	--	--
Less: Reclassification adjustment for sales of available-for-sale securities, net of tax of $1,527; $(4); and $1,245, respectively	(3,918)	10	(1,743)
Reclassification adjustment for net gain on cash flow hedges included in net income, net of tax of $43	(111)	--	--
Total other comprehensive income (loss), net of tax	54,810	(72,486)	41,546
Total comprehensive income, net of tax	$449,853	$349,931	$507,747

See accompanying notes to the consolidated financial statements.

NEW YORK COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(in thousands, except share data)	Shares Outstanding	Preferred Stock (Par Value: $0.01)	Common Stock (Par Value: $0.01)	Paid-in Capital in excess of Par	Retained Earnings	Treasury Stock, at Cost	Accumulated Other Comprehensive Loss, Net of Tax	Total Stockholders' Equity
Twelve Months Ended December 31, 2019								
Balance at January 1, 2019	473,536,604	$502,840	$4,904	$6,099,940	$ 297,202	$(161,998)	$(87,653)	
Shares issued for restricted stock, net of forfeitures	1,665,028	--	--	(16,501)	--	16,501	--	$6,655,235
Compensation expense related to restricted stock awards	--	--	--	32,048	--	--	--	--
Net income	--	--	--	--	395,043	--	--	32,048
Dividends paid on common stock ($0.68)	--	--	--	--	(317,394)	--	--	395,043
Dividends paid on preferred stock ($63.76)	--	--	--	--	(32,828)	--	--	(317,394)
Purchase of common stock	(7,854,851)	--	--	--	--	(75,220)	--	(32,828)
Other comprehensive income, net of tax	--	--	--	--	--	--	54,810	(75,220)
Balance at December 31, 2019	467,346,781	$502,840	$4,904	$6,115,487	$ 342,023	$(220,717)	$(32,843)	54,810
								$6,711,694
Twelve Months Ended December 31, 2018								
Balance at January 1, 2018	488,490,352	$502,840	$4,891	$6,072,559	$ 237,868	$ (7,615)	$(15,167)	
Shares issued for restricted stock, net of forfeitures	2,039,603	--	13	(8,879)	--	8,866	--	$6,795,376
Compensation expense related to restricted stock awards	--	--	--	36,260	--	--	--	--
Net income	--	--	--	--	422,417	--	--	36,260
Dividends paid on common stock ($0.68)	--	--	--	--	(333,061)	--	--	422,417
Dividends paid on preferred stock ($63.76)	--	--	--	--	(32,828)	--	--	(333,061)
Effect of adopting ASU No. 2016-01	--	--	--	--	260	--	--	(32,828)
Effect of adopting ASU No. 2018-02	--	--	--	--	2,546	--	(2,546)	260
Purchase of common stock	(16,993,351)	--	--	--	--	(163,249)	--	--
Other comprehensive loss, net of tax	--	--	--	--	--	--	(69,940)	(163,249)
Balance at December 31, 2018	473,536,604	$502,840	$4,904	$6,099,940	$ 297,202	$(161,998)	$(87,653)	(69,940)
								$6,655,235
Twelve Months Ended December 31, 2017								
Balance at January 1, 2017	487,056,676	$ --	$4,871	$6,047,558	$ 128,435	$ (160)	$(56,713)	
Issuance of preferred stock (515,000 shares)	--	502,840	--	--	--	--	--	$6,123,991
Shares issued for restricted stock, net of forfeitures	2,718,049	--	20	(11,028)	--	11,008	--	502,840
Compensation expense related to restricted stock awards	--	--	--	36,029	--	--	--	--
Net income	--	--	--	--	466,201	--	--	36,029
Dividends paid on common stock ($0.68)	--	--	--	--	(332,147)	--	--	466,201
Dividends paid on preferred stock ($47.81)	--	--	--	--	(24,621)	--	--	(332,147)
Purchase of common stock	(1,284,373)	--	--	--	--	(18,463)	--	(24,621)
Other comprehensive income, net of tax	--	--	--	--	--	--	41,546	(18,463
Balance at December 31, 2017	488,490,352	$ 502,840	$ 4,891	$ 6,072,559	$ 237,868	$ (7,615)	$(15,167)	41,546

See accompanying notes to the consolidated financial statements.

NEW YORK COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Years Ended December 31, 2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 395,043	$ 422,417	$ 466,201
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	7,105	18,256	37,242
Depreciation	27,096	32,323	32,803
Amortization of discounts and premiums, net	7,951	(3,891)	(4,555)
Amortization of core deposit intangibles	--	--	208
Net (gain) loss on securities	(7,725)	14	(29,924)
Gain on trading activity	(66)	(222)	(316)
Net loss (gain) on sales of loans	75	(111)	(87,301)
Net gain on sales of fixed assets	(7,402)	--	--
Stock-based compensation	32,048	36,260	36,029
Deferred tax expense	100,813	23,197	21,444
Changes in operating assets and liabilities:			
(Increase) decrease in other assets[(1)]	(55,825)	29,952	451,873
Increase (decrease) in other liabilities[(2)]	10,571	(53,320)	23,329
Purchases of securities held for trading	(42,500)	(141,615)	(202,450)
Proceeds from sales of securities held for trading	42,566	141,837	202,766
Origination of loans held for sale	--	--	(1,674,123)
Proceeds from sales of loans originated for sale	--	35,258	2,053,484
Net cash provided by operating activities	509,750	540,355	1,326,710
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from repayment of securities held to maturity	--	--	175,375
Proceeds from repayment of securities available for sale	1,962,433	817,822	387,772
Proceeds from sales of securities held to maturity	--	--	547,925
Proceeds from sales of securities available for sale	361,311	278,539	453,878
Purchase of securities held to maturity	--	--	(13,030)
Purchase of securities available for sale	(2,503,248)	(3,288,204)	(1,163,043)
Redemption of Federal Home Loan Bank stock	135,906	120,220	90,909
Purchases of Federal Home Loan Bank stock	(138,878)	(160,991)	(103,794)
Purchases of (proceeds from) bank-owned life insurance, net	(138,119)	16,303	--
Proceeds from sales of loans	115,205	195,760	2,289,377
Purchases of loans	(864,299)	--	--
Other changes in loans, net	(998,515)	(1,990,068)	(1,575,846)
Proceeds from sales (purchases) of premises and equipment, net	9,297	(9,847)	(27,783)
Net cash (used in) provided by investing activities	(2,058,907)	(4,020,466)	1,061,740
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase in deposits	892,702	1,662,267	214,260
Net increase (decrease) in short-term borrowed funds	1,100,000	--	(460,000)
Proceeds from long-term borrowed funds	4,785,812	5,667,268	3,000,000
Repayments of long-term borrowed funds	(5,537,000)	(4,373,500)	(3,300,000)
Net proceeds from issuance of preferred stock	--	--	502,840
Cash dividends paid on common stock	(317,394)	(333,061)	(332,147)
Cash dividends paid on preferred stock	(32,828)	(32,828)	(24,621)
Treasury stock repurchased	(67,125)	(160,767)	--
Payments relating to treasury shares received for restricted stock award tax payments	(8,095)	(2,482)	(18,463)
Net cash provided by (used in) financing activities	816,072	2,426,897	(418,131)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(733,085)	(1,053,214)	1,970,319
Cash, cash equivalents, and restricted cash at beginning of year	1,474,955	2,528,169	557,850
Cash, cash equivalents, and restricted cash at end of year	$ 741,870	$ 1,474,955	$ 2,528,169
Supplemental information:			
Cash paid for interest	$813,161	$645,588	$ 447,476
Cash paid for income taxes	75,680	44,123	217,682
Non-cash investing and financing activities:			
Transfers to repossessed assets from loans	$ 4,689	$ 5,631	$ 9,973
Operating lease liabilities arising from obtaining right-of-use assets as of January 1, 2019	324,360	--	--
Securitization of residential mortgage loans to mortgage-backed securities available for sale	93,531	--	--
Transfer of loans from held for investment to held for sale	115,280	195,649	1,910,121
Disposition of premises and equipment	1,245	--	--
Shares issued for restricted stock awards	16,501	8,879	11,028
Securities transferred from held to maturity to available for sale	--	--	3,040,305

(1) Includes $38.4 million of amortization of operating lease right-of-use assets for the twelve months ended December 31, 2019.

(2) Includes $38.4 million of amortization of operating lease liability for the twelve months ended December 31, 2019.

See accompanying notes to the consolidated financial statements.

NOTE 1: ORGANIZATION AND BASIS OF PRESENTATION

Organization

New York Community Bancorp, Inc. (on a stand-alone basis, the "Parent Company" or, collectively with its subsidiaries, the "Company") was organized under Delaware law on July 20, 1993 and is the holding company for New York Community Bank (hereinafter referred to as the "Bank").

Founded on April 14, 1859 and formerly known as Queens County Savings Bank, the Bank converted from a state-chartered mutual savings bank to the capital stock form of ownership on November 23, 1993, at which date the Company issued its initial offering of common stock (par value: $0.01 per share) at a price of $25.00 per share ($0.93 per share on a split-adjusted basis, reflecting the impact of nine stock splits between 1994 and 2004).

The Company currently operates 238 branches through eight local divisions, each with a history of service and strength: Queens County Savings Bank, Roslyn Savings Bank, Richmond County Savings Bank, Roosevelt Savings Bank, and Atlantic Bank in New York; Garden State Community Bank in New Jersey; Ohio Savings Bank in Ohio; and AmTrust Bank in Arizona and Florida.

Basis of Presentation

The following is a description of the significant accounting and reporting policies that the Company and its subsidiaries follow in preparing and presenting their consolidated financial statements, which conform to U.S. generally accepted accounting principles ("GAAP") and to general practices within the banking industry. The preparation of financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates that are used in connection with the determination of the allowance for loan losses and the evaluation of goodwill for impairment,

The accompanying consolidated financial statements include the accounts of the Company and other entities in which the Company has a controlling financial interest. All inter-company accounts and transactions are eliminated in consolidation. The Company currently has certain unconsolidated subsidiaries in the form of wholly-owned statutory business trusts, which were formed to issue guaranteed capital securities. See Note 9, "Borrowed Funds," for additional information regarding these trusts.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For cash flow reporting purposes, cash and cash equivalents include cash on hand, amounts due from banks, and money market investments, which include federal funds sold and reverse repurchase agreements. At December 31, 2019 and 2018, the Company's cash and cash equivalents totaled $741.9 million and $1.5 billion, respectively. Included in cash and cash equivalents at those dates were $608.4 million and $1.3 billion, respectively, of interest-bearing deposits in other financial institutions, primarily consisting of balances due from the FRB-NY. Also included in cash and cash equivalents at December 31, 2019 and 2018 were federal funds sold of $1.7 million and $5.2 million, respectively. There were no reverse repurchase agreements outstanding at December 31, 2019 or 2018.

Debt Securities and Equity Investments with Readily Determinable Fair Values

The securities portfolio primarily consists of mortgage-related securities and, to a lesser extent, debt and equity (together, "other") securities. Securities that are classified as "available for sale" are carried at their estimated fair value, with any unrealized gains or losses, net of taxes, reported as accumulated other comprehensive income or loss in stockholders' equity. Securities that the Company has the intent and ability to hold to maturity are classified as "held to maturity" and carried at amortized cost, less the non-credit portion of OTTI recorded in AOCL, net of tax.

Equity investments with readily determinable fair values are measured at fair value with changes in fair value recognized in net income.

The fair values of our securities—and particularly our fixed-rate securities—are affected by changes in market interest rates and credit spreads. In general, as interest rates rise and/or credit spreads widen, the fair value of fixed-rate securities will decline. As interest rates fall and/or credit spreads tighten, the fair value of fixed-rate securities will rise. We regularly conduct a review and evaluation of our securities portfolio to determine if the decline in the fair value of any security below its carrying amount is other than temporary. If we deem any such decline in value to be other than temporary, the security is written down to its current fair value, creating a new cost basis, and the

resultant loss (other than the OTTI of debt securities attributable to non-credit factors) is charged against earnings and recorded in "Non-interest income." Our assessment of a decline in fair value requires judgment as to the financial position and future prospects of the entity that issued the investment security, as well as a review of the security's underlying collateral. Broad changes in the overall market or interest rate environment generally will not lead to a write-down.

In accordance with OTTI accounting guidance, unless we have the intent to sell, or it is more likely than not that we may be required to sell a security before recovery, OTTI is recognized as a realized loss in earnings to the extent that the decline in fair value is credit-related. If there is a decline in fair value of a security below its carrying amount and we have the intent to sell it, or it is more likely than not that we may be required to sell the security before recovery, the entire amount of the decline in fair value is charged to earnings.

Premiums and discounts on securities are amortized to expense and accreted to income over the remaining period to contractual maturity using a method that approximates the interest method, and are adjusted for anticipated prepayments. Dividend and interest income are recognized when earned. The cost of securities sold is based on the specific identification method.

Federal Home Loan Bank Stock

As a member of the FHLB-NY, the Company is required to hold shares of FHLB-NY stock, which is carried at cost. The Company's holding requirement varies based on certain factors, including its outstanding borrowings from the FHLB-NY.

The Company conducts a periodic review and evaluation of its FHLB-NY stock to determine if any impairment exists. The factors considered in this process include, among others, significant deterioration in FHLB-NY earnings performance, credit rating, or asset quality; significant adverse changes in the regulatory or economic environment; and other factors that could raise significant concerns about the creditworthiness and the ability of the FHLB-NY to continue as a going concern.

Loans

Loans, net, are carried at unpaid principal balances, including unearned discounts, purchase accounting (i.e., acquisition-date fair value) adjustments, net deferred loan origination costs or fees, and the allowance for loan losses.

The Company recognizes interest income on loans using the interest method over the life of the loan. Accordingly, the Company defers certain loan origination and commitment fees, and certain loan origination costs, and amortizes the net fee or cost as an adjustment to the loan yield over the term of the related loan. When a loan is sold or repaid, the remaining net unamortized fee or cost is recognized in interest income.

Prepayment income on loans is recorded in interest income and only when cash is received. Accordingly, there are no assumptions involved in the recognition of prepayment income.

Two factors are considered in determining the amount of prepayment income: the prepayment penalty percentage set forth in the loan documents, and the principal balance of the loan at the time of prepayment. The volume of loans prepaying may vary from one period to another, often in connection with actual or perceived changes in the direction of market interest rates. When interest rates are declining, rising precipitously, or perceived to be on the verge of rising, prepayment income may increase as more borrowers opt to refinance and lock in current rates prior to further increases taking place.

A loan generally is classified as a "non-accrual" loan when it is 90 days or more past due or when it is deemed to be impaired because the Company no longer expects to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, management ceases the accrual of interest owed, and previously accrued interest is charged against interest income. A loan is generally returned to accrual status when the loan is current and management has reasonable assurance that the loan will be fully collectible. Interest income on non-accrual loans is recorded when received in cash.

Allowance for Loan Losses

The allowance for loan losses represents our estimate of probable and estimable losses inherent in the loan portfolio as of the date of the balance sheet. Losses on loans are charged against, and recoveries of losses on loans are credited back to, the allowance for loan losses.

The methodology used for the allocation of the allowance for loan losses at December 31, 2019 and December 31, 2018 was generally comparable, whereby the Bank segregated their loss factors (used for both criticized and non-criticized loans) into a component that was primarily based on historical loss rates and a component that was primarily based on other qualitative factors that are probable to affect loan collectability. In determining the allowance for loan losses, management considers the Bank's current business strategies and credit processes, including compliance with applicable regulatory guidelines and with guidelines approved by the Boards of Directors with regard to credit limitations, loan approvals, underwriting criteria, and loan workout procedures.

The allowance for loan losses is established based on management's evaluation of incurred losses in the portfolio in accordance with GAAP, and is comprised of both specific valuation allowances and a general valuation allowance.

Specific valuation allowances are established based on management's analyses of individual loans that are considered impaired. If a loan is deemed to be impaired, management measures the extent of the impairment and establishes a specific valuation allowance for that amount. A loan is classified as impaired when, based on current information and/or events, it is probable that we will be unable to collect all amounts due under the contractual terms of the loan agreement. We apply this classification as necessary to loans individually evaluated for impairment in our portfolios. Smaller-balance homogenous loans and loans carried at the lower of cost or fair value are evaluated for impairment on a collective, rather than individual, basis. Loans to certain borrowers who have experienced financial difficulty and for which the terms have been modified, resulting in a concession, are considered TDRs and are classified as impaired.

We primarily measure impairment on an individual loan and determine the extent to which a specific valuation allowance is necessary by comparing the loan's outstanding balance to either the fair value of the collateral, less the estimated cost to sell, or the present value of expected cash flows, discounted at the loan's effective interest rate. Generally, when the fair value of the collateral, net of the estimated cost to sell, or the present value of the expected cash flows is less than the recorded investment in the loan, any shortfall is promptly charged off.

We also follow a process to assign the general valuation allowance to loan categories. The general valuation allowance is established by applying our loan loss provisioning methodology, and reflect the inherent risk in outstanding held-for-investment loans. This loan loss provisioning methodology considers various factors in determining the appropriate quantified risk factors to use to determine the general valuation allowance. The factors assessed begin with the historical loan loss experience for each major loan category. We also take into account an estimated historical loss emergence period (which is the period of time between the event that triggers a loss and the confirmation and/or charge-off of that loss) for each loan portfolio segment.

The allocation methodology consists of the following components: First, we determine an allowance for loan losses based on a quantitative loss factor for loans evaluated collectively for impairment. This quantitative loss factor is based primarily on historical loss rates, after considering loan type, historical loss and delinquency experience, and loss emergence periods. The quantitative loss factors applied in the methodology are periodically re-evaluated and adjusted to reflect changes in historical loss levels, loss emergence periods, or other risks. Lastly, we allocate an allowance for loan losses based on qualitative loss factors. These qualitative loss factors are designed to account for losses that may not be provided for by the quantitative loss component due to other factors evaluated by management, which include, but are not limited to:

- Changes in lending policies and procedures, including changes in underwriting standards and collection, and charge-off and recovery practices;
- Changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the portfolio, including the condition of various market segments;
- Changes in the nature and volume of the portfolio and in the terms of loans;
- Changes in the volume and severity of past-due loans, the volume of non-accrual loans, and the volume and severity of adversely classified or graded loans;
- Changes in the quality of our loan review system;
- Changes in the value of the underlying collateral for collateral-dependent loans;
- The existence and effect of any concentrations of credit, and changes in the level of such concentrations;
- Changes in the experience, ability, and depth of lending management and other relevant staff; and
- The effect of other external factors, such as competition and legal and regulatory requirements, on the level of estimated credit losses in the existing portfolio.

By considering the factors discussed above, we determine an allowance for loan losses that is applied to each significant loan portfolio segment to determine the total allowance for loan losses.

The historical loss period we use to determine the allowance for loan losses on loans is a rolling 36-quarter look-back period, as we believe this produces an appropriate reflection of our historical loss experience.

The process of establishing the allowance for losses on loans also involves:

- Periodic inspections of the loan collateral by qualified in-house and external property appraisers/inspectors;
- Regular meetings of executive management with the pertinent Board committees, during which observable trends in the local economy and/or the real estate market are discussed;
- Assessment of the aforementioned factors by the pertinent members of the Board of Directors and management when making a business judgment regarding the impact of anticipated changes on the future level of loan losses; and
- Analysis of the portfolio in the aggregate, as well as on an individual loan basis, taking into consideration payment history, underwriting analyses, and internal risk ratings.

In order to determine their overall adequacy, the loan loss allowance is reviewed quarterly by management Board Committees and the Board of Directors of the Bank, as applicable.

We charge off loans, or portions of loans, in the period that such loans, or portions thereof, are deemed uncollectible. The collectability of individual loans is determined through an assessment of the financial condition and repayment capacity of the borrower and/or through an estimate of the fair value of any underlying collateral. For non-real estate-related consumer credits, the following past-due time periods determine when charge-offs are typically recorded: (1) closed-end credits are charged off in the quarter that the loan becomes 120 days past due; (2) open-end credits are charged off in the quarter that the loan becomes 180 days past due; and (3) both closed-end and open-end credits are typically charged off in the quarter that the credit is 60 days past the date we received notification that the borrower has filed for bankruptcy.

The level of future additions to the respective loan loss allowance is based on many factors, including certain factors that are beyond management's control, such as changes in economic and local market conditions, including declines in real estate values, and increases in vacancy rates and unemployment. Management uses the best available information to recognize losses on loans or to make additions to the loan loss allowance; however, the Bank may be required to take certain charge-offs and/or recognize further additions to the loan loss allowance, based on the judgment of regulatory agencies with regard to information provided during their examinations of the Bank.

An allowance for unfunded commitments is maintained separate from the allowance for loan losses and is included in Other liabilities in the Consolidated Statements of Condition.

See Note 6, Allowance for Loan Losses for a further discussion of our allowance for loan losses.

Goodwill

We have significant intangible assets related to goodwill. In connection with our acquisitions, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill represents the excess of the purchase price of our acquisitions over the fair value of identifiable net assets acquired, including other identified intangible assets. Our goodwill is evaluated for impairment annually as of year-end or more frequently if conditions exist that indicate that the value may be impaired. We test our goodwill for impairment at the reporting unit level. These impairment evaluations are performed by comparing the carrying value of the goodwill of a reporting unit to its estimated fair value. We allocate goodwill to reporting units based on the reporting unit expected to benefit from the business combination. We have identified one reporting unit which is the same as our operating segment and reportable segment. If we change our strategy or if market conditions shift, our judgments may change, which may result in adjustments to the recorded goodwill balance.

For annual goodwill impairment testing, we have the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If we conclude that this is the case, we must perform the two-step test described below. If we conclude based on the qualitative assessment that it is not more likely than not that the fair

value of a reporting unit is less than its carrying amount, we have completed our goodwill impairment test and do not need to perform the two-step test.

Step one requires the fair value of each reporting unit is compared to its carrying value in order to identify potential impairment. If the fair value of a reporting unit exceeds the carrying value of its net assets, goodwill is not considered impaired and no further testing is required. If the carrying value of the net assets exceeds the fair value of a reporting unit, potential impairment is indicated at the reporting unit level and step two of the impairment test is performed.

Step two requires that when potential impairment is indicated in step one, we compare the implied fair value of goodwill with the carrying amount of that goodwill. Determining the implied fair value of goodwill requires a valuation of the reporting unit's tangible and (non-goodwill) intangible assets and liabilities in a manner similar to the allocation of the purchase price in a business combination. Any excess in the value of a reporting unit over the amounts assigned to its assets and liabilities is referred to as the implied fair value of goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

As of December 31, 2019, we had goodwill of $2.4 billion. During the year ended December 31, 2019, no triggering events were identified that indicated that the value of goodwill may be impaired. For the year ended December 31, 2019, the Company's annual goodwill impairment assessment, using step one of the quantitative test, found no indication of goodwill impairment.

Premises and Equipment, Net

Premises, furniture, fixtures, and equipment are carried at cost, less the accumulated depreciation computed on a straight-line basis over the estimated useful lives of the respective assets (generally 20 years for premises and three to ten years for furniture, fixtures, and equipment). Leasehold improvements are carried at cost less the accumulated amortization computed on a straight-line basis over the shorter of the related lease term or the estimated useful life of the improvement.

Depreciation and amortization are included in "Occupancy and equipment expense" in the Consolidated Statements of Income and Comprehensive Income, and amounted to $27.1 million, $32.3 million, and $32.8 million, respectively, in the years ended December 31, 2019, 2018, and 2017.

Bank-Owned Life Insurance

The Company has purchased life insurance policies on certain employees. These BOLI policies are recorded in the Consolidated Statements of Condition at their cash surrender value. Income from these policies and changes in the cash surrender value are recorded in "Non-interest income" in the Consolidated Statements of Income and Comprehensive Income. At December 31, 2019 and 2018, the Company's investment in BOLI was $1.1 billion and $977.6 million, respectively. The Company had additional purchases of BOLI of $150.0 million during the year ended December 31, 2019 and no additional purchases during the year ended December 31, 2018. The Company's investment in BOLI generated income of $28.4 million, $28.3 million, and $27.1 million, respectively, during the years ended December 31, 2019, 2018, and 2017.

Repossessed Assets and OREO

Repossessed assets consist of any property or other assets acquired through, or in lieu of, foreclosure are sold or rented, and are recorded at fair value, less the estimated selling costs, at the date of acquisition. Following foreclosure, management periodically performs a valuation of the asset, and the assets are carried at the lower of the carrying amount or fair value, less the estimated selling costs. Expenses and revenues from operations and changes in valuation, if any, are included in "General and administrative expense" in the Consolidated Statements of Income and Comprehensive Income. At December 31, 2019, the Company had $2.0 million of OREO and $10.3 million of taxi medallions. At December 31, 2018, the Company had $2.6 million of OREO and $8.2 million of taxi medallions.

Income Taxes

Income tax expense consists of income taxes that are currently payable and deferred income taxes. Deferred income tax expense is determined by recognizing deferred tax assets and liabilities for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. The Company assesses the deferred tax assets and establishes a valuation allowance when realization of a deferred asset

is not considered to be "more likely than not." The Company considers its expectation of future taxable income in evaluating the need for a valuation allowance.

The Company estimates income taxes payable based on the amount it expects to owe the various tax authorities (i.e., federal, state, and local). Income taxes represent the net estimated amount due to, or to be received from, such tax authorities. In estimating income taxes, management assesses the relative merits and risks of the appropriate tax treatment of transactions, taking into account statutory, judicial, and regulatory guidance in the context of the Company's tax position. In this process, management also relies on tax opinions, recent audits, and historical experience. Although the Company uses the best available information to record income taxes, underlying estimates and assumptions can change over time as a result of unanticipated events or circumstances such as changes in tax laws and judicial guidance influencing its overall tax position.

Derivative Instruments and Hedging Activities

The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

Stock-Based Compensation

Under the New York Community Bancorp, Inc. 2012 Stock Incentive Plan (the "2012 Stock Incentive Plan"), which was approved by the Company's shareholders at its Annual Meeting on June 7, 2012, shares are available for grant as restricted stock or other forms of related rights. At December 31, 2019, the Company had 2,507,490 shares available for grant under the 2012 Stock Incentive Plan. Compensation cost related to restricted stock grants is recognized on a straight-line basis over the vesting period. For a more detailed discussion of the Company's stock-based compensation, see Note 15, "Stock-Related Benefit Plans."

Retirement Plans

The Company's pension benefit obligations and post-retirement health and welfare benefit obligations, and the related costs, are calculated using actuarial concepts in accordance with GAAP. The measurement of such obligations and expenses requires that certain assumptions be made regarding several factors, most notably including the discount rate and the expected rate of return on plan assets. The Company evaluates these assumptions on an annual basis. Other factors considered by the Company in its evaluation include retirement patterns, mortality rates, turnover, and the rate of compensation increase.

Under GAAP, actuarial gains and losses, prior service costs or credits, and any remaining transition assets or obligations that have not been recognized under previous accounting standards must be recognized in AOCL until they are amortized as a component of net periodic benefit cost.

Earnings per Common Share (Basic and Diluted)

Basic EPS is computed by dividing the net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed using the same method as basic EPS, however, the computation reflects the potential dilution that would occur if outstanding in-the-money stock options were exercised and converted into common stock.

Unvested stock-based compensation awards containing non-forfeitable rights to dividends paid on the Company's common stock are considered participating securities, and therefore are included in the two-class method for calculating EPS. Under the two-class method, all earnings (distributed and undistributed) are allocated to common shares and participating securities based on their respective rights to receive dividends on the common stock. The Company grants restricted stock to certain employees under its stock-based compensation plan. Recipients receive cash dividends during the vesting periods of these awards, including on the unvested portion of

such awards. Since these dividends are non-forfeitable, the unvested awards are considered participating securities and therefore have earnings allocated to them.

The following table presents the Company's computation of basic and diluted earnings per common share for the years ended December 31, 2019, 2018, and 2017:

	Years Ended December 31,		
(in thousands, except share and per share amounts)	2019	2018	2017
Net income available to common shareholders	$362,215	$389,589	$441,580
Less: Dividends paid on and earnings allocated to participating securities	(4,333)	(4,871)	(3,554)
Earnings applicable to common stock	$357,882	$384,718	$438,026
Weighted average common shares outstanding	465,380,010	487,287,872	487,073,951
Basic earnings per common share	$0.77	$0.79	$0.90
Earnings applicable to common stock	$357,882	$384,718	$438,026
Weighted average common shares outstanding	465,380,010	487,287,872	487,073,951
Potential dilutive common shares	283,322	--	--
Total shares for diluted earnings per common share computation	465,663,332	487,287,872	487,073,951
Diluted earnings per common share and common share equivalents	$0.77	$0.79	$0.90

Impact of Recent Accounting Pronouncements

Recently Adopted Accounting Standards

The Company adopted ASU No. 2018-16, Derivatives and Hedging (Topic 815)—Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes, effective on its issuance date of October 25, 2018. The purpose of ASU No. 2018-16 is to permit the use of the OIS rate based on SOFR as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815. The amendments in ASU No. 2018-16 are required to be applied prospectively for qualifying new or redesignated hedging relationships entered into on or after the date of adoption. The adoption of ASU No. 2018-16 did not have a material impact on the Company's Consolidated Statements of Condition, results of operations, or cash flows.

The Company adopted ASU No. 2018-15, Intangibles – Goodwill and Other – Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract as of January 1, 2019. ASU No. 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendment. The adoption of ASU No. 2018-15 did not have a material effect on the Company's Consolidated Statements of Condition, results of operations, or cash flows.

The Company adopted ASU No. 2017-08, Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities as of January 1, 2019. ASU No. 2017-08 specifies that the premium amortization period ends at the earliest call date, rather than the contractual maturity date, for purchased non-contingently callable debt securities. Shortening the amortization period is generally expected to more closely align the interest income recognition with the expectations incorporated in the market pricing of the underlying securities. The adoption of ASU No. 2017-08 on January 1, 2019 did not have a material effect on the Company's Consolidated Statements of Condition, results of operations, or cash flows.

The Company adopted ASU No. 2016-02, Leases (Topic 842), and its subsequent amendments to the ASU as of January 1, 2019, using the modified retrospective approach and utilizing the effective date as its date of initial application, for which prior periods are presented in accordance with the previous guidance in ASC 840, Leases. Topic 842 was intended to improve financial reporting about leasing transactions and the key provision impacting the Company was the requirement for a lessee to record a right-of-use asset and a liability, which represents the obligation to make lease payments for long-term operating leases. Additionally, ASU No. 2016-02 includes quantitative and qualitative disclosures required by lessees and lessors to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. Topic 842 includes a number of optional practical expedients that entities may elect to apply. The Company adopted the practical expedients of: not reevaluating whether or not a

contract contains a lease; retaining current lease classification; not reassessing initial direct costs for existing leases; and not reassessing existing land easements that were not previously accounted for as leases under current lease accounting rules. Accordingly, previously reported financial statements, including footnote disclosures, have not been recast to reflect the application of ASU No. 2016-02 to all comparative periods presented. The adoption of ASU No. 2016-02, as reflected in Note 7, did not have a material impact on the Company's Consolidated Statements of Condition, results of operations, or cash flows.

NOTE 3: RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE LOSS

(in thousands)	For the Twelve Months Ended December 31, 2019	
Details about Accumulated Other Comprehensive Loss	Amount Reclassified out of Accumulated Other Comprehensive Loss [1]	Affected Line Item in the Consolidated Statements of Income and Comprehensive Income
Unrealized gains on available-for-sale securities:	$ 5,445	Net gain on securities
	(1,527)	Income tax expense
	$ 3,918	Net gain on securities, net of tax
Unrealized gains on cash flow hedges:	$ 154	Interest expense
	(43)	Income tax benefit
	$ $111	Net gain on cash flow hedges, net of tax
Amortization of defined benefit pension plan items:		
Past service liability	$ 249	Included in the computation of net periodic credit[2]
Actuarial losses	(10,160)	Included in the computation of net periodic cost [2]
	(9,911)	Total before tax
	2,726	Income tax benefit
	$ (7,185)	Amortization of defined benefit pension plan items, net of tax
Total reclassifications for the period	$ (3,156)	

(1) Amounts in parentheses indicate expense items.
(2) See Note 14, "Employee Benefits," for additional information.

NOTE 4: SECURITIES

The following tables summarize the Company's portfolio of debt securities available for sale and equity investments with readily determinable fair values at December 31, 2019 and 2018:

(in thousands)	December 31, 2019			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Debt securities available-for-sale				
Mortgage-Related Debt Securities:				
GSE certificates	$1,530,317	$26,069	$ 3,763	$1,552,623
GSE CMOs	1,783,440	21,213	3,541	1,801,112
Total mortgage-related debt securities	$3,313,757	$47,282	$ 7,304	$3,353,735
Other Debt Securities:				
U. S. Treasury obligations	$ 41,820	$ 19	$ --	$ 41,839
GSE debentures	1,093,845	5,707	5,312	1,094,240
Asset-backed securities (1)	384,108	--	10,854	373,254
Municipal bonds	26,808	559	475	26,892
Corporate bonds	854,195	15,970	2,983	867,182
Capital trust notes	95,100	7,121	6,306	95,915
Total other debt securities	$2,495,876	$29,376	$25,930	$2,499,322
Total other securities available for sale (2)	$5,809,633	$76,658	$33,234	$5,853,057
Equity securities:				
Preferred stock	15,292	122	--	15,414
Mutual funds and common stock (3)	16,871	718	173	17,416
Total equity securities	$ 32,163	$ 840	$ 173	$ 32,830
Total securities	$5,841,796	$77,498	$33,407	$5,885,887

(1) The underlying assets of the asset-backed securities are substantially guaranteed by the U.S. Government.

(2) The amortized cost includes the non-credit portion of OTTI recorded in AOCL. At December 31, 2019, the non-credit portion of OTTI recorded in AOCL was $8.6 million before taxes.

(3) Primarily consists of mutual funds that are CRA-qualified investments.

(in thousands)	December 31, 2018			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Debt securities available-for-sale				
Mortgage-Related Debt Securities:				
GSE certificates	$1,705,336	$18,146	$15,961	$1,707,521
GSE CMOs	1,248,621	8,380	4,240	1,252,761
Total mortgage-related debt securities	$2,953,957	$26,526	$20,201	$2,960,282
Other Debt Securities:				
GSE debentures	$1,334,549	$ 3,366	$ 8,988	$1,328,927
Asset-backed securities (1)	386,768	784	430	387,122
Municipal bonds	68,551	195	2,563	66,183
Corporate bonds	836,153	8,667	23,105	821,715
Capital trust notes	48,278	6,435	5,422	49,291
Total other debt securities	$2,674,299	$19,447	$40,508	$2,653,238
Total other securities available for sale (2)	$5,628,256	$45,973	$60,709	$5,613,520
Equity securities:				
Preferred stock	15,292	--	1,446	13,846
Mutual funds and common stock (3)	16,870	366	531	16,705
Total equity securities	$ 32,162	$ 366	$ 1,977	$ 30,551
Total securities	$5,660,418	$46,339	$62,686	$5,644,071

(1) The underlying assets of the asset-backed securities are substantially guaranteed by the U.S. Government.

(2) The amortized cost includes the non-credit portion of OTTI recorded in AOCL. At December 31, 2018, the non-credit portion of OTTI recorded in AOCL was $8.6 million before taxes.

(3) Primarily consists of mutual funds that are CRA-qualified investments.

At December 31, 2019 and 2018, respectively, the Company had $647.6 million and $644.6 million of FHLB-NY stock, at cost. The Company maintains an investment in FHLB-NY stock partly in conjunction with its membership in the FHLB and partly related to its access to the FHLB funding it utilizes.

The following table summarizes the gross proceeds, gross realized gains, and gross realized losses from the sale of available-for-sale securities during the years ended December 31, 2019, 2018, and 2017:

	December 31,		
(in thousands)	2019	2018	2017
Gross proceeds	$361,311	$278,539	$453,878
Gross realized gains	5,445	967	3,848
Gross realized losses	--	981	860

Net unrealized gains on equity securities recognized in earnings for the year ended December 31, 2019 were $2.3 million. Net unrealized losses on equity securities recognized in earnings for the year ended December 31, 2018 were $2.0 million.

In addition, during the twelve months ended December 31, 2017, the Company sought to take advantage of favorable bond market conditions and sold held-to-maturity securities with an amortized cost of $521.0 million resulting in gross proceeds of $547.9 million including a gross realized gain of $26.9 million. Accordingly, the Company transferred the remaining $3.0 billion of held-to-maturity securities to available-for-sale with a net unrealized gain of $82.8 million classified in other comprehensive loss in the Consolidated Statements of Condition. Having the securities portfolio classified as available-for-sale improves the Company's liquidity measures.

In the following table, the beginning balance represents the credit loss component for debt securities on which OTTI occurred prior to January 1, 2019. For credit-impaired debt securities, OTTI recognized in earnings after that date is presented as an addition in two components, based upon whether the current period is the first time a debt security was credit-impaired (initial credit impairment) or is not the first time a debt security was credit-impaired (subsequent credit impairment).

(in thousands)	For the Twelve Months Ended December 31, 2019
Beginning credit loss amount as of December 31, 2018	$196,187
Add: Initial other-than-temporary credit losses	--
Subsequent other-than-temporary credit losses	--
Amount previously recognized in AOCL	--
Less: Realized losses for securities sold	--
Securities intended or required to be sold	--
Increase in cash flows on debt securities	55
Ending credit loss amount as of December 31, 2019	$196,132

The following table summarizes, by contractual maturity, the amortized cost of securities at December 31, 2019:

(dollars in thousands)	Mortgage-Related Securities	Average Yield	U.S. Government and GSE Obligations	Average Yield	State, County, and Municipal	Average Yield [1]	Other Debt Securities [2]	Average Yield	Fair Value
Available-for-Sale Debt Securities:									
Due within one year	$ 60,091	3.26%	$ 41,820	1.77%	$ 148	6.66%	$ 13,982	3.79%	$ 116,450
Due from one to five years	497,541	3.37	32,874	3.48	--	--	179,566	3.28	727,437
Due from five to ten years	330,095	3.22	939,971	3.01	20,773	3.49	749,871	3.22	2,061,599
Due after ten years	2,426,030	2.85	121,000	2.83	5,887	3.33	389,984	2.67	2,947,571
Total debt securities available for sale	$3,313,757	2.97	$ 1,135,665	2.96	$26,808	3.47	$1,333,403	3.07	$5,853,057

(1) Not presented on a tax-equivalent basis.
(2) Includes corporate bonds, capital trust notes, and asset-backed securities.

The following table presents securities having a continuous unrealized loss position for less than twelve months and for twelve months or longer as of December 31, 2019:

	Less than Twelve Months		Twelve Months or Longer		Total	
(in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Temporarily Impaired Securities:						
U. S. Treasury obligations	$ 11,917	$ --	$ --	$ --	$ 11,917	$ --
GSE debentures	297,179	3,916	138,189	1,396	435,368	5,312
GSE certificates	396,930	3,718	7,542	45	404,472	3,763
GSE CMOs	609,502	2,582	133,955	959	743,457	3,541
Asset-backed securities	256,619	7,701	116,635	3,154	373,254	10,855
Municipal bonds	--	--	9,349	475	9,349	475
Corporate bonds	99,300	700	172,717	2,282	272,017	2,982
Capital trust notes	--	--	37,525	6,306	37,525	6,306
Equity securities	--	--	11,633	173	11,633	173
Total temporarily impaired securities	$ 1,671,447	$18,617	$627,545	$ 14,790	$ 2,298,992	$ 33,407

The following table presents securities having a continuous unrealized loss position for less than twelve months and for twelve months or longer as of December 31, 2018:

	Less than Twelve Months		Twelve Months or Longer		Total	
(in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Temporarily Impaired Securities:						
GSE debentures	$ 276,113	$ 2,629	$329,372	$ 6,359	$ 605,485	$ 8,988
GSE certificates	576,970	10,598	232,969	5,363	809,939	15,961
GSE CMOs	465,779	1,892	99,050	2,348	564,829	4,240
Asset-backed securities	69,166	430	--	--	69,166	430
Municipal bonds	5,876	21	48,837	2,542	54,713	2,563
Corporate bonds	642,843	23,105	--	--	642,843	23,105
Capital trust notes	--	--	38,360	5,422	38,360	5,422
Equity securities	17,836	1,464	11,293	513	29,129	1,977
Total temporarily impaired securities	$ 2,054,583	$40,139	$759,881	$ 22,547	$ 2,814,464	$ 62,686

An OTTI loss on impaired debt securities must be fully recognized in earnings if an investor has the intent to sell the debt security, or if it is more likely than not that the investor will be required to sell the debt security before recovery of its amortized cost. However, even if an investor does not expect to sell a debt security, it must evaluate the expected cash flows to be received and determine if a credit loss has occurred. In the event that a credit loss occurs, only the amount of impairment associated with the credit loss is recognized in earnings. Amounts of impairment relating to factors other than credit losses are recorded in AOCL.

At December 31, 2019, the Company had unrealized losses on certain available for sale GSE obligations, municipal bonds, corporate bonds, asset-backed securities, capital trust notes, and equity investments with readily determinable fair values. The unrealized losses on the Company's GSE obligations, municipal bonds, corporate bonds, asset-backed securities and capital trust notes at December 31, 2019 were primarily caused by movements in market interest rates and spread volatility, rather than credit risk. These securities are not expected to be settled at a price that is less than the amortized cost of the Company's investment.

The Company reviews quarterly financial information related to its investments in capital trust notes, as well as other information that is released by each of the issuers of such notes, to determine their continued creditworthiness. The Company continues to monitor these investments and currently estimates that the present value of expected cash flows is not less than the amortized cost of the securities. It is possible that these securities will perform worse than is currently expected, which could lead to adverse changes in cash flows from these securities and potential OTTI losses in the future. Future events that could trigger material unrecoverable declines in the fair values of the Company's investments, and thus result in potential OTTI losses, include, but are not limited to, government intervention; deteriorating asset quality and credit metrics; significantly higher levels of default and loan loss provisions; losses in value on the underlying collateral; net operating losses; and illiquidity in the financial markets.

The unrealized losses on the Company's equity investments with readily determinable fair values at December 31, 2019 were caused by market volatility. Equity investments with readily determinable fair values are measured at fair value with changes in fair value recognized in net income, thus eliminating eligibility for the available-for-sale category. Events that could trigger a material decline in the fair value of these securities include, but are not limited to, deterioration in the equity markets; a decline in the quality of the loan portfolio of the issuer in which the Company has invested; and the recording of higher loan loss provisions and net operating losses by such issuer.

The investment securities designated as having a continuous loss position for twelve months or more at December 31, 2019 consisted of seven US Government agency securities, five capital trusts notes, three agency mortgage-related securities, three agency CMOs, three asset backed securities, two corporate bonds, one municipal bond, and one mutual fund. At December 31, 2018 securities designated as having a continuous loss position for twelve months or more consisted of nine agency mortgage-related securities, nine US Government agency securities, seven agency CMOs, five capital trusts notes, three municipal bonds, and one mutual fund.

At December 31, 2019, the fair value of securities having a continuous loss position for twelve months or more was 2.3% below the collective amortized cost of $642.3 million. At December 31, 2018, the fair value of such securities was 2.9% below the collective amortized cost of $782.4 million. At December 31, 2019 and 2018, the combined market value of the respective securities represented unrealized losses of $14.8 million and $22.5 million, respectively.

NOTE 5: LOANS AND LEASES

The following table sets forth the composition of the loan and lease portfolio at the dates indicated:

(dollars in thousands)	December 31, 2019 Amount	December 31, 2019 Percent of Loans Held for Investment	December 31, 2018 Amount	December 31, 2018 Percent of Loans Held for Investment
Loans and Leases Held for Investment:				
Mortgage Loans:				
Multi-family	$31,158,672	74.46%	$29,883,919	74.46%
Commercial real estate	7,081,910	16.93	6,998,834	17.44
One-to-four family	380,361	0.91	446,094	1.11
Acquisition, development, and construction	200,596	0.48	407,870	1.02
Total mortgage loans held for investment	38,821,539	92.78	37,736,717	94.03
Other Loans:				
Commercial and industrial	1,742,380	4.16	1,705,308	4.25
Lease financing, net of unearned income of $104,826 and $53,891, respectively	1,271,998	3.04	683,112	1.70
Total commercial and industrial loans[1]	3,014,378	7.20	2,388,420	5.95
Other	8,102	0.02	8,724	0.02
Total other loans held for investment	3,022,480	7.22	2,397,144	5.97
Total loans and leases held for investment	$41,844,019	100.00%	$40,133,861	100.00%
Net deferred loan origination costs	50,136		32,047	
Allowance for loan losses	(147,638)		(159,820)	
Total loans and leases, net	$41,746,517		$40,006,088	

(1) Includes specialty finance loans and leases of $2.6 billion and $1.9 billion, respectively, at December 31, 2019 and 2018. Other C&I loans of $420.1 million and $469.9 million, respectively, at December 31, 2019 and 2018.

Loans and Leases

Loans and Leases Held for Investment

The majority of the loans the Company originates for investment are multi-family loans, most of which are collateralized by non-luxury apartment buildings in New York City with rent-regulated units and below-market rents. In addition, the Company originates CRE loans, most of which are collateralized by income-producing properties such as office buildings, retail centers, mixed-use buildings, and multi-tenanted light industrial properties that are located in New York City and on Long Island.

To a lesser extent, the Company also originates ADC loans for investment. One-to-four family loans held for investment were originated through the Company's former mortgage banking operation and primarily consisted of jumbo prime adjustable rate mortgages made to borrowers with a solid credit history.

ADC loans are primarily originated for multi-family and residential tract projects in New York City and on Long Island. C&I loans consist of asset-based loans, equipment loans and leases, and dealer floor-plan loans (together, specialty finance loans and leases) that generally are made to large corporate obligors, many of which are publicly traded, carry investment grade or near-investment grade ratings, and participate in stable industries nationwide; and other C&I loans that primarily are made to small and mid-size businesses in Metro New York. Other C&I loans are typically made for working capital, business expansion, and the purchase of machinery and equipment.

The repayment of multi-family and CRE loans generally depends on the income produced by the underlying properties which, in turn, depends on their successful operation and management. To mitigate the potential for credit losses, the Company underwrites its loans in accordance with credit standards it considers to be prudent, looking first at the consistency of the cash flows being produced by the underlying property. In addition, multi-family buildings, CRE properties, and ADC projects are inspected as a prerequisite to approval, and independent appraisers, whose appraisals are carefully reviewed by the Company's in-house appraisers, perform appraisals on the collateral properties. In many cases, a second independent appraisal review is performed.

To further manage its credit risk, the Company's lending policies limit the amount of credit granted to any one borrower and typically require conservative debt service coverage ratios and loan-to-value ratios. Nonetheless, the ability of the Company's borrowers to repay these loans may be impacted by adverse conditions in the local real estate

market, the local economy and changes in applicable laws and regulations. Accordingly, there can be no assurance that its underwriting policies will protect the Company from credit-related losses or delinquencies.

ADC loans typically involve a higher degree of credit risk than loans secured by improved or owner-occupied real estate. Accordingly, borrowers are required to provide a guarantee of repayment and completion, and loan proceeds are disbursed as construction progresses, as certified by in-house inspectors or third-party engineers. The Company seeks to minimize the credit risk on ADC loans by maintaining conservative lending policies and rigorous underwriting standards. However, if the estimate of value proves to be inaccurate, the cost of completion is greater than expected, or the length of time to complete and/or sell or lease the collateral property is greater than anticipated, the property could have a value upon completion that is insufficient to assure full repayment of the loan. This could have a material adverse effect on the quality of the ADC loan portfolio, and could result in losses or delinquencies. In addition, the Company utilizes the same stringent appraisal process for ADC loans as it does for its multi-family and CRE loans.

To minimize the risk involved in specialty finance lending and leasing, the Company participates in syndicated loans that are brought to it, and equipment loans and leases that are assigned to it, by a select group of nationally recognized sources who have had long-term relationships with its experienced lending officers. Each of these credits is secured with a perfected first security interest or outright ownership in the underlying collateral, and structured as senior debt or as a non-cancelable lease. To further minimize the risk involved in specialty finance lending and leasing, each transaction is re-underwritten. In addition, outside counsel is retained to conduct a further review of the underlying documentation.

To minimize the risks involved in other C&I lending, the Company underwrites such loans on the basis of the cash flows produced by the business; requires that such loans be collateralized by various business assets, including inventory, equipment, and accounts receivable, among others; and typically requires personal guarantees. However, the capacity of a borrower to repay such a C&I loan is substantially dependent on the degree to which the business is successful. In addition, the collateral underlying such loans may depreciate over time, may not be conducive to appraisal, or may fluctuate in value, based upon the results of operations of the business.

Included in loans held for investment at December 31, 2019 were loans of $38.2 million to officers, directors, and their related interests and parties. There were no loans to principal shareholders at that date.

Asset Quality

The following table presents information regarding the quality of the Company's loans held for investment at December 31, 2019:

(in thousands)	Loans 30-89 Days Past Due	Non-Accrual Loans	Loans 90 Days or More Delinquent and Still Accruing Interest	Total Past Due Loans	Current Loans	Total Loans Receivable
Multi-family	$1,131	$ 5,407	$--	$ 6,538	$31,152,134	$31,158,672
Commercial real estate	2,545	14,830	--	17,375	7,064,535	7,081,910
One-to-four family	--	1,730	--	1,730	378,631	380,361
Acquisition, development, and construction	--	--	--	--	200,596	200,596
Commercial and industrial[(1) (2)]	--	39,024	--	39,024	2,975,354	3,014,378
Other	44	252	--	296	7,806	8,102
Total	$3,720	$61,243	$--	$64,963	$41,779,056	$41,844,019

(1) Includes $30.4 million of taxi medallion-related loans that were 90 days or more past due. There were no taxi medallion-related loans that were 30 to 89 days past due.

(2) Includes lease financing receivables, all of which were current.

The following table presents information regarding the quality of the Company's loans held for investment at December 31, 2018:

(in thousands)	Loans 30-89 Days Past Due	Non-Accrual Loans	Loans 90 Days or More Delinquent and Still Accruing Interest	Total Past Due Loans	Current Loans	Total Loans Receivable
Multi-family	$ --	$ 4,220	$--	$ 4,220	$29,879,699	$29,883,919
Commercial real estate	--	3,021	--	3,021	6,995,813	6,998,834
One-to-four family	9	1,651	--	1,660	444,434	446,094
Acquisition, development, and construction	--	--	--	--	407,870	407,870
Commercial and industrial[(1) (2)]	530	36,608	--	37,138	2,351,282	2,388,420
Other	25	6	--	31	8,693	8,724
Total	$564	$45,506	$--	$46,070	$40,087,791	$40,133,861

(1) Includes $530,000 and $35.5 million of taxi medallion-related loans that were 30 to 89 days past due and 90 days or more past due, respectively.

(2) Includes lease financing receivables, all of which were current.

The following table summarizes the Company's portfolio of loans held for investment by credit quality indicator at December 31, 2019:

	Mortgage Loans					Other Loans		
(in thousands)	Multi-Family	Commercial Real Estate	One-to-Four Family	Acquisition, Development, and Construction	Total Mortgage Loans	Commercial and Industrial[(1)]	Other	Total Other Loans
Credit Quality Indicator:								
Pass	$30,903,657	$6,902,218	$377,883	$158,751	$38,342,509	$2,960,557	$7,850	$2,968,407
Special mention	239,664	104,648	748	41,456	386,516	1,588	--	1,588
Substandard	15,351	75,044	1,730	389	92,514	52,233	252	52,485
Doubtful	--	--	--	--	--	--	--	--
Total	$31,158,672	$7,081,910	$380,361	$200,596	$38,821,539	$3,014,378	$8,102	$3,022,480

(1) Includes lease financing receivables, all of which were classified as Pass.

The following table summarizes the Company's portfolio of loans held for investment by credit quality indicator at December 31, 2018:

	Mortgage Loans					Other Loans		
(in thousands)	Multi-Family	Commercial Real Estate	One-to-Four Family	Acquisition, Development, and Construction	Total Mortgage Loans	Commercial and Industrial[(1)]	Other	Total Other Loans
Credit Quality Indicator:								
Pass	$29,548,242	$6,880,105	$444,443	$319,001	$37,191,791	$2,306,563	$8,469	$2,315,032
Special mention	312,025	90,653	--	73,964	476,642	19,751	--	19,751
Substandard	23,652	28,076	1,651	14,905	68,284	62,106	255	62,361
Doubtful	--	--	--	--	--	--	--	--
Total	$29,883,919	$6,998,834	$446,094	$407,870	$37,736,717	$2,388,420	$8,724	$2,397,144

(1) Includes lease financing receivables, all of which were classified as Pass.

The preceding classifications are the most current ones available and generally have been updated within the last twelve months. In addition, they follow regulatory guidelines and can generally be described as follows: pass loans are of satisfactory quality; special mention loans have potential weaknesses that deserve management's close attention; substandard loans are inadequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged (these loans have a well-defined weakness and there is a possibility that the Company will sustain some loss); and doubtful loans, based on existing circumstances, have weaknesses that make collection or liquidation in full highly questionable and improbable. In addition, one-to-four family loans are classified based on the duration of the delinquency.

At December 31, 2019 and 2018, the Company had no residential mortgage loans in the process of foreclosure.

The interest income that would have been recorded under the original terms of non-accrual loans at the respective year-ends, and the interest income actually recorded on these loans in the respective years, is summarized below:

(in thousands)	December 31, 2019	2018	2017
Interest income that would have been recorded	$ 5,599	$ 4,145	$ 4,974
Interest income actually recorded	(3,409)	(3,480)	(2,904)
Interest income foregone	$ 2,190	$ 665	$ 2,070

Troubled Debt Restructurings

The Company is required to account for certain loan modifications and restructurings as TDRs. In general, a modification or restructuring of a loan constitutes a TDR if the Company grants a concession to a borrower experiencing financial difficulty. A loan modified as a TDR generally is placed on non-accrual status until the Company determines that future collection of principal and interest is reasonably assured, which requires, among other things, that the borrower demonstrate performance according to the restructured terms for a period of at least six consecutive months.

In an effort to proactively manage delinquent loans, the Company has selectively extended to certain borrowers concessions such as rate reductions, extension of maturity dates, and forbearance agreements. As of December 31, 2019, loans on which concessions were made with respect to rate reductions and/or extension of maturity dates amounted to $32.7 million; loans on which forbearance agreements were reached amounted to $7.8 million.

The following table presents information regarding the Company's TDRs as of December 31, 2019 and 2018:

	December 31, 2019			December 31, 2018		
(in thousands)	Accruing	Non-Accrual	Total	Accruing	Non-Accrual	Total
Loan Category:						
Multi-family	$ --	$ 3,577	$ 3,577	$ --	$ 4,220	$ 4,220
Commercial real estate	--	--	--	--	--	--
One-to-four family	--	584	584	--	1,022	1,022
Acquisition, development, and construction	389	--	389	8,297	--	8,297
Commercial and industrial[(1)]	865	35,084	35,949	865	20,477	21,342
Total	$1,254	$39,245	$40,499	$9,162	$25,719	$34,881

(1) Includes $27.3 million and $20.4 million of taxi medallion-related loans at December 31, 2019 and 2018, respectively.

The eligibility of a borrower for work-out concessions of any nature depends upon the facts and circumstances of each loan, which may change from period to period, and involves judgment by Company personnel regarding the likelihood that the concession will result in the maximum recovery for the Company.

The financial effects of the Company's TDRs for the twelve months ended December 31, 2019, 2018 and 2017 are summarized as follows:

	For the Twelve Months Ended December 31, 2019						
				Weighted Average Interest Rate			
(dollars in thousands)	Number of Loans	Pre-Modification Recorded Investment	Post-Modification Recorded Investment	Pre-Modification	Post-Modification	Charge-off Amount	Capitalized Interest
Loan Category:							
One-to-four family	1	$ 131	$ 131	5.50 %	5.50%	$ --	$ 3
Commercial and industrial	72	35,156	30,685	4.31	4.37	4,471	--
Total	73	$35,287	$30,816			$4,471	$ 3

	For the Twelve Months Ended December 31, 2018						
				Weighted Average Interest Rate			
(dollars in thousands)	Number of Loans	Pre-Modification Recorded Investment	Post-Modification Recorded Investment	Pre-Modification	Post-Modification	Charge-off Amount	Capitalized Interest
Loan Category:							
Acquisition, development, and construction	1	$ 900	$ 900	4.50 %	4.50%	$ --	$--
Commercial and industrial	21	7,763	5,455	3.25	3.13	2,308	--
Total	22	$8,663	$6,355			$2,308	$--

	For the Twelve Months Ended December 31, 2017						
				Weighted Average Interest Rate			
(dollars in thousands)	Number of Loans	Pre-Modification Recorded Investment	Post-Modification Recorded Investment	Pre-Modification	Post-Modification	Charge-off Amount	Capitalized Interest
Loan Category:							
One-to-four family	4	$ 810	$ 986	5.93 %	2.21 %	$ --	$12
Acquisition, development, and construction	2	8,652	8,652	5.50	5.50	--	--
Commercial and industrial	65	52,179	26,409	3.36	3.29	14,273	--
Total	71	$61,641	$36,047			$14,273	$12

At December 31, 2019, C&I and one-to-four family loans totaling $1.1 million that had been modified as a TDR during the twelve months ended at that date were in payment default. At December 31, 2018, one C&I loan in the amount of $194,000 that had been modified as a TDR during the twelve months ended at that date was in prepayment default.

The Company does not consider a payment to be in default when the loan is in forbearance, or otherwise granted a delay of payment, when the agreement to forebear or allow a delay of payment is part of a modification.

Subsequent to the modification, the loan is not considered to be in default until payment is contractually past due in accordance with the modified terms. However, the Company does consider a loan with multiple modifications or forbearance periods to be in default, and would also consider a loan to be in default if the borrower were in bankruptcy or if the loan were partially charged off subsequent to modification.

NOTE 6: ALLOWANCE FOR LOAN LOSSES

The following tables provide additional information regarding the Company's allowance for loan losses based upon the method of evaluating loan impairment:

(in thousands)	Mortgage	Other	Total
Allowance for Loan Losses at December 31, 2019:			
Loans individually evaluated for impairment	$ --	$ 116	$ 116
Loans collectively evaluated for impairment	122,694	24,828	147,522
Total	$ 122,694	$ 24,944	$ 147,638

(in thousands)	Mortgage	Other	Total
Allowance for Loan Losses at December 31, 2018:			
Loans collectively evaluated for impairment	$130,983	$ 28,837	$ 159,820

The following tables provide additional information regarding the methods used to evaluate the Company's loan portfolio for impairment:

(in thousands)	Mortgage	Other	Total
Loans Receivable at December 31, 2019:			
Loans individually evaluated for impairment	$ 19,267	$ 39,114	$ 58,381
Loans collectively evaluated for impairment	38,802,272	2,983,366	41,785,638
Total	$38,821,539	$3,022,480	$41,844,019

(in thousands)	Mortgage	Other	Total
Loans Receivable at December 31, 2018:			
Loans individually evaluated for impairment	$ 15,794	$ 36,375	$ 52,169
Loans collectively evaluated for impairment	37,720,923	2,360,769	40,081,692
Total	$37,736,717	$2,397,144	$40,133,861

Allowance for Loan Losses

The following table summarizes activity in the allowance for loan losses for the periods indicated:

	For the Twelve Months Ended December 31,					
	2019			2018		
(in thousands)	Mortgage	Other	Total	Mortgage	Other	Total
Balance, beginning of period	$130,983	$ 28,837	$159,820	$128,275	$ 29,771	$158,046
Charge-offs	(1,613)	(18,694)	(20,307)	(5,445)	(12,897)	(18,342)
Recoveries	61	959	1,020	264	1,596	1,860
(Recovery of) provision for losses on loans	(6,737)	13,842	7,105	7,889	10,367	18,256
Balance, end of period	$122,694	$ 24,944	$147,638	$130,983	$ 28,837	$159,820

The following table presents additional information about the Company's impaired loans at December 31, 2019:

(in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Impaired loans with no related allowance:					
Multi-family	$ 3,577	$ 6,790	$ --	$ 4,336	$ 266
Commercial real estate	14,717	19,832	--	6,140	371
One-to-four family	584	602	--	811	21
Acquisition, development, and construction	389	1,289	--	3,508	364
Other	37,669	114,636	--	39,598	2,494
Total impaired loans with no related allowance	$56,936	$143,149	$ --	$54,393	$3,516
Impaired loans with an allowance recorded:					
Multi-family	$ --	$ --	$ --	$ --	$ --
Commercial real estate	--	--	--	--	--
One-to-four family	--	--	--	--	--
Acquisition, development, and construction	--	--	--	--	--
Other	1,445	4,173	116	4,111	13
Total impaired loans with an allowance recorded	$ 1,445	$ 4,173	$ 116	$ 4,111	$ 13
Total impaired loans:					
Multi-family	$ 3,577	$ 6,790	$ --	$ 4,336	$ 266
Commercial real estate	14,717	19,832	--	6,140	371
One-to-four family	584	602	--	811	21
Acquisition, development, and construction	389	1,289	--	3,508	364
Other	39,114	118,809	116	43,709	2,507
Total impaired loans	$58,381	$147,322	$ 116	$58,504	$3,529

The following table presents additional information about the Company's impaired loans at December 31, 2018:

(in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Impaired loans with no related allowance:					
Multi-family	$ 4,220	$ 7,168	$ --	$ 6,114	$ 340
Commercial real estate	2,256	7,371	--	3,234	--
One-to-four family	1,022	1,076	--	1,576	26
Acquisition, development, and construction	8,296	9,197	--	9,238	590
Other	36,375	101,701	--	42,984	3,057
Total impaired loans with no related allowance	$52,169	$126,513	$ --	$63,146	$4,013
Impaired loans with an allowance recorded:					
Multi-family	$ --	$ --	$ --	$ --	$ --
Commercial real estate	--	--	--	--	--
One-to-four family	--	--	--	--	--
Acquisition, development, and construction	--	--	--	--	--
Other	--	--	--	20	--
Total impaired loans with an allowance recorded	$ --	$ --	$ --	$ 20	$ --
Total impaired loans:					
Multi-family	$ 4,220	$ 7,168	$ --	$ 6,114	$ 340
Commercial real estate	2,256	7,371	--	3,234	--
One-to-four family	1,022	1,076	--	1,576	26
Acquisition, development, and construction	8,296	9,197	--	9,238	590
Other	36,375	101,701	--	43,004	3,057
Total impaired loans	$52,169	$126,513	$ --	$63,166	$4,013

NOTE 7. LEASES

Lessor Arrangements

The Company is a lessor in the equipment finance business where it has executed direct financing leases ("lease finance receivables"). The Company produces lease finance receivables through a specialty finance subsidiary that is staffed by a group of industry veterans with expertise in originating and underwriting senior secured debt and equipment loans and leases. The subsidiary participates in syndicated loans that are brought to them, and equipment loans and leases that are assigned to them, by a select group of nationally recognized sources, and are generally made to large corporate obligors, many of which are publicly traded, carry investment grade or near-investment grade ratings, and participate in stable industries nationwide. Lease finance receivables are carried at the aggregate of lease payments receivable plus the estimated residual value of the leased assets and any initial direct costs incurred to originate these leases, less unearned income, which is accreted to interest income over the lease term using the interest method.

The standard leases are typically repayable on a level monthly basis with terms ranging from 24 to 120 months. At the end of the lease term, the lessee usually has the option to return the equipment, to renew the lease or purchase the equipment at the then fair market value ("FMV") price. For leases with a FMV renewal/purchase option, the relevant residual value assumptions are based on the estimated value of the leased asset at the end of lease term, including evaluation of key factors, such as, the estimated remaining useful life of the leased asset, its historical secondary market value including history of the lessee executing the FMV option, overall credit evaluation and return provisions. The Company acquires the leased asset at fair market value and provides funding to the respective lessee at acquisition cost, less any volume or trade discounts, as applicable. Therefore, there is generally no selling profit or loss to recognize or defer at inception of a lease.

The residual value component of a lease financing receivable represents the estimated fair value of the leased equipment at the end of the lease term. In establishing residual value estimates, the Company may rely on industry data, historical experience, and independent appraisals and, where appropriate, information regarding product life cycle, product upgrades and competing products. Upon expiration of a lease, residual assets are remarketed, resulting in an extension of the lease by the lessee, a lease to a new customer or purchase of the residual asset by the lessee or another party. Impairment of residual values arises if the expected fair value is less than the carrying amount. The Company assesses its net investment in lease financing receivables (including residual values) for impairment on an annual basis with any impairment losses recognized in accordance with the impairment guidance for financial instruments. As such, net investment in lease financing receivables may be reduced by an allowance for credit losses with changes recognized as provision expense. On certain lease financings, the Company obtains residual value insurance from third parties to manage and reduce the risk associated with the residual value of the leased assets. The carrying value of residual assets with third-party residual value insurance for at least a portion of the asset value was $70.1 million.

The Company uses the interest rate implicit in the lease to determine the present value of its lease financing receivables.

The components of lease income were as follows:

(in thousands)	For the Twelve Months Ended December 31, 2019
Interest income on lease financing [(1)]	$38,087

(1) Included in Interest Income – Mortgage and other loans and leases in the Consolidated Statements of Income and Comprehensive Income.

At December 31, 2019, the carrying value of net investment in leases was $1.4 billion. The components of net investment in direct financing leases, including the carrying amount of the lease receivables, as well as the unguaranteed residual asset were as follows:

(in thousands)	December 31, 2019
Net investment in the lease- lease payments receivable	$1,302,760
Net investment in the lease- unguaranteed residual assets	74,064
Total lease payments	$1,376,824

The following table presents the remaining maturity analysis of the undiscounted lease receivables as of December 31, 2019, as well as the reconciliation to the total amount of receivables recognized in the Consolidated Statements of Condition:

(in thousands)	December 31, 2019
2019	$ 13
2020	47,422
2021	135,430
2022	200,785
2023	79,105
Thereafter	914,069
Total lease payments	1,376,824
Plus: deferred origination costs	21,561
Less: unearned income	(104,826)
Total lease finance receivables, net	$1,293,559

Lessee Arrangements

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets and operating lease liabilities in the Consolidated Statements of Condition.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the incremental borrowing rate (FHLB borrowing rate) is used based on the information available at adoption date in determining the present value of lease payments. The implicit rate is used when readily determinable. The operating lease ROU asset is measured at cost, which includes the initial measurement of the lease liability, prepaid rent and initial direct costs incurred by the Company, less incentives received. The lease terms include options to extend the lease when it is reasonably certain that we will exercise that option. For the vast majority of the Company's leases, we are reasonably certain we will exercise our options to renew to the end of all renewal option periods. As such, substantially all of our future options to extend the leases have been included in the lease liability and ROU assets.

Variable costs such as the proportionate share of actual costs for utilities, common area maintenance, property taxes and insurance are not included in the lease liability and are recognized in the period in which they are incurred. Amortization of the ROU assets was $38.4 million for the twelve months ended December 31, 2019. Included in the twelve month period amount is $11.7 million that was due to the closing of certain locations.

The Company has operating leases for corporate offices, branch locations, and certain equipment. The Company's leases have remaining lease terms of one year to approximately 25 years, the vast majority of which include one or more options to extend the leases for up to five years resulting in lease terms up to 40 years.

During the twelve months ended December 31, 2019, the Company entered into a sale-lease back transaction with an unrelated third party with a lease term of 20 years (including renewal options). The sale of the branch property in Florida resulted in a gain of $7.9 million, which is included in "Other income" in the Consolidated Statements of Income and Comprehensive Income for the twelve months ended December 31, 2019.

The components of lease expense were as follows:

(in thousands)	For the Twelve Months Ended December 31, 2019
Components of lease expense:	
Operating lease cost	$28,695
Sublease income	(105)
Total lease cost	$28,590

Supplemental cash flow information related to the leases for the following period:

(in thousands)	For the Twelve Months Ended December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$28,695

Supplemental balance sheet information related to the leases for the following period:

(in thousands, except lease term and discount rate)	December 31, 2019
Operating Leases:	
Operating lease right-of-use assets	$286,194
Operating lease liabilities	285,991
Weighted average remaining lease term	17 years
Weighted average discount rate	3.23%

Maturities of lease liabilities: (in thousands)	December 31, 2019
2020	$ 27,304
2021	26,350
2022	25,515
2023	25,078
2024	24,414
Thereafter	255,547
Total lease payments	384,208
Less: imputed interest	(98,217)
Total present value of lease liabilities	$285,991

As previously disclosed in the Company's 2018 Form 10-K, under the prior guidance of ASC 840, at December 31, 2018, the Company was obligated under various non-cancelable operating lease and license agreements with renewal options on properties used primarily for branch operations. The agreements contain periodic escalation clauses that provide for increases in the annual rents, commencing at various times during the lives of the agreements, which are primarily based on increases in real estate taxes and cost-of-living indices. The remaining projected minimum annual rental commitments under these agreements, exclusive of taxes and other charges, are summarized as follows:

(in thousands)	
2019	$ 30,322
2020	23,399
2021	19,736
2022	16,552
2023 and thereafter	55,525
Total minimum future rentals	$145,534

The expense under these leases, which is included in "Occupancy and equipment expense" in the Consolidated Statements of Income and Comprehensive Income, amounted to $28.7 million and $33.6 million, respectively, in the years ended December 31, 2019 and 2018. Rental income on Company-owned properties, netted in occupancy and equipment expense, was approximately $9.5 million and $9.9 million, in the corresponding periods.

NOTE 8: DEPOSITS

The following table sets forth the weighted average interest rates for each type of deposit at December 31, 2019 and 2018:

	December 31,					
	2019			2018		
(dollars in thousands)	Amount	Percent of Total	Weighted Average Interest Rate	Amount	Percent of Total	Weighted Average Interest Rate
Interest-bearing checking and money market accounts	$10,230,144	32.32%	1.30%	$11,530,049	37.48%	1.74%
Savings accounts	4,780,007	15.10	0.75	4,643,260	15.09	0.68
Certificates of deposit	14,214,858	44.90	2.30	12,194,322	39.64	2.15
Non-interest-bearing accounts	2,432,123	7.68	--	2,396,799	7.79	--
Total deposits	$31,657,132	100.00%	1.57%	$30,764,430	100.00%	1.61%

At December 31, 2019 and 2018, the aggregate amount of deposits that had been reclassified as loan balances (i.e., overdrafts) was $2.4 million and $2.8 million, respectively.

The scheduled maturities of certificates of deposit ("CDs") at December 31, 2019 were as follows:

(in thousands)	
1 year or less	$13,310,426
More than 1 year through 2 years	684,586
More than 2 years through 3 years	27,029
More than 3 years through 4 years	5,638
More than 4 years through 5 years	186,951
Over 5 years	228
Total CDs	$14,214,858

The following table presents a summary of CDs in amounts of $100,000 or more by remaining term to maturity, at December 31, 2019:

	CDs of $100,000 or More Maturing Within				
(in thousands)	3 Months or Less	Over 3 to 6 Months	Over 6 to 12 Months	Over 12 Months	Total
Total	$1,884,127	$2,804,613	$2,626,676	$590,350	$7,905,766

Included in total deposits at both December 31, 2019 and 2018 were brokered deposits of $5.2 billion and $4.0 billion with weighted average interest rates of 1.94% and 2.50% at the respective year-ends. Brokered money market accounts represented $1.5 billion and $1.9 billion, respectively, of the December 31, 2019 and 2018 totals, and brokered interest-bearing checking accounts represented $1.2 billion and $786.1 million, respectively. Brokered CDs represented $2.5 billion and $1.3 billion of brokered deposits at December 31, 2019 and 2018, respectively.

NOTE 9: BORROWED FUNDS

The following table summarizes the Company's borrowed funds at December 31, 2019 and 2018:

	December 31,	
(in thousands)	2019	2018
Wholesale borrowings:		
FHLB advances	$13,102,661	$13,053,661
Repurchase agreements	800,000	500,000
Total wholesale borrowings	$13,902,661	$13,553,661
Junior subordinated debentures	359,866	359,508
Subordinated notes	295,066	294,697
Total borrowed funds	$14,557,593	$14,207,866

Accrued interest on borrowed funds is included in "Other liabilities" in the Consolidated Statements of Condition and amounted to $23.4 million and $23.5 million, respectively, at December 31, 2019 and 2018.

FHLB Advances

The contractual maturities and the next call dates of FHLB advances outstanding at December 31, 2019 were as follows:

	Contractual Maturity		Earlier of Contractual Maturity or Next Call Date	
(dollars in thousands) Year	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
2020	$ 4,525,000	2.06%	$ 6,805,000	2.09%
2021	822,661	2.40	4,222,661	2.30
2022	275,000	2.01	1,875,000	1.55
2023	--	--	200,000	1.61
2028	4,350,000	2.40	--	--
2029	3,130,000	1.55	--	--
Total FHLB advances	$13,102,661	2.07%	$13,102,661	2.07%

FHLB advances include both straight fixed-rate advances and advances under the FHLB convertible advance program, which gives the FHLB the option of either calling the advance after an initial lock-out period of up to five years and quarterly thereafter until maturity, or a one-time call at the initial call date.

The Company had $1.0 billion of short-term FHLB advances at December 31, 2019. During the twelve months ended December 31, 2019, the average balance of short-term FHLB advances were $52.4 million, with a weighted average interest rate of 1.9%, generating interest expense of $1.0 million. There were no short-term advances at December 31, 2018. During the twelve months ended at December 31, 2017, the average balances of short-term FHLB advances were $3.3 million, with a weighted average interest rate of 0.82%, generating interest expense of $27,000.

At December 31, 2019 and 2018, respectively, the Bank had unused lines of available credit with the FHLB of up to $7.9 billion and $7.5 billion. The Company had overnight advances of $100.0 million at December 31, 2019. There were no overnight FHLB advances at December 31, 2018. During the twelve months ended December 31, 2019, the average balance of overnight advances amounted to $3.1 million, with a weighted average interest rate of 2.1%, generating interest expense of $66,000. During the twelve months ended December 31, 2018 and 2017, the average balances of overnight advances amounted to $5.2 million and $7.7 million, with weighted average interest rates of 2.3% and 0.98%, respectively. In 2018 and 2017, the interest expense generated by average overnight advances was $121,000 and $75,000.

Total FHLB advances generated interest expense of $259.0 million, $248.0 million, and $186.0 million, in the years ended December 31, 2019, 2018, and 2017, respectively.

Repurchase Agreements

The following table presents an analysis of the contractual maturities and next call dates of the Company's outstanding repurchase agreements accounted for as secured borrowings at December 31, 2019:

	Contractual Maturity		Earlier of Contractual Maturity or Next Call Date	
(dollars in thousands) Year	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
2021	$ --	--%	$400,000	2.31%
2022	--	--	400,000	2.16
2028	300,000	2.37	--	--
2029	500,000	2.16	--	--
	$800,000	2.24	$800,000	2.24

The following table provides the contractual maturity and weighted average interest rate of repurchase agreements, and the amortized cost and fair value of the securities collateralizing the repurchase agreements, at December 31, 2019:

(dollars in thousands) Period of Maturity	Amount	Weighted Average Interest Rate	Mortgage-Related and Other Securities Amortized Cost	Mortgage-Related and Other Securities Fair Value	GSE Debentures and U.S. Treasury Obligations Amortized Cost	GSE Debentures and U.S. Treasury Obligations Fair Value
30 to 90 days	$ --	--	$ --	$ --	$ --	$ --
Greater than 90 days	800,000	2.24%	232,836	238,180	636,190	637,050
Total	$800,000	2.24%	$232,836	$238,180	$636,190	$637,050

The Company had no short-term repurchase agreements outstanding at December 31, 2019 or 2018.

At December 31, 2019 and 2018, the accrued interest on repurchase agreements amounted to $1.7 million and $287,000, respectively. The interest expense on repurchase agreements was $17.7 million, $6.8 million, and $16.4 million, in the years ended December 31, 2019, 2018, and 2017, respectively.

Federal Funds Purchased

There were no federal funds purchased outstanding at December 31, 2019 or 2018.

In 2019 and 2018, respectively, the average balances of federal funds purchased were $6.8 million and $620,000, with weighted average interest rates of 1.7% and 2.2%. In 2017, the average balance of federal funds purchased amounted to $47.9 million with a weighted average interest rate of 2.2%. The interest expense produced by federal funds purchased was $118,000, $14,000 and $418,000 for the years ended December 31, 2019, 2018 and 2017, respectively.

Junior Subordinated Debentures

At December 31, 2019 and 2018, the Company had $359.9 million and $359.5 million, respectively, of outstanding junior subordinated deferrable interest debentures ("junior subordinated debentures") held by statutory business trusts (the "Trusts") that issued guaranteed capital securities.

The Trusts are accounted for as unconsolidated subsidiaries, in accordance with GAAP. The proceeds of each issuance were invested in a series of junior subordinated debentures of the Company and the underlying assets of each statutory business trust are the relevant debentures. The Company has fully and unconditionally guaranteed the obligations under each trust's capital securities to the extent set forth in a guarantee by the Company to each trust. The Trusts' capital securities are each subject to mandatory redemption, in whole or in part, upon repayment of the debentures at their stated maturity or earlier redemption.

The following junior subordinated debentures were outstanding at December 31, 2019:

Issuer	Interest Rate of Capital Securities and Debentures	Junior Subordinated Debentures Amount Outstanding	Capital Securities Amount Outstanding	Date of Original Issue	Stated Maturity	First Optional Redemption Date
		(dollars in thousands)				
New York Community Capital Trust V (BONUSES^SM Units)	6.00%	$145,940	$139,589	Nov. 4, 2002	Nov. 1, 2051	Nov. 4, 2007 (1)
New York Community Capital Trust X	3.49	123,712	120,000	Dec. 14, 2006	Dec. 15, 2036	Dec. 15, 2011 (2)
PennFed Capital Trust III	5.14	30,928	30,000	June 2, 2003	June 15, 2033	June 15, 2008 (2)
New York Community Capital Trust XI	3.61	59,286	57,500	April 16, 2007	June 30, 2037	June 30, 2012 (2)
Total junior subordinated debentures		$359,866	$347,089			

(1) Callable subject to certain conditions as described in the prospectus filed with the SEC on November 4, 2002.
(2) Callable from this date forward.

The Bifurcated Option Note Unit SecuritiES℠ ("BONUSES units") included in the preceding table were issued by the Company on November 4, 2002 at a public offering price of $50.00 per share. Each of the 5,500,000 BONUSES units offered consisted of a capital security issued by New York Community Capital Trust V, a trust formed by the Company, and a warrant to purchase 2.4953 shares of the common stock of the Company (for a total of approximately 13.7 million common shares) at an effective exercise price of $20.04 per share. Each capital security has a maturity of 49 years, with a coupon, or distribution rate, of 6.00% on the $50.00 per share liquidation amount. The warrants and capital securities were non-callable for five years from the date of issuance and were not called by the Company when the five-year period passed on November 4, 2007.

The gross proceeds of the BONUSES units totaled $275.0 million and were allocated between the capital security and the warrant comprising such units in proportion to their relative values at the time of issuance. The value assigned to the warrants, $92.4 million, was recorded as a component of additional "paid-in capital" in the Company's Consolidated Statements of Condition. The value assigned to the capital security component was $182.6 million. The $92.4 million difference between the assigned value and the stated liquidation amount of the capital securities was treated as an original issue discount, and is being amortized to interest expense over the 49-year life of the capital securities on a level-yield basis. At December 31, 2019, this discount totaled $65.8 million.

The other three trust preferred securities noted in the preceding table were formed for the purpose of issuing Company Obligated Mandatorily Redeemable Capital Securities of Subsidiary Trusts Holding Solely Junior Subordinated Debentures (collectively, the "Capital Securities"). Dividends on the Capital Securities are payable either quarterly or semi-annually and are deferrable, at the Company's option, for up to five years. As of December 31, 2019, all dividends were current.

Interest expense on junior subordinated debentures was $22.4 million, $21.7 million, and $19.6 million, respectively, for the years ended December 31, 2019, 2018, and 2017.

Subordinated Notes

At December 31, 2019 and 2018, the Company had $295.1 million and $294.7 million, respectively, of fixed-to-floating rate subordinated notes outstanding:

Date of Original Issue	Stated Maturity	Interest Rate[(1)]	Original Issue Amount
	(dollars in thousands)		
Nov. 6, 2018	Nov. 6, 2028	5.90%	$300,000

(1) *From and including the date of original issuance to, but excluding November 6, 2023, the Notes will bear interest at an initial rate of 5.90% per annum payable semi-annually. Unless redeemed, from and including November 6, 2023 to but excluding the maturity date, the interest rate will reset quarterly to an annual interest rate equal to the then-current three-month LIBOR rate plus 278 basis point payable quarterly.*

The interest expense on subordinated notes amounted to $18.3 million and $2.8 million, for the years ended December 31, 2019 and 2018, respectively.

NOTE 10: FEDERAL, STATE, AND LOCAL TAXES

The following table summarizes the components of the Company's net deferred tax asset (liability) at December 31, 2019 and 2018:

	December 31,	
(in thousands)	2019	2018
Deferred Tax Assets:		
Allowance for loan losses	$ 40,584	$ 45,611
Compensation and related benefit obligations	19,401	19,693
Acquisition accounting and fair value adjustments on securities (including OTTI)	--	6,728
Non-accrual interest	624	431
Net operating loss carryforwards	19,750	--
Other	12,169	11,349
Gross deferred tax assets	92,528	83,812
Valuation allowance	--	--
Deferred tax asset after valuation allowance	$ 92,528	$ 83,812
Deferred Tax Liabilities:		
Amortizable intangibles	$ (2,480)	$ (2,263)
Acquisition accounting and fair value adjustments on securities (including OTTI)	(9,742)	--
Mortgage servicing rights	--	(223)
Premises and equipment	(7,578)	(11,242)
Prepaid pension cost	(22,739)	(19,135)
Leases	(237,429)	(115,259)
Other	(13,991)	(14,800)
Gross deferred tax liabilities	$(293,959)	$(162,922)
Net deferred tax liability	$(201,431)	$ (79,110)

The deferred tax liability represents the anticipated federal, state, and local tax expenses or benefits that are expected to be realized in future years upon the utilization of the underlying tax attributes comprising said balances. The net deferred tax liability is included in "Other liabilities" in the Consolidated Statements of Condition at December 31, 2019 and 2018.

At December 31, 2019, the Company had a federal net operating loss ("NOL") carry forward of $94.0 million, which was available to offset future federal taxable income. The NOL may be carried forward to any future calendar tax year after 2019 and is not subject to expiration.

The Company has determined that all deductible temporary differences and net operating loss carryforwards are more likely than not to provide a benefit in reducing future federal, state, and local tax liabilities, as applicable. The Company has reached this determination based on its history of reporting positive taxable income in all relevant tax jurisdictions, the length of time available to utilize the net operating loss carryforwards, and the recognition of taxable income in future periods from taxable temporary differences.

The following table summarizes the Company's income tax expense for the years ended December 31, 2019, 2018, and 2017:

(in thousands)	December 31, 2019	2018	2017
Federal – current	$ 4,069	$ 89,187	$153,587
State and local – current	23,382	22,868	26,983
Total current	27,451	112,055	180,570
Federal – deferred	100,971	13,058	3,498
State and local – deferred	(158)	10,139	17,946
Total deferred	100,813	23,197	21,444
Income tax expense reported in net income	128,264	135,252	202,014
Income tax expense reported in stockholders' equity related to:			
Securities available-for-sale	16,142	(32,162)	28,495
Pension liability adjustments	5,033	4,897	2,234
Cash Flow Hedge	333	--	--
Non-credit portion of OTTI losses	--	821	13
Total income taxes	$149,772	$108,808	$232,756

The following table presents a reconciliation of statutory federal income tax expense (benefit) to combined actual income tax expense (benefit) reported in net income for the years ended December 31, 2019, 2018, and 2017:

(in thousands)	December 31, 2019	2018	2017
Statutory federal income tax at 21%, 21% and 35%, respectively	$109,894	$117,111	$233,875
State and local income taxes, net of federal income tax effect	18,346	24,451	29,204
Effect of tax law changes	--	1,625	(41,943)
Non-deductible FDIC deposit insurance premiums	6,938	8,852	--
Effect of tax deductibility of ESOP	(3,163)	(3,116)	(5,083)
Non-taxable income and expense of BOLI	(5,981)	(5,957)	(9,529)
Federal tax credits	(750)	(531)	(1,386)
Adjustments relating to prior tax years	373	(7,246)	144
Other, net	2,607	63	(3,268)
Total income tax expense	$128,264	$135,252	$202,014

GAAP requires that the impact of tax legislation be recognized in the period in which the law was enacted. As a result of the Tax Reform Act of 2017, the Company recorded a tax benefit of $42.0 million for the period ended December 31, 2017 due to the net impact of remeasurement of tax attributes affected by the enactment of the Tax Reform Act. Due to changes to the New Jersey tax laws enacted in 2018, a tax expense of $2.1 million for the year-ended December 31, 2018 was recorded.

The Company invests in affordable housing projects through limited partnerships that generate federal Low Income Housing Tax Credits. The balances of these investments, which are included in "Other assets" in the Consolidated Statements of Condition, were $57.1 million and $62.3 million, respectively, at December 31, 2019 and 2018, and included commitments of $29.1 million and $37.2 million that are expected to be funded over the next two years. The Company elected to apply the proportional amortization method to these investments. Recognized in the determination of income tax (benefit) expense from operations for the years ended December 31, 2019, 2018, and 2017 were $5.9 million, $5.2 million, and $4.5 million, respectively, of affordable housing tax credits and other tax benefits, and an offsetting $5.2 million, $4.7 million, and $3.1 million, respectively, for the amortization of the related investments. No impairment losses were recognized in relation to these investments for the years ended December 31, 2019, 2018, and 2017.

GAAP prescribes a recognition threshold and measurement attribute for use in connection with the obligation of a company to recognize, measure, present, and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on a tax return. As of December 31, 2019, the Company had $35.7 million of unrecognized gross tax benefits. Gross tax benefits do not reflect the federal tax effect associated with state tax amounts. The total amount of net unrecognized tax benefits at December 31, 2019 that would have affected the effective tax rate, if recognized, was $28.2 million.

Interest and penalties (if any) related to the underpayment of income taxes are classified as a component of income tax expense in the Consolidated Statements of Income and Comprehensive Income. During the years ended December 31, 2019, 2018, and 2017, the Company recognized income tax expense attributed to interest and penalties of $2.5 million, $1.7 million, and $1.8 million, respectively. Accrued interest and penalties on tax liabilities were $14.5 million and $11.3 million, respectively, at December 31, 2019 and 2018.

The following table summarizes changes in the liability for unrecognized gross tax benefits for the years ended December 31, 2019, 2018, and 2017:

	December 31,		
(in thousands)	2019	2018	2017
Uncertain tax positions at beginning of year	$33,357	$33,681	$33,487
Additions for tax positions relating to current-year operations	925	--	4,332
Additions for tax positions relating to prior tax years	2,036	1,660	1,398
Subtractions for tax positions relating to prior tax years	(569)	(1,984)	(5,101)
Reductions in balance due to settlements	--	--	(435)
Uncertain tax positions at end of year	$35,749	$33,357	$33,681

The Company and its subsidiaries have filed tax returns in many states. The following are the more significant tax filings that are open for examination:

- Federal tax filings for tax years 2016 through the present;
- New York State tax filings for tax years 2010 through the present;
- New York City tax filings for tax years 2011 through the present; and
- New Jersey tax filings for tax years 2015 through the present.

In addition to other state audits, the Company is currently under examination by the following taxing jurisdictions of significance to the Company:

- New York State for the tax years 2010 through 2014; and
- New York City for the tax years 2011 and 2014.

It is reasonably possible that there will be developments within the next twelve months that would necessitate an adjustment to the balance of unrecognized tax benefits, including decreases of up to $21 million due to completion of tax authorities' exams and the expiration of statutes of limitations.

As a savings institution, the Bank is subject to a special federal tax provision regarding its frozen tax bad debt reserve. At December 31, 2019, the Bank's federal tax bad debt base-year reserve was $61.5 million, with a related federal deferred tax liability of $12.9 million, which has not been recognized since the Bank does not expect that this reserve will become taxable in the foreseeable future. Events that would result in taxation of this reserve include redemptions of the Bank's stock or certain excess distributions by the Bank to the Company.

NOTE 11. DERIVATIVE AND HEDGING ACTIVITIES

The Company's derivative financial instruments consist of interest rate swaps. The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposure to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate and liquidity risks, primarily by managing the amount, sources, and duration of its assets and liabilities and, from time to time, the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the payment of future known and uncertain cash amounts, the value of which are determined by interest rates.

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") requires all standardized derivatives, including most interest rate swaps, to be submitted for clearing to central counterparties to reduce counterparty risk. Two of the central counterparties are the Chicago Mercantile Exchange ("CME") and the London Clearing House ("LCH"). As of December 31, 2019, all of the Company's $2.8 billion notional derivative contracts were cleared on the LCH. Daily variation margin payments on derivatives cleared through the LCH are accounted for as legal settlement. For derivatives cleared through LCH, the net gain (loss)

position includes the variation margin amounts as settlement of the derivative and not collateral against the fair value of the derivative, which includes accrued interest; therefore, those interest rate and derivative contracts the Company clears through the LCH are reported at a fair value of approximately zero at December 31, 2019.

The Company's exposure is limited to the value of the derivative contracts in a gain position less any collateral held and plus any collateral posted. When there is a net negative exposure, we consider our exposure to the counterparty to be zero. At December 31, 2019, the Company had a net negative exposure.

Fair Value of Hedges of Interest Rate Risk

The Company is exposed to changes in the fair value of certain of its fixed-rate assets due to changes in interest rates. The Company uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in the designated benchmark interest rate. Interest rate swaps designated as fair value hedges involve the payment of fixed-rate amounts to a counterparty in exchange for the Company receiving variable-rate payments over the life of the agreements without the exchange of the underlying notional amount. Such derivatives were used to hedge the changes in fair value of certain of its pools of prepayable fixed rate assets. For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in interest income.

In the first quarter of 2019, the Company entered into an interest rate swap with a notional amount of $2.0 billion to hedge certain real estate loans. For the twelve months ended December 31, 2019, the floating rate received related to the net settlement of this interest rate swap was less than the fixed rate payments. As such, interest income from Mortgage and Other Loans and Leases in the accompanying Consolidated Statements of Income and Comprehensive Income was decreased by $3.4 million for the twelve months ended December 31, 2019, respectively.

As of December 31, 2019, the following amounts were recorded on the balance sheet related to cumulative basis adjustment for fair value hedges. The Company did not have any derivative instruments at December 31, 2018:

(in thousands)	December 31, 2019	
Line Item in the Consolidated Statements of Condition in which the Hedge Item is Included	Carrying Amount of the Hedged Assets	Cumulative Amount of Fair Value Hedging Adjustments Included in the Carrying Amount of the Hedged Assets
Total loans and leases, net [(1)]	$2,053,483	$53,483

(1) These amounts include the amortized cost basis of closed portfolios used to designate hedging relationships in which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. At December 31, 2019, the amortized cost basis of the closed portfolios used in these hedging relationships was $4.5 billion; the cumulative basis adjustments associated with these hedging relationships was $53.5 million; and the amount of the designated hedged items was $2.0 billion.

The following table sets forth information regarding the Company's derivative financial instruments at December 31, 2019. The Company had no such derivative financial instruments at December 31, 2018.

	December 31, 2019		
		Fair Value	
(in thousands)	Notional Amount	Other Assets	Other Liabilities
Derivatives designated as fair value hedging instruments:			
Interest rate swap	$2,000,000	$--	$--
Total derivatives designated as fair value hedging instruments	$2,000,000	$--	$--

The following table sets forth the effect of derivative instruments on the Consolidated Statements of Income and Comprehensive Income for the periods indicated. The Company had no such derivative financial instruments outstanding during 2018:

(in thousands)	For the Twelve Months Ended December 31, 2019
Derivative – interest rate swap:	
Interest income	$(53,483)
Hedged item – loans:	
Interest income	$ 53,483

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of amounts subject to variability caused by changes in interest rates from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Changes in the fair value of derivatives designated and that qualify as cash flow hedges are initially recorded in other comprehensive income and are subsequently reclassified into earnings in the period that the hedged transaction affects earnings.

Interest rate swaps with notional amounts totaling $800.0 million as of December 31, 2019 were designated as cash flow hedges of certain FHLB borrowings. The Company had no such derivative financial instruments at December 31, 2018.

The following table summarizes information about the interest rate swaps designated as cash flow hedges at December 31, 2019:

(dollars in thousands)	December 31, 2019
Notional amounts	$800,000
Cash collateral posted	1,185
Weighted average pay rates	1.62%
Weighted average receive rates	1.90%
Weighted average maturity	2.5 years

The following table presents the effect of the Company's cash flow derivative instruments on AOCL for the year ending December 31, 2019. The Company had no such derivative financial instruments during the year ending December 31, 2018:

(in thousands)	For the Twelve Months Ended December 31, 2019
Amount of gain (loss) recognized in AOCL	$1,340
Amount of gain (loss) reclassified from AOCL to interest expense	154

Gains (losses) included in the Consolidated Statements of Income related to interest rate derivatives designated as cash flow hedges during the year ended December 31, 2019 was $154,000. Amounts reported in AOCL related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate borrowings. During the next twelve months, the Company estimates that an additional $3.0 million will be reclassified as a decrease to interest expense.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Pledged Assets

The Company pledges securities to serve as collateral for its repurchase agreements, among other purposes. At December 31, 2019, the Company had pledged available for sale mortgage-related securities and other securities with

carrying values of $651.3 million and $721.0 million, respectively. At December 31, 2018, the Company had pledged available for sale mortgage-related securities and other securities with carrying values of $840.7 million and $388.0 million, respectively. In addition, the Company had $32.6 billion and $31.4 billion of loans pledged to the FHLB-NY to serve as collateral for its wholesale borrowings at the respective year-ends.

Loan Commitments and Letters of Credit

At December 31, 2019 and 2018, the Company had commitments to originate loans, including unused lines of credit, of $2.0 billion and $2.0 billion, respectively. The majority of the outstanding loan commitments at those dates were expected to close within 90 days. In addition, the Company had commitments to originate letters of credit totaling $509.9 million and $508.1 million at December 31, 2019 and 2018.

The following table summarizes the Company's off-balance sheet commitments to originate loans and letters of credit at December 31, 2019:

(in thousands)	
Mortgage Loan Commitments:	
Multi-family and commercial real estate	$ 251,679
One-to-four family	801
Acquisition, development, and construction	205,499
Total mortgage loan commitments	$ 457,979
Other loan commitments	1,548,513
Total loan commitments	$2,006,492
Commercial, performance stand-by, and financial stand-by letters of credit	509,942
Total commitments	$2,516,434

Financial Guarantees

The Company provides guarantees and indemnifications to its customers to enable them to complete a variety of business transactions and to enhance their credit standings. These guarantees are recorded at their respective fair values in "Other liabilities" in the Consolidated Statements of Condition. The Company deems the fair value of the guarantees to equal the consideration received.

The following table summarizes the Company's guarantees and indemnifications at December 31, 2019:

(in thousands)	Expires Within One Year	Expires After One Year	Total Outstanding Amount	Maximum Potential Amount of Future Payments
Financial stand-by letters of credit	$164,776	$58,014	$222,790	$448,602
Performance stand-by letters of credit	3,351	--	3,351	3,351
Commercial letters of credit	2,401	361	2,762	57,989
Total letters of credit	$170,528	$58,375	$228,903	$509,942

The maximum potential amount of future payments represents the notional amounts that could be funded under the guarantees and indemnifications if there were a total default by the guaranteed parties or if indemnification provisions were triggered, as applicable, without consideration of possible recoveries under recourse provisions or from collateral held or pledged.

The Company collects fees upon the issuance of commercial and stand-by letters of credit. Fees for stand-by letters of credit fees are initially recorded by the Company as a liability, and are recognized as income periodically through the respective expiration dates. Fees for commercial letters of credit are collected and recognized as income at the time that they are issued and upon payment of each set of documents presented. In addition, the Company requires adequate collateral, typically in the form of cash, real property, and/or personal guarantees upon its issuance of irrevocable stand-by letters of credit. Commercial letters of credit are primarily secured by the goods being purchased in the underlying transaction and are also personally guaranteed by the owner(s) of the applicant company.

At December 31, 2019, the Company had no commitments to purchase securities.

Legal Proceedings

The Company is involved in various legal actions arising in the ordinary course of its business. All such actions in the aggregate involve amounts that are believed by management to be immaterial to the financial condition and results of operations of the Company.

NOTE 13: INTANGIBLE ASSETS

Goodwill

Goodwill is presumed to have an indefinite useful life and is tested for impairment, rather than amortized, at the reporting unit level, at least once a year. During the year ended December 31, 2019, goodwill was reduced by $9.8 million related to the sale of the Company's wealth management business, Peter B. Cannell & Co. Goodwill totaled $2.4 billion at each of these dates.

NOTE 14: EMPLOYEE BENEFITS

Retirement Plan

The New York Community Bancorp, Inc. Retirement Plan (the "Retirement Plan") covers substantially all employees who had attained minimum age, service, and employment status requirements prior to the date when the individual plans were frozen by the banks of origin. Once frozen, the individual plans ceased to accrue additional benefits, service, and compensation factors, and became closed to employees who would otherwise have met eligibility requirements after the "freeze" date.

The following table sets forth certain information regarding the Retirement Plan as of the dates indicated:

	December 31,	
(in thousands)	2019	2018
Change in Benefit Obligation:		
Benefit obligation at beginning of year	$143,235	$151,411
Interest cost	5,660	5,085
Actuarial loss (gain)	18,806	(4,676)
Annuity payments	(6,473)	(6,453)
Settlements	(1,332)	(2,132)
Benefit obligation at end of year	$159,896	$143,235
Change in Plan Assets:		
Fair value of assets at beginning of year	$210,246	$234,136
Actual return (loss) on plan assets	40,117	(15,305)
Contributions	--	--
Annuity payments	(6,473)	(6,453)
Settlements	(1,332)	(2,132)
Fair value of assets at end of year	$242,558	$210,246
Funded status (included in "Other assets")	$ 82,662	$ 67,011
Changes recognized in other comprehensive income for the year ended December 31:		
Amortization of prior service cost	$ --	$ --
Amortization of actuarial loss	(10,035)	(7,179)
Net actuarial (gain) loss arising during the year	(7,378)	26,768
Total recognized in other comprehensive income for the year (pre-tax)	$ (17,413)	$19,589
Accumulated other comprehensive loss (pre-tax) not yet recognized in net periodic benefit cost at December 31:		
Prior service cost	$ --	$ --
Actuarial loss, net	75,767	93,180
Total accumulated other comprehensive loss (pre-tax)	$ 75,767	$93,180

In 2020, an estimated $7.3 million of unrecognized net actuarial loss for the Retirement Plan will be amortized from AOCL into net periodic benefit cost. The comparable amount recognized as net periodic benefit cost in 2019 was $10.0 million. No prior service cost will be amortized in 2020 and none was amortized in 2019. The discount rates used to determine the benefit obligation at December 31, 2019 and 2018 were 3.0% and 4.1%, respectively.

The discount rate reflects rates at which the benefit obligation could be effectively settled. To determine this rate, the Company considers rates of return on high-quality fixed-income investments that are currently available and are expected to be available during the period until the pension benefits are paid. The expected future payments are discounted based on a portfolio of high-quality rated bonds (above-median AA curve) for which the Company relies on the Financial Times Stock Exchange ("FTSE") (formerly Citigroup) Pension Liability Index that is published as of the measurement date.

The components of net periodic pension expense (credit) were as follows for the years indicated:

	Years Ended December 31,		
(in thousands)	2019	2018	2017
Components of net periodic pension expense (credit):			
Interest cost	$ 5,660	$ 5,085	$ 5,616
Expected return on plan assets	(13,933)	(16,139)	(16,290)
Amortization of net actuarial loss	10,035	7,179	8,209
Net periodic pension expense (credit)	$ 1,762	$ (3,875)	$ (2,465)

The following table indicates the weighted average assumptions used in determining the net periodic benefit cost for the years indicated:

	Years Ended December 31,		
	2019	2018	2017
Discount rate	4.1%	3.4%	3.9%
Expected rate of return on plan assets	6.8	7.0	7.5

As of December 31, 2019 Retirement Plan assets were invested in two diversified investment portfolios of the Pentegra Retirement Trust (the "Trust") (formerly known as "RSI Retirement Trust"), a private placement investment fund.

The Company (in this context, the "Plan Sponsor") chooses the specific asset allocation for the Retirement Plan within the parameters set forth in the Trust's Investment Policy Statement. The long-term investment objectives are to maintain the Retirement Plan's assets at a level that will sufficiently cover the Plan Sponsor's long-term obligations, and to generate a return on those assets that will meet or exceed the rate at which the Plan Sponsor's long-term obligations will grow.

The Retirement Plan allocates its assets in accordance with the following targets:

- To hold 55% of its assets in equity securities via investment in the Trust's Long-Term Growth—Equity ("LTGE") Portfolio, a diversified portfolio that invests in a number of actively and passively managed equity mutual funds and collective trusts in order to diversify within U.S. and non-U.S. equity markets;
- To hold 44% of its assets in intermediate-term investment-grade bonds via investment in the Trust's Long-Term Growth—Fixed Income ("LTGFI") Portfolio, a diversified portfolio that invests in a number of fixed-income mutual funds and collective investment trusts, primarily including intermediate-term bond funds with a focus on U.S. investment grade securities and opportunistic allocations to below-investment grade and non-U.S. investments; and
- To hold 1% of its assets in a cash-equivalent portfolio for liquidity purposes.

In addition, the Retirement Plan holds Company shares, the value of which is approximately equal to 12% of the assets that are held by the Trust.

The LTGE and LTGFI portfolios are designed to provide long-term growth of equity and fixed-income assets with the objective of achieving an investment return in excess of the cost of funding the active life, deferred vesting, and all 30-year term and longer obligations of retired lives in the Trust. Risk and volatility are further managed in accordance with the distinct investment objectives of the Trust's respective portfolios.

The following table presents information about the fair value measurements of the investments held by the Retirement Plan as of December 31, 2019:

(in thousands)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity:				
Large-cap value [(1)]	$ 21,279	$ --	$ 21,279	$--
Large-cap growth [(2)]	21,852	--	21,852	--
Large-cap core [(3)]	15,978	--	15,978	--
Mid-cap value [(4)]	4,560	--	4,560	--
Mid-cap growth [(5)]	4,871	--	4,871	--
Mid-cap core [(6)]	4,664	--	4,664	--
Small-cap value [(7)]	3,272	--	3,272	--
Small-cap growth [(8)]	6,927	--	6,927	--
Small-cap core [(9)]	3,139	--	3,139	--
International equity [(10)]	25,760	--	25,760	--
Fixed Income Funds:				
Fixed Income – U.S. Core [(11)]	72,765	--	72,765	--
Intermediate duration [(12)]	24,517	--	24,517	--
Equity Securities:				
Company common stock	28,185	28,185	--	--
Cash Equivalents:				
Money market [*]	4,789	1,810	2,979	--
	$242,558	$29,995	$212,563	$--

* *Includes cash equivalent investments in equity and fixed income strategies.*

(1) *This category contains large-cap stocks with above-average yield. The portfolio typically holds between 60 and 70 stocks.*

(2) *This category seeks long-term capital appreciation by investing primarily in large growth companies based in the U.S.*

(3) *This fund tracks the performance of the S&P 500 Index by purchasing the securities represented in the Index in approximately the same weightings as the Index.*

(4) *This category employs an indexing investment approach designed to track the performance of the CRSP US Mid-Cap Value Index.*

(5) *This category employs an indexing investment approach designed to track the performance of the CRSP US Mid-Cap Growth Index.*

(6) *This category seeks to track the performance of the S&P Midcap 400 Index.*

(7) *This category consists of a selection of investments based on the Russell 2000 Value Index.*

(8) *This category consists of a mutual fund invested in small cap growth companies along with a fund invested in a selection of investments based on the Russell 2000 Growth Index.*

(9) *This category consists of a mutual fund investing in readily marketable securities of U.S. companies with market capitalizations within the smallest 10% of the market universe, or smaller than the 1000th largest US company.*

(10) *This category invests primarily in medium to large non-US companies in developed and emerging markets. Under normal circumstances, at least 80% of total assets will be invested in equity securities, including common stocks, preferred stocks, and convertible securities.*

(11) *This category currently includes equal investments in three mutual funds, two of which usually hold at least 80% of fund assets in investment grade fixed income securities, seeking to outperform the Barclays US Aggregate Bond Index while maintaining a similar duration to that index. The third fund targets investments of 50% or more in mortgage-backed securities guaranteed by the US government and its agencies.*

(12) *This category consists of a mutual fund which invest in a diversified portfolio of high-quality bonds and other fixed income securities, including U.S. Government obligations, mortgage-related and asset backed securities, corporate and municipal bonds, CMOs, and other securities mostly rated A or better.*

Current Asset Allocation

The asset allocations for the Retirement Plan as of December 31, 2019 and 2018 were as follows:

	At December 31,	
	2019	2018
Equity securities	58%	57%
Debt securities	40	41
Cash equivalents	2	2
Total	100%	100%

Determination of Long-Term Rate of Return

The long-term rate of return on Retirement Plan assets assumption was based on historical returns earned by equities and fixed income securities, and adjusted to reflect expectations of future returns as applied to the Retirement Plan's target allocation of asset classes. Equities and fixed income securities were assumed to earn long-term rates of return in the ranges of 6% to 8% and 3% to 5%, respectively, with an assumed long-term inflation rate of 2.5% reflected within these ranges. When these overall return expectations are applied to the Retirement Plan's target allocations, the result is an expected rate of return of 5% to 7%.

Expected Contributions

The Company does not expect to contribute to the Retirement Plan in 2020.

Expected Future Annuity Payments

The following annuity payments, which reflect expected future service, as appropriate, are expected to be paid by the Retirement Plan during the years indicated:

(in thousands)	
2020	$ 8,016
2021	7,855
2022	7,932
2023	8,031
2024	8,271
2025 and thereafter	43,671
Total	$83,776

Qualified Savings Plan

The Company maintains a defined contribution qualified savings plan in which all full-time employees are able to participate after three months of service and having attained age 21. No matching contributions were made by the Company to this plan during the years ended December 31, 2019 or 2018.

Post-Retirement Health and Welfare Benefits

The Company offers certain post-retirement benefits, including medical, dental, and life insurance (the "Health & Welfare Plan") to retired employees, depending on age and years of service at the time of retirement. The costs of such benefits are accrued during the years that an employee renders the necessary service.

The Health & Welfare Plan is an unfunded plan and is not expected to hold assets for investment at any time. Any contributions made to the Health & Welfare Plan are used to immediately pay plan premiums and claims as they come due.

The following table sets forth certain information regarding the Health & Welfare Plan as of the dates indicated:

(in thousands)	December 31, 2019	December 31, 2018
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 13,583	$ 16,349
Interest cost	512	513
Actuarial gain	(1,233)	(2,248)
Premiums and claims paid	(964)	(1,031)
Benefit obligation at end of year	$ 11,898	$ 13,583
Change in plan assets:		
Fair value of assets at beginning of year	$ --	$ --
Employer contribution	964	1,031
Premiums and claims paid	(964)	(1,031)
Fair value of assets at end of year	$ --	$ --
Funded status (included in "Other liabilities")	$(11,898)	$(13,583)
Changes recognized in other comprehensive income for the year ended December 31:		
Amortization of prior service cost	$ 249	$ 249
Amortization of actuarial gain	(124)	(309)
Net actuarial (gain) loss arising during the year	(1,234)	(2,248)
Total recognized in other comprehensive income for the year (pre-tax)	$(1,109)	$(2,308)
Accumulated other comprehensive loss (pre-tax) not yet recognized in net periodic benefit cost at December 31:		
Prior service cost	$ (536)	$ (785)
Actuarial loss, net	1,466	2,823
Total accumulated other comprehensive income (pre-tax)	$ 930	$ 2,038

The discount rates used in the preceding table were 2.9% and 3.9%, respectively, at December 31, 2019 and 2018.

The estimated net actuarial loss and the prior service liability that will be amortized from AOCL into net periodic benefit cost in 2020 are $25,000 and $249,000, respectively.

The following table presents the components of net periodic benefit cost for the years indicated:

(in thousands)	Years Ended December 31, 2019	2018	2017
Components of Net Periodic Benefit Cost:			
Service cost	$ --	$ --	$ --
Interest cost	512	513	577
Amortization of past-service liability	(249)	(249)	(249)
Amortization of net actuarial loss	124	309	274
Net periodic benefit cost	$ 387	$ 573	$ 602

The following table presents the weighted average assumptions used in determining the net periodic benefit cost for the years indicated:

	Years Ended December 31, 2019	2018	2017
Discount rate	3.9%	3.3%	3.7%
Current medical trend rate	6.5	6.5	6.5
Ultimate trend rate	5.0	5.0	5.0
Year when ultimate trend rate will be reached	2025	2024	2023

Had the assumed medical trend rate at December 31, 2019 increased by 1% for each future year, the accumulated post-retirement benefit obligation at that date would have increased by $650,000, and the aggregate of the benefits earned and the interest components of 2019 net post-retirement benefit cost would each have increased by $26,000. Had the assumed medical trend rate decreased by 1% for each future year, the accumulated post-retirement benefit obligation at December 31, 2019 would have declined by $548,000, and the aggregate of the benefits earned and the interest components of 2019 net post-retirement benefit cost would each have declined by $22,000.

Expected Contributions

The Company expects to contribute $947,000 to the Health & Welfare Plan to pay premiums and claims in the fiscal year ending December 31, 2020.

Expected Future Payments for Premiums and Claims

The following amounts are currently expected to be paid for premiums and claims during the years indicated under the Health & Welfare Plan:

(in thousands)	
2020	$ 947
2021	920
2022	887
2023	858
2024	827
2025 and thereafter	3,659
Total	$8,098

NOTE 15: STOCK-RELATED BENEFIT PLANS

New York Community Bank Employee Stock Ownership Plan

All full-time employees who have attained 21 years of age and have completed twelve consecutive months of credited service are eligible to participate in the ESOP, with benefits vesting on a six-year basis, starting with 20% in the second year of employment and continuing in 20% increments in each successive year. Benefits are payable upon death, retirement, disability, or separation from service, and may be paid in stock. However, in the event of a change in control, as defined in the ESOP, any unvested portion of benefits shall vest immediately.

In 2019, 2018, and 2017, the Company allocated 349,356, 529,531, and 695,675 shares, respectively, to participants in the ESOP. For the years ended December 31, 2019, 2018, and 2017, the Company recorded ESOP-related compensation expense of $4.2 million, $5.0 million, and $9.2 million, respectively.

Supplemental Executive Retirement Plan

The Bank has established a Supplemental Executive Retirement Plan ("SERP"), which provided additional unfunded, non-qualified benefits to certain participants in the ESOP in the form of Company common stock. The SERP was frozen in 1999. Trust-held assets, consisting entirely of Company common stock, amounted to 2,046,449 and 1,929,189 shares, respectively, at December 31, 2019 and 2018, including shares purchased through dividend reinvestment. The cost of these shares is reflected as a reduction of paid-in capital in excess of par in the Consolidated Statements of Condition.

Stock Based Compensation

At December 31, 2019, the Company had a total of 2,507,490 shares available for grants as restricted stock, options, or other forms of related rights under the 2012 Stock Incentive Plan, which was approved by the Company's shareholders at its Annual Meeting on June 7, 2012. The Company granted 2,031,198 shares of restricted stock, with an average fair value of $10.45 per share on the date of grant, during the twelve months ended December 31, 2019.

During 2018 and 2017, the Company granted 2,543,023 shares and 2,956,249 shares, respectively, of restricted stock, which had average fair values of $13.50 and $15.16 per share on the respective grant dates. The shares of restricted stock that were granted during the years ended December 31, 2019, 2018, and 2017 vest over a period of five years. Compensation and benefits expense related to the restricted stock grants is recognized on a straight-line basis over the vesting period and totaled $30.9 million, $36.3 million, and $36.0 million, respectively, for the years ended December 31, 2019, 2018, and 2017.

The following table provides a summary of activity with regard to restricted stock awards in the year ended December 31, 2019:

	For the Year Ended December 31, 2019	
	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at beginning of year	6,904,388	$14.74
Granted	2,031,198	10.45
Vested	(2,203,895)	15.18
Canceled	(215,590)	12.89
Unvested at end of year	6,516,101	13.31

As of December 31, 2019, unrecognized compensation cost relating to unvested restricted stock totaled $63.3 million. This amount will be recognized over a remaining weighted average period of 2.7 years.

In addition, during the twelve months ended December 31, 2019, the Company granted 418,674 Performance-Based Restricted Stock Units ("PSUs"). The PSUs have a performance period of January 1, 2019 to December 31, 2021 and vest on April 1, 2022, subject to adjustment or forfeiture, based upon the achievement by the Company of certain performance standards. Compensation and benefits expense related to PSUs is recognized using the fair value as of the date the units were approved, on a straight-line basis over the vesting period and totaled $1.1 million for the twelve months ended December 31, 2019, respectively. As of December 31, 2019, the Company believes it is probable that the performance conditions will be met.

NOTE 16: FAIR VALUE MEASUREMENTS

GAAP sets forth a definition of fair value, establishes a consistent framework for measuring fair value, and requires disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. GAAP also clarifies that fair value is an "exit" price, representing the amount that would be received when selling an asset, or paid when transferring a liability, in an orderly transaction between market participants. Fair value is thus a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Inputs to the valuation methodology are significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants use in pricing an asset or liability.

A financial instrument's categorization within this valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following tables present assets and liabilities that were measured at fair value on a recurring basis as of December 31, 2019 and 2018, and that were included in the Company's Consolidated Statements of Condition at those dates:

	Fair Value Measurements at December 31, 2019				
(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting Adjustments	Total Fair Value
Assets:					
Mortgage-Related Debt Securities Available for Sale:					
GSE certificates	$ --	$1,552,623	$ --	$ --	$1,552,623
GSE CMOs	--	1,801,112	--	--	1,801,112
Total mortgage-related debt securities	$ --	$3,353,735	$ --	$ --	$3,353,735
Other Debt Securities Available for Sale:					
U. S. Treasury obligations	$ 41,839	$ --	$ --	$ --	$ 41,839
GSE debentures	--	1,094,240	--	--	1,094,240
Asset-backed securities	--	373,254	--	--	373,254
Municipal bonds	--	26,892	--	--	26,892
Corporate bonds	--	867,182	--	--	867,182
Capital trust notes	--	95,915	--	--	95,915
Total other debt securities	$ 41,839	$2,457,483	$ --	$ --	$2,499,322
Total debt securities available for sale	$ 41,839	$5,811,218	$ --	$ --	$5,853,057
Equity securities:			--	--	
Preferred stock	$ 15,414	$ --	$ --	$ --	$ 15,414
Mutual funds and common stock	--	17,416	--	--	17,416
Total equity securities	$ 15,414	$ 17,416	$ --	$ --	$ 32,830
Total securities	$ 57,253	$5,828,634	$ --	$ --	$5,885,887

	Fair Value Measurements at December 31, 2018				
(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting Adjustments	Total Fair Value
Assets:					
Mortgage-Related Debt Securities Available for Sale:					
GSE certificates	$ --	$1,707,521	$ --	$ --	$1,707,521
GSE CMOs	--	1,252,761	--	--	1,252,761
Total mortgage-related debt securities	$ --	$2,960,282	$ --	$ --	$2,960,282
Other Debt Securities Available for Sale:					
GSE debentures	$ --	$1,328,927	$ --	$ --	$1,328,927
Asset-backed securities	--	387,122	--	--	387,122
Municipal bonds	--	66,183	--	--	66,183
Corporate bonds	--	821,715	--	--	821,715
Capital trust notes	--	49,291	--	--	49,291
Total other debt securities	$ --	$2,653,238	$ --	$ --	$2,653,238
Total debt securities available for sale	$ --	$5,613,520	$ --	$ --	$5,613,520
Equity securities:					
Preferred stock	$ 13,846	$ --	$ --	$ --	$ 13,846
Mutual funds and common stock	--	16,705	--	--	16,705
Total equity securities	$ 13,846	$ 16,705	$ --	$ --	$ 30,551
Total securities	$ 13,846	$5,630,225	$ --	$ --	$5,644,071

The Company reviews and updates the fair value hierarchy classifications for its assets on a quarterly basis. Changes from one quarter to the next that are related to the observability of inputs for a fair value measurement may result in a reclassification from one hierarchy level to another.

A description of the methods and significant assumptions utilized in estimating the fair values of securities follows:

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government securities and exchange-traded securities.

If quoted market prices are not available for a specific security, then fair values are estimated by using pricing models. These pricing models primarily use market-based or independently sourced market parameters as inputs, including, but not limited to, yield curves, interest rates, equity or debt prices, and credit spreads. In addition to observable market information, models incorporate transaction details such as maturity and cash flow assumptions. Securities valued in this manner would generally be classified within Level 2 of the valuation hierarchy, and primarily include such instruments as mortgage-related and corporate debt securities.

Periodically, the Company uses fair values supplied by independent pricing services to corroborate the fair values derived from the pricing models. In addition, the Company reviews the fair values supplied by independent pricing services, as well as their underlying pricing methodologies, for reasonableness. The Company challenges pricing service valuations that appear to be unusual or unexpected.

While the Company believes its valuation methods are appropriate, and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair values of certain financial instruments could result in different estimates of fair values at a reporting date.

Fair Value Option

Gains and Losses Included in Income for Assets Where the Fair Value Option Has Been Elected

The assets accounted for under the fair value option are initially measured at fair value. Gains and losses from the initial measurement and subsequent changes in fair value are recognized in earnings. The following table presents the changes in fair value related to initial measurement, and the subsequent changes in fair value included in earnings, for MSRs for the periods indicated:

	(Loss) Gain Included in Mortgage Banking Income from Changes in Fair Value [1]		
	For the Twelve Months Ended December 31,		
(in thousands)	2019	2018	2017
Loans held for sale	$ --	$ --	$ 899
Mortgage servicing rights	--	(224)	(20,076)
Total loss	$ --	$ (224)	$(19,177)

(1) Included in "Non-interest income."

Assets Measured at Fair Value on a Non-Recurring Basis

Certain assets are measured at fair value on a non-recurring basis. Such instruments are subject to fair value adjustments under certain circumstances (e.g., when there is evidence of impairment). The following tables present assets that were measured at fair value on a non-recurring basis as of December 31, 2019 and 2018, and that were included in the Company's Consolidated Statements of Condition at those dates:

	Fair Value Measurements at December 31, 2019 Using			
(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Certain impaired loans [1]	$--	$--	$42,767	$42,767
Other assets[2]	--	--	1,481	1,481
Total	$--	$--	$44,248	$44,248

(1) Represents the fair value of impaired loans, based on the value of the collateral.
(2) Represents the fair value of repossessed assets, based on the appraised value of the collateral subsequent to its initial classification as repossessed assets.

	Fair Value Measurements at December 31, 2018 Using			
(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Certain impaired loans [1]	$--	$--	$38,213	$38,213
Other assets [2]	--	--	1,265	1,265
Total	$--	$--	$39,478	$39,478

(1) Represents the fair value of impaired loans, based on the value of the collateral.
(2) Represents the fair value of repossessed assets, based on the appraised value of the collateral subsequent to its initial classification as repossessed assets.

The fair values of collateral-dependent impaired loans are determined using various valuation techniques, including consideration of appraised values and other pertinent real estate and other market data.

Other Fair Value Disclosures

For the disclosure of fair value information about the Company's on- and off-balance sheet financial instruments, when available, quoted market prices are used as the measure of fair value. In cases where quoted market prices are not available, fair values are based on present-value estimates or other valuation techniques. Such fair values are significantly affected by the assumptions used, the timing of future cash flows, and the discount rate.

Because assumptions are inherently subjective in nature, estimated fair values cannot be substantiated by comparison to independent market quotes. Furthermore, in many cases, the estimated fair values provided would not necessarily be realized in an immediate sale or settlement of such instruments.

The following tables summarize the carrying values, estimated fair values, and fair value measurement levels of financial instruments that were not carried at fair value on the Company's Consolidated Statements of Condition at December 31, 2019 and 2018:

	December 31, 2019				
			Fair Value Measurement Using		
(in thousands)	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and cash equivalents	$ 741,870	$ 741,870	$ 741,870	$ --	$ --
FHLB stock [(1)]	647,562	647,562	--	647,562	--
Loans and leases, net	41,746,517	41,699,929	--	--	41,699,929
Financial Liabilities:					
Deposits	$31,657,132	$31,713,945	$17,442,274[(2)]	$ 14,271,671[(3)]	$ --
Borrowed funds	14,557,593	14,882,776	--	14,882,776	--

(1) Carrying value and estimated fair value are at cost.
(2) Interest-bearing checking and money market accounts, savings accounts, and non-interest-bearing accounts.
(3) Certificates of deposit.

	December 31, 2018				
			Fair Value Measurement Using		
(in thousands)	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and cash equivalents	$ 1,474,955	$ 1,474,955	$ 1,474,955	$ --	$ --
FHLB stock [(1)]	644,590	644,590	--	644,590	--
Loans and leases, net	40,006,088	39,461,985	--	--	39,461,985
Financial Liabilities:					
Deposits	$30,764,430	$30,748,729	$18,570,108[(2)]	$ 12,178,621[(3)]	$ --
Borrowed funds	14,207,866	14,136,526	--	14,136,526	--

(1) Carrying value and estimated fair value are at cost.
(2) Interest-bearing checking and money market accounts, savings accounts, and non-interest-bearing accounts.
(3) Certificates of deposit.

The methods and significant assumptions used to estimate fair values for the Company's financial instruments follow:

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks and federal funds sold. The estimated fair values of cash and cash equivalents are assumed to equal their carrying values, as these financial instruments are either due on demand or have short-term maturities.

Securities

If quoted market prices are not available for a specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These pricing models primarily use market-based or independently sourced market parameters as inputs, including, but not limited to, yield curves, interest rates, equity or debt prices, and credit spreads. In addition to observable market information, pricing models also incorporate transaction details such as maturities and cash flow assumptions.

Federal Home Loan Bank Stock

Ownership in equity securities of the FHLB is generally restricted and there is no established liquid market for their resale. The carrying amount approximates the fair value.

Loans

The Company discloses the fair value of loans measured at amortized cost using an exit price notion. The Company determined the fair value on substantially all of its loans for disclosure purposes, on an individual loan basis. The discount rates reflect current market rates for loans with similar terms to borrowers having similar credit quality on an exit price basis. The estimated fair values of non-performing mortgage and other loans are based on recent collateral appraisals. For those loans where a discounted cash flow technique was not considered reliable, the Company used a quoted market price for each individual loan.

Deposits

The fair values of deposit liabilities with no stated maturity (i.e., interest-bearing checking and money market accounts, savings accounts, and non-interest-bearing accounts) are equal to the carrying amounts payable on demand. The fair values of CDs represent contractual cash flows, discounted using interest rates currently offered on deposits with similar characteristics and remaining maturities. These estimated fair values do not include the intangible value of core deposit relationships, which comprise a portion of the Company's deposit base.

Borrowed Funds

The estimated fair value of borrowed funds is based either on bid quotations received from securities dealers or the discounted value of contractual cash flows with interest rates currently in effect for borrowed funds with similar maturities and structures.

Off-Balance Sheet Financial Instruments

The fair values of commitments to extend credit and unadvanced lines of credit are 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 creditworthiness of the potential borrowers. The estimated fair values of such off-balance sheet financial instruments were insignificant at December 31, 2019 and 2018.

NOTE 17: DIVIDEND RESTRICTIONS

The Parent Company is a separate legal entity from the Bank and must provide for its own liquidity. In addition to operating expenses and any share repurchases, the Parent Company is responsible for paying any dividends declared to the Company's shareholders. As a Delaware corporation, the Parent Company is able to pay dividends either from surplus or, in case there is no surplus, from net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

Various legal restrictions limit the extent to which the Company's subsidiary bank can supply funds to the Parent Company and its non-bank subsidiaries. The Company's subsidiary bank would require the approval of the Superintendent of the NYSDFS if the dividends they declared in any calendar year were to exceed the total of their respective net profits for that year combined with their respective retained net profits for the preceding two calendar years, less any required transfer to paid-in capital. The term "net profits" is defined as the remainder of all earnings from current operations plus actual recoveries on loans, investments, and other assets, after deducting from the total thereof all current operating expenses, actual losses if any, and all federal, state, and local taxes. In 2019, dividends of $380.0 million were paid by the Bank to the Parent Company; at December 31, 2019, the Bank could have paid additional dividends of $305.7 million to the Parent Company without regulatory approval.

NOTE 18: PARENT COMPANY-ONLY FINANCIAL INFORMATION

The following tables present the condensed financial statements for New York Community Bancorp, Inc. (Parent Company only):

Condensed Statements of Condition

	December 31,	
(in thousands)	2019	2018
ASSETS:		
Cash and cash equivalents	$ 183,063	$ 228,618
Investments in subsidiaries	7,169,066	7,064,341
Receivables from subsidiaries	2,249	6,455
Other assets	23,338	23,724
Total assets	$7,377,716	$7,323,138
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Junior subordinated debentures	$ 359,866	$ 359,508
Subordinated notes	295,066	294,697
Other liabilities	11,090	13,698
Total liabilities	666,022	667,903
Stockholders' equity	6,711,694	6,655,235
Total liabilities and stockholders' equity	$7,377,716	$7,323,138

Condensed Statements of Income

	Years Ended December 31,		
(in thousands)	2019	2018	2017
Interest income	$ 668	$ 500	$ 943
Dividends received from subsidiaries	380,000	380,000	336,000
Other income	716	793	1,700
Gross income	381,384	381,293	338,643
Operating expenses	49,926	59,372	54,333
Income before income tax benefit and equity in underdistributed earnings of subsidiaries	331,458	321,921	284,310
Income tax benefit	13,669	16,616	19,575
Income before equity in underdistributed earnings of subsidiaries	345,127	338,537	303,885
Equity in underdistributed earnings of subsidiaries	49,916	83,880	162,316
Net income	$395,043	$422,417	$466,201

Condensed Statements of Cash Flows

(in thousands)	Years Ended December 31, 2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$395,043	$422,417	$ 466,201
Change in other assets	386	256	10,122
Change in other liabilities	(2,608)	(1,152)	(36,226)
Other, net	32,776	36,677	36,330
Equity in underdistributed earnings of subsidiaries	(49,916)	(83,880)	(162,316)
Net cash provided by operating activities	375,681	374,318	314,111
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales and repayments of securities	--	--	2,000
Change in receivable from subsidiaries, net	4,206	(1,705)	3,089
Investment in subsidiaries	--	--	(420,000)
Net cash provided by (used in) investing activities	4,206	(1,705)	(414,911)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Treasury stock repurchased	(75,220)	(163,249)	(18,463)
Cash dividends paid on common and preferred stock	(350,222)	(365,889)	(356,768)
Proceeds from issuance of preferred stock	--	--	502,840
Proceeds from issuance of subordinated notes	--	294,607	--
Net cash (used in) provided by financing activities	(425,442)	(234,531)	127,609
Net (decrease) increase in cash and cash equivalents	(45,555)	138,082	26,809
Cash and cash equivalents at beginning of year	228,618	90,536	63,727
Cash and cash equivalents at end of year	$183,063	$ 228,618	$ 90,536

NOTE 19: CAPITAL

The Company is subject to examination, regulation, and periodic reporting under the Bank Holding Company Act of 1956, as amended, which is administered by the FRB. The FRB has adopted capital adequacy guidelines for bank holding companies (on a consolidated basis) that are substantially similar to those of the FDIC for the Bank.

The following tables present the regulatory capital ratios for the Company at December 31, 2019 and 2018, in comparison with the minimum amounts and ratios required by the FRB for capital adequacy purposes:

	Risk-Based Capital							
At December 31, 2019	Common Equity Tier 1		Tier 1		Total		Leverage Capital	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	$3,818,311	9.91%	$4,321,151	11.22%	$5,111,990	13.27%	$4,321,151	8.66%
Minimum for capital adequacy purposes	1,733,826	4.50	2,311,768	6.00	3,082,358	8.00	1,996,966	4.00
Excess	$2,084,485	5.41%	$2,009,383	5.22%	$2,029,632	5.27%	$2,324,185	4.66%

	Risk-Based Capital							
At December 31, 2018	Common Equity Tier 1		Tier 1		Total		Leverage Capital	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	$3,806,857	10.55%	$4,309,697	11.94%	$5,112,079	14.16%	$4,309,697	8.74%
Minimum for capital adequacy purposes	1,624,366	4.50	2,165,822	6.00	2,887,763	8.00	1,972,440	4.00
Excess	$2,182,491	6.05%	$2,143,875	5.94%	$2,224,316	6.16%	$2,337,257	4.74%

At December 31, 2019, our total risk-based capital ratio exceeded the minimum requirement for capital adequacy purposes by 527 basis points and the fully phased-in capital conservation buffer by 277 basis points.

The Bank is subject to regulation, examination, and supervision by the NYSDFS and the FDIC (the "Regulators"). The Bank is also governed by numerous federal and state laws and regulations, including the FDIC Improvement Act of 1991, which established five categories of capital adequacy ranging from "well capitalized" to

"critically undercapitalized." Such classifications are used by the FDIC to determine various matters, including prompt corrective action and each institution's FDIC deposit insurance premium assessments. Capital amounts and classifications are also subject to the Regulators' qualitative judgments about the components of capital and risk weightings, among other factors.

The quantitative measures established to ensure capital adequacy require that banks maintain minimum amounts and ratios of leverage capital to average assets and of common equity tier 1 capital, tier 1 capital, and total capital to risk-weighted assets (as such measures are defined in the regulations). At December 31, 2019, the Bank exceeded all the capital adequacy requirements to which they were subject.

As of December 31, 2019, the Company and the Bank are categorized as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as well capitalized, a bank must maintain a minimum common equity tier 1 risk-based capital ratio of 6.50%; a minimum tier 1 risk-based capital ratio of 8.00%; a minimum total risk-based capital ratio of 10.00%; and a minimum leverage capital ratio of 5.00%. In the opinion of management, no conditions or events have transpired since December 31, 2019 to change these capital adequacy classifications.

The following tables present the actual capital amounts and ratios for the Bank at December 31, 2019 and 2018 in comparison to the minimum amounts and ratios required for capital adequacy purposes.

	Risk-Based Capital							
At December 31, 2019	Common Equity Tier 1		Tier 1		Total		Leverage Capital	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	$4,785,217	12.42%	$4,785,217	12.42%	$4,933,900	12.81%	$4,785,217	9.59%
Minimum for capital adequacy purposes	1,733,085	4.50	2,310,780	6.00	3,081,040	8.00	1,996,288	4.00
Excess	$3,052,132	7.92%	$2,474,437	6.42%	$1,852,860	4.81%	$2,788,929	5.59%

	Risk-Based Capital							
At December 31, 2018	Common Equity Tier 1		Tier 1		Total		Leverage Capital	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	$4,725,497	13.10%	$4,725,497	13.10%	$4,886,450	13.54%	$4,725,497	9.58%
Minimum for capital adequacy purposes	1,623,575	4.50	2,164,766	6.00	2,886,355	8.00	1,972,625	4.00
Excess	$3,101,922	8.60%	$2,560,731	7.10%	$2,000,095	5.54%	$2,752,872	5.58%

Preferred Stock

On March 17, 2017, the Company issued 20,600,000 depositary shares, each representing a 1/40th interest in a share of the Company's Fixed-to-Floating Rate Series A Noncumulative Perpetual Preferred Stock, par value $0.01 per share, with a liquidation preference of $1,000 per share (equivalent to $25 per depositary share). Dividends will accrue on the depositary shares at a fixed rate equal to 6.375% per annum until March 17, 2027, and a floating rate equal to Three-month LIBOR plus 382.1 basis points per annum beginning on March 17, 2027. Dividends will be payable in arrears on March 17, June 17, September 17, and December 17 of each year, which commenced on June 17, 2017.

Treasury Stock Repurchases

On October 23, 2018, the Board of Directors approved the repurchase of up to $300 million of the Company's outstanding common stock. During the years ended December 31, 2019 and 2018, the Company repurchased 7.1 million and 16.8 million shares, at a cost of $67.1 million and $160.8 million, respectively.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
New York Community Bancorp, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of condition of New York Community Bancorp, Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 28, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of the allowance for loan losses related to commercial loans collectively evaluated for impairment

As discussed in Notes 2 and 6 to the consolidated financial statements, the Company's allowance for loan losses related to commercial loans collectively evaluated for impairment (ALLL), which includes multi-family, commercial real estate, commercial and industrial, and acquisition, development, and construction loan segments, was $146.4 million of the $147.6 million total allowance for loan losses as of December 31, 2019. The Company estimated the ALLL using historical losses and estimated historical loss emergence periods for each loan segment, which are further segmented by loan grades. Such amounts are subsequently adjusted for certain qualitative factors.

We identified the assessment of the ALLL as a critical audit matter because it involved significant measurement uncertainty requiring a high degree of auditor judgment, and knowledge and experience in the industry. This assessment encompassed the evaluation of the ALLL methodology, inclusive of the methodologies used to estimate (1) the historical losses and their key factors and assumptions, including loan grades, the look-back period, the loss emergence periods, and (2) the qualitative factors.

The primary procedures we performed to address the critical audit matter included the following. We tested certain internal controls over the (1) development and approval of the ALLL methodology, (2) determination of the key factors and assumptions used to estimate the historical loss rates, (3) development of the qualitative factors and (4) analysis of the ALLL results, trends, and ratios. We tested the Company's process to develop the ALLL estimate. Specifically, we tested the sources of data and assumptions that the Company used by considering whether they were relevant and reliable, and whether additional factors and alternative assumptions should be used. We evaluated trends in the total ALLL, including the qualitative factors, for consistency with trends in the loan portfolio growth and credit performance. We tested the look-back period, by evaluating (1) if the loss data in the look-back period is representative of the credit characteristics of the current loan portfolio and (2) the sufficiency of the loss data within the look-back period. We tested the qualitative factor methodology and related factors by:

- evaluating the metrics, including the relevance of sources of data and assumptions, used to allocate the qualitative factors, and
- analyzing the determination of each qualitative factor.

We involved credit risk professionals with specialized industry knowledge and experience, who assisted in evaluating the:

- Company's ALLL methodology for compliance with U.S. generally accepted accounting principles,
- maximum qualitative factors on the highest losses over the course of the look-back period,
- length of the look-back period,
- methodology used to develop the loss emergence period assumption,
- individual loan grades for a selection of loans by evaluating the financial performance of the borrower and the underlying collateral, and
- methodology used to develop the resulting qualitative factors and effect of those factors on the ALLL compared to relevant credit risk factors and credit trends.

KPMG LLP

We have served as the Company's auditor since 1993.
New York, New York
February 28, 2020

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
New York Community Bancorp, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited New York Community Bancorp, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of condition of the Company as of December 31, 2019 and 2018, the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated February 28, 2020 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

New York, New York
February 28, 2020

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Under the supervision, and with the participation, of our Chief Executive Officer and Chief Financial Officer, our management evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15(b), as adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Disclosure controls and procedures are the controls and other procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Our system of internal control is designed under the supervision of management, including our Chief Executive Officer and Chief Financial Officer, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles ("GAAP").

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are made only in accordance with the authorization of management and the Boards of Directors of the Company and the Bank; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions or that the degree of compliance with policies and procedures may deteriorate.

As of December 31, 2019, management assessed the effectiveness of the Company's internal control over financial reporting based upon the framework established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based upon its assessment, management concluded that the Company's internal control over financial reporting as of December 31, 2019 was effective using this criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2019 has been audited by KPMG LLP, an independent registered public accounting firm that audited the Company's consolidated financial statements as of and for the year ended December 31, 2019, as stated in their report, included in Item 8 on the preceding page, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2019.

(c) Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Information regarding our directors, executive officers, and corporate governance appears in our Proxy Statement for the Annual Meeting of Shareholders to be held on June 3, 2020 (hereafter referred to as our "2020 Proxy Statement") under the captions "Information with Respect to Nominees, Continuing Directors, and Executive Officers," "Section 16(a) Beneficial Ownership Reporting Compliance," "Meetings and Committees of the Board of Directors," and "Corporate Governance," and is incorporated herein by this reference.

A copy of our Code of Business Conduct and Ethics, which applies to our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and Chief Accounting Officer as officers of the Company, and all other senior financial officers of the Company designated by the Chief Executive Officer from time to time, is available on the Investor Relations portion of our website: www.myNYCB.com and will be provided, without charge, upon written request to the Chief Corporate Governance Officer and Corporate Secretary at 615 Merrick Avenue, Westbury, NY 11590.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation appears in our 2020 Proxy Statement under the captions "Compensation Committee Report," "Compensation Committee Interlocks and Insider Participation," "Compensation Discussion and Analysis," "Executive Compensation and Related Information," and "Director Compensation," and is incorporated herein by this reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, AND RELATED STOCKHOLDER MATTERS

The following table provides information regarding the Company's equity compensation plans at December 31, 2019:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights *(a)*	Weighted-average exercise price of outstanding options, warrants, and rights *(b)*	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) *(c)*
Equity compensation plans approved by security holders	--	--	2,507,490
Equity compensation plans not approved by security holders	--	--	--
Total	--	--	2,507,490

Information relating to the security ownership of certain beneficial owners and management appears in our 2020 Proxy Statement under the captions "Security Ownership of Certain Beneficial Owners" and "Information with Respect to Nominees, Continuing Directors, and Executive Officers."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions, and director independence, appears in our 2020 Proxy Statement under the captions "Transactions with Certain Related Persons" and "Corporate Governance," respectively, and is incorporated herein by this reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accounting fees and services appears in our 2020 Proxy Statement under the caption "Audit and Non-Audit Fees," and is incorporated herein by this reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents Filed As Part of This Report

1. Financial Statements

The following are incorporated by reference from Item 8 hereof:

- Reports of Independent Registered Public Accounting Firm;
- Consolidated Statements of Condition at December 31, 2019 and 2018;
- Consolidated Statements of Income and Comprehensive Income for each of the years in the three-year period ended December 31, 2019;
- Consolidated Statements of Changes in Stockholders' Equity for each of the years in the three-year period ended December 31, 2019;
- Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2019; and
- Notes to the Consolidated Financial Statements.

The following are incorporated by reference from Item 9A hereof:

- Management's Report on Internal Control over Financial Reporting; and
- Changes in Internal Control over Financial Reporting.

2. Financial Statement Schedules

Financial statement schedules have been omitted because they are not applicable or because the required information is provided in the Consolidated Financial Statements or Notes thereto.

3. Exhibits Required by Securities and Exchange Commission Regulation S-K

The following exhibits are filed as part of this Form 10-K, and this list includes the Exhibit Index.

Exhibit No.	
3.1	Amended and Restated Certificate of Incorporation (1)
3.2	Certificates of Amendment of Amended and Restated Certificate of Incorporation (2)
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation (3)
3.4	Certificate of Designations of the Registrant with respect to the Series A Preferred Stock, dated March 16, 2017, filed with the Secretary of State of the State of Delaware and effective March 16, 2017 (4)
3.5	Amended and Restated Bylaws(5)
4.1	Specimen Stock Certificate (6)
4.2	Deposit Agreement, dated as of March 16, 2017, by and among the Registrant, Computershare, Inc, and Computershare Trust Company, N.A., as joint depositary, and the holders from time to time of the depositary receipts described therein (7)
4.3	Form of certificate representing the Series A Preferred Stock (7)
4.4	Form of depositary receipt representing the Depositary Shares (7)
4.5	Description of securities registered pursuant to Section 12 of the Securities and Exchange Act of 1934
4.6	Registrant will furnish, upon request, copies of all instruments defining the rights of holders of long-term debt instruments of the registrant and its consolidated subsidiaries.
10.1	Form of Employment Agreement between New York Community Bancorp, Inc. and Joseph R. Ficalora, Robert Wann, Thomas R. Cangemi, James J. Carpenter, and John J. Pinto* (8)

10.2	Synergy Financial Group, Inc. 2004 Stock Option Plan (as assumed by New York Community Bancorp, Inc. effective October 1, 2007)* (9)
10.3(P)	Form of Change in Control Agreements among the Company, the Bank, and Certain Officers* (10)
10.4(P)	Form of Queens County Savings Bank Employee Severance Compensation Plan* (10)
10.5(P)	Form of Queens County Savings Bank Outside Directors' Consultation and Retirement Plan* (10)
10.6(P)	Form of Queens County Bancorp, Inc. Employee Stock Ownership Plan and Trust* (10)
10.7(P)	Incentive Savings Plan of Queens County Savings Bank* (11)
10.8(P)	Retirement Plan of Queens County Savings Bank* (10)
10.9(P)	Supplemental Benefit Plan of Queens County Savings Bank* (12)
10.10(P)	Excess Retirement Benefits Plan of Queens County Savings Bank* (10)
10.11(P)	Queens County Savings Bank Directors' Deferred Fee Stock Unit Plan* (10)
10.12	New York Community Bancorp, Inc. Management Incentive Compensation Plan* (13)
10.13	New York Community Bancorp, Inc. 2006 Stock Incentive Plan* (13)
10.14	New York Community Bancorp, Inc. 2012 Stock Incentive Plan* (14)
10.15	Underwriting Agreement, dated November 1, 2018, by and among the Registrant and Goldman Sachs & Co., Sandler O'Neill & Partners, L.P., Credit Suisse Securities (USA) LLC, Jefferies LLC, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representatives of the several underwriters listed therein (15)
10.16	Consulting Agreement between New York Community Bancorp, Inc. and James J. Carpenter*
11.0	Statement Re: Computation of Per Share Earnings (See Note 2 to the Consolidated Financial Statements)
21.0	Subsidiaries information incorporated herein by reference to Part I, "Subsidiaries"
23.0	Consent of KPMG LLP, dated February 28, 2020 (attached hereto)
31.1	Rule 13a-14(a) Certification of Chief Executive Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto)
31.2	Rule 13a-14(a) Certification of Chief Financial Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto)
32.0	Section 1350 Certifications of the Chief Executive Officer and Chief Financial Officer of the Company in accordance with Section 906 of the Sarbanes-Oxley Act of 2002 (attached hereto)
101	The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2019, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Condition, (ii) the Consolidated Statements of Income and Comprehensive Income, (iii) the Consolidated Statements of Changes in Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) the Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Date File (formatted in Inline XBRL and contained in Exhibit 101)

* Management plan or compensation plan arrangement.

(1) Incorporated by reference to Exhibits filed with the Company's Form 10-Q for the quarterly period ended March 31, 2001 (File No. 0-22278)

(2) Incorporated by reference to Exhibits filed with the Company's Form 10-K for the year ended December 31, 2003 (File No. 1-31565)

(3) Incorporated by reference to Exhibits to the Company's Form 8-K filed with the Securities and Exchange Commission on April 27, 2016 (File No. 1-31565)

(4) Incorporated herein by reference to 3.4 of the Registrant's Registration Statement on Form 8-A (File No. 333-210919), as filed with the Securities and Exchange Commission on March 16, 2017

(5) Incorporated by reference to Exhibits filed with the Company's Form 10-K for the year ended December 31, 2016 (File No. 1-31565)

(6) Incorporated by reference to Exhibits filed with the Company's Form 10-Q filed with the Securities and Exchange Commission on November 9, 2017 (File No. 1-31565)

(7) Incorporated by reference to Exhibits filed with the Company's Form 8-K filed with the Securities and Exchange Commission on March 17, 2017

(8) Incorporated by reference to Exhibits filed with the Company's Form 8-k filed with the Securities and Exchange Commission on March 9, 2006
(9) Incorporated by reference to Exhibits to Form S-8, Registration Statement filed on October 4, 2007, Registration No. 333-146512
(10) Incorporated by reference to Exhibits filed with the Company's Registration Statement filed on Form S-1, Registration No. 33-66852
(11) Incorporated by reference to Exhibits to Form S-8, Registration Statement filed on October 27, 1994, Registration No. 33-85682
(12) Incorporated by reference to Exhibits filed with the 1995 Proxy Statement for the Annual Meeting of Shareholders held on April 19, 1995
(13) Incorporated by reference to Exhibits filed with the 2006 Proxy Statement for the Annual Meeting of Shareholders held on June 7, 2006
(14) Incorporated by reference to Exhibits filed with the 2012 Proxy Statement for the Annual Meeting of Shareholders held on June 7, 2012
(15) Incorporated by reference to Exhibits filed with the Company's Form 8-K filed with the Securities and Exchange Commission on November 6, 2018 (File No. 1-31565)

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

February 28, 2020

New York Community Bancorp, Inc.
(Registrant)

/s/ Joseph R. Ficalora
Joseph R. Ficalora
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Joseph R. Ficalora 2/28/20
Joseph R. Ficalora
President, Chief Executive Officer,
and Director
(Principal Executive Officer)

/s/ Thomas R. Cangemi 2/28/20
Thomas R. Cangemi
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

/s/ John J. Pinto 2/28/20
John J. Pinto
Executive Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

/s/ Dominick Ciampa 2/28/20
Dominick Ciampa
Chairman of the Board of Directors

/s/ Hanif W. Dahya 2/28/20
Hanif W. Dahya
Director

/s/ Leslie D. Dunn 2/28/20
Leslie D. Dunn
Director

/s/ Michael J. Levine 2/28/20
Michael J. Levine
Director

/s/ James J. O’Donovan 2/28/20
James J. O’Donovan
Director

/s/ Lawrence Rosano, Jr. 2/28/20
Lawrence Rosano, Jr.
Director

/s/ Ronald A. Rosenfeld 2/28/20
Ronald A. Rosenfeld
Director

/s/ Lawrence J. Savarese 2/28/20
Lawrence J. Savarese
Director

/s/ John M. Tsimbinos 2/28/20
John M. Tsimbinos
Director

/s/ Robert Wann 2/28/20
Robert Wann
Senior Executive Vice President,
Chief Operating Officer, and Director

This page intentionally left blank

EXHIBIT 4.5

NEW YORK COMMUNITY BANCORP, INC.

DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT

As of December 31, 2019, New York Community Bancorp, Inc. ("NYCB") had three classes of securities registered under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act"): (i) common stock; (ii) Bifurcated Option Note Unit SecuritiES(SM) (BONUSES(SM)) units (the "BONUSES Units"); and (iii) Depositary Shares, each representing a 1/40th interest in a share of Fixed-to-Floating Rate Series A Noncumulative Perpetual Preferred Stock (the "Depositary Shares"). References to "we," "us" or "our" mean New York Community Bancorp, Inc., excluding, unless otherwise expressly stated or the context requires, our subsidiaries.

DESCRIPTION OF COMMON STOCK

The following description of our common stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Amended and Restated Articles of Incorporation (the "Articles of Incorporation") and our Amended and Restated Bylaws (the "Bylaws"), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.5 is a part. We encourage you to read our Articles of Incorporation, our Bylaws and the applicable provisions of the General Corporation Law of the State of Delaware, for additional information.

General

NYCB, which is incorporated under the General Corporation Law of the State of Delaware, is authorized to issue 900,000,000 shares of its common stock, $0.01 par value, of which 467,346,781 shares were issued and outstanding as of December 31, 2019. NYCB is also authorized to issue 5,000,000 shares of preferred stock, $0.01 par value, of which 515,000 are issued and outstanding as of December 31, 2019, comprised of Fixed-to-Floating Rate Series A Noncumulative Perpetual Preferred Stock. NYCB's board of directors may at any time, without additional approval of the holders of preferred stock or common stock, issue additional authorized shares of preferred stock or common stock.

Voting Rights

The holders of common stock are entitled to one vote per share on all matters presented to stockholders. Holders of common stock are not entitled to cumulate their votes in the election of directors.

No Preemptive or Conversion Rights

The holders of common stock do not have preemptive rights to subscribe for a proportionate share of any additional securities issued by NYCB before such securities are offered to others. The absence of preemptive rights increases NYCB's flexibility to issue additional shares of common stock in connection with NYCB's acquisitions, employee benefit plans and for other purposes, without affording the holders of common stock a right to subscribe for their proportionate share of those additional securities. The holders of common stock are not entitled to any redemption privileges, sinking fund privileges or conversion rights.

Dividends

Holders of common stock are entitled to receive dividends ratably when, as, and if declared by NYCB's board of directors from assets legally available therefor, after payment of all dividends on preferred stock, if any is outstanding. Under Delaware law, NYCB may pay dividends out of surplus or, if there is no surplus, out of our net profits for the fiscal year in which declared and/or for the preceding fiscal year. Dividends paid by our subsidiary Bank are the primary source of funds available to NYCB for payment of dividends to our stockholders and for other needs. Various federal and state laws and regulations limit the amount of dividends that our subsidiary Bank may pay to us. NYCB's board of directors intends to maintain its present policy of paying regular quarterly cash dividends. The declaration and amount of future dividends will depend on circumstances existing at the time, including NYCB's earnings, financial condition and capital requirements, as well as regulatory limitations and such other factors as NYCB's board of directors deems relevant.

On a stand-alone basis, NYCB's principal assets and sources of income consist of investments in our operating subsidiaries, which are separate and distinct legal entities.

Liquidation

Upon liquidation, dissolution, or the winding up of the affairs of NYCB, holders of common stock are entitled to receive their pro rata portion of the remaining assets of NYCB after the holders of NYCB's preferred stock, if any, have been paid in full any sums to which they may be entitled.

Certain Charter and Bylaw Provisions Affecting Stock

NYCB's Amended and Restated Certificate of Incorporation and Bylaws contain several provisions that may make NYCB a less attractive target for an acquisition of control by anyone who does not have the support of NYCB's board of directors. Such provisions include, among other things, the requirement of a supermajority vote of stockholders or directors to approve certain business combinations and other corporate actions, a minimum price provision, several special procedural rules, a staggered board of directors, and the limitation that stockholder actions may only be taken at a meeting and may not be taken by unanimous written stockholder consent. The foregoing is qualified in its entirety by reference to NYCB's Amended and Restated Certificate of Incorporation and Bylaws, both of which are on file with the SEC.

Restrictions on Ownership

The Bank Holding Company Act of 1956, the "BHC Act," generally would prohibit any company that is not engaged in banking activities and activities that are permissible for a bank holding company or a financial holding company from acquiring control of NYCB. "Control" is generally defined as ownership of 25% or more of a class of voting stock, control of the election of a majority of the directors, or the power to exercise a controlling influence. In addition, any existing bank holding company would need the prior approval of the FRB before acquiring 5% or more of a class of voting stock of NYCB. In addition, the Change in Bank Control Act of 1978, as amended, prohibits a person or group of persons from acquiring control of a bank holding company unless the FRB has been notified and has not objected to the transaction. Under a rebuttable presumption established by the FRB, the acquisition of 10% or more of a class of voting stock of a bank holding company with a class of securities registered under Section 12 of the Exchange Act, such as NYCB, could constitute acquisition of control of the bank holding company. New York law generally requires the prior approval of the banking board of the New York State Department of Financial Services ("NYSDFS") before a person, group of persons, or company may acquire 10% or more of the voting stock of NYCB or otherwise exercise a controlling influence. Generally under New York law, an existing bank holding company that controls 10% or more of the voting stock of two or more banking institutions located in New York would need prior NYSDFS approval before it acquired 5% or more of the voting stock of NYCB.

DESCRIPTION OF Bifurcated Option Note Unit SecuritiES(SM)(BONUSES(SM)) units

The BONUSES units were issued in 2002 under a BONUSES unit agreement among NYCB, New York Community Capital Trust V, currently known as New York Community Capital Trust V-2009 (the "trust") and Wilmington Trust Company, as warrant agent, property trustee and agent. The preferred security constituting part of each BONUSES unit was issued under an amended and restated declaration of trust (the "declaration of trust" or the "declaration") among NYCB, Wilmington Trust Company, as property trustee and Delaware trustee, three administrative trustees and the holders of undivided beneficial interests in the assets of the trust. There are 4,105,481 BONUSES units outstanding as of December 31, 2019. The BONUSES units are listed in the New York Stock Exchange as "NYCB PU."

The debentures constituting the sole assets of the trust were issued by NYCB under a supplemental indenture to an indenture between NYCB and Wilmington Trust Company, as debenture trustee. We refer to the indenture together with the supplemental indenture as the "indenture." NYCB fully and unconditionally guarantees certain obligations of the trust pursuant to a preferred securities guarantee agreement (the "preferred securities guarantee" or the "guarantee") among NYCB and Wilmington Trust Company, as guarantee trustee. The warrants constituting part of each BONUSES unit were issued pursuant to a warrant agreement (the "warrant agreement") between NYCB and Wilmington Trust Company, as warrant agent.

General

Each BONUSES unit consists of:

- a preferred security issued by the trust, having a stated liquidation preference of $50, which is subject to adjustment upon a remarketing following a reset event described below, representing an undivided beneficial ownership interest in the assets of the trust, which assets will consist solely of the debentures; and

- a warrant to purchase shares of common stock of NYCB pursuant to a conversion ratio, subject to antidilution adjustments, at any time prior to May 7, 2051. The initial conversion ratio (the "conversion ratio") was 1.4036 shares of common stock. The current conversion ratio (the "current conversion ratio") is 2.4953 shares of common stock. The exercise price was initially $50, subject to adjustment. The conversion price (initially $35.62) is the exercise price divided by the conversion ratio.

At any time after issuance, the preferred security and the warrant components of each BONUSES unit may be separated by the holder thereof and transferred separately, and thereafter, any separated preferred security and warrant may be combined to form a BONUSES unit.

Distributions

Holders of BONUSES units are entitled to receive cumulative cash distributions payable on the related preferred securities by the trust at the rate of 6% of the liquidation preference per annum, payable quarterly in arrears, subject to reset upon a remarketing as described under "Description of the Debentures—Interest." Cash distributions on the preferred securities will be payable quarterly, in arrears, on February 1, May 1, August 1 and November 1 of each year, commencing February 1, 2003, and payable on a remarketing settlement date, when, as and if available for payment, by the property trustee. Distributions accumulated since November 4, 2002.

The ability of the trust to pay the quarterly distributions on the preferred securities will depend solely upon its receipt of corresponding interest payments from NYCB on the debentures. Interest on the debentures not paid on the scheduled quarterly interest payment date will accrue and compound quarterly, to the extent permitted by law, at the applicable interest rate, and, as a result, distributions on the preferred securities will continue to accumulate and compound quarterly, to the extent permitted by law, at the applicable distribution rate.

Holders of BONUSES units will also be entitled to receive a pro rata distribution of payments of principal on the debentures, except that payments of principal following an exchange of preferred securities for debentures will be paid to the holder of the debentures.

At all times, the distribution rate, the distribution dates and other payment dates for the BONUSES units correspond to the interest rate, interest payment dates and other payment dates on the debentures, which are the sole assets of the trust.

Distributions on the BONUSES units are paid only to the extent that payments are made in respect of the debentures and to the extent that the trust has funds available for the payment of such distributions. See "Description of the Debentures." If NYCB does not make payments on the debentures, the trust will not have funds available to pay distributions on the BONUSES units.

So long as NYCB is not in default in the payment of interest on the debentures and a failed remarketing has not occurred, NYCB will have the right under the indenture to defer payments of interest on the debentures by extending the interest payment period at any time, and from time to time, on the debentures. See "Description of Debentures—Option to Extend Interest Payment Period" below. During an extension period, no interest will be due and payable. As a consequence of each such extension, distributions on the BONUSES units would also be deferred by the trust for a corresponding period. Despite such a deferral, payments of interest would continue to accrue at the then applicable interest rate per annum compounded quarterly, to the extent permitted by applicable law, and, as a result, distributions would continue to accumulate at the then applicable distribution rate compounded quarterly, to the extent permitted by law.

Prior to the termination of any extension period, NYCB may further defer payments of interest by extending the interest payment period; provided that such extension period, together with all such previous and further extensions thereof, may not exceed 20 consecutive quarters or extend beyond the stated maturity of the debentures. Upon the termination of any extension period and the payment of all amounts then due, NYCB may commence a new extension period, subject to the above requirements.

In the event that NYCB exercises this right to defer payments of interest, then NYCB will not, and will not permit any subsidiary to:

- declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any of NYCB's capital stock or any warrants, options or other rights to acquire capital stock (but excluding any debt security that is convertible into or exchangeable for capital stock); or

- make any payment of interest, principal or premium, if any, on or repay, repurchase or redeem any debt securities issued by NYCB which rank equally with or junior to the debentures or make any payments with respect to any guarantee by NYCB of the debt securities of any subsidiary of NYCB if such guarantee ranks equally with or junior in interest to the debentures.

Notwithstanding the foregoing the following will be permitted:

- repurchases, or acquisitions of shares of capital stock of NYCB in connection with any employee benefit plans or any other contractual obligation of NYCB;
- dividends or distributions in either capital stock or rights to acquire capital stock of NYCB;
- payments under the preferred securities guarantee; and
- any declaration of a dividend in connection with the implementation of a shareholders' rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant to a rights agreement.

Change of Control

If a change of control (as defined below) occurs, each holder of a BONUSES unit will have the right to:

- require NYCB to redeem that holder's related warrant on the date that is 45 days after the date NYCB gives notice at a redemption price in cash equal to 100% of the warrant value on the redemption date; and
- exchange that holder's related preferred security for a debenture having an accreted value equal to the accreted value of such preferred security, and to require NYCB to repurchase such debenture on the date that is 225 days following the date on which NYCB notifies holders of the change of control (the "repurchase date") at a repurchase price in cash equal to 100% of the accreted value of the debenture on the repurchase date plus accrued and unpaid interest (including deferred interest) on the debentures to, but excluding, the repurchase date.

Within 30 days after the occurrence of a change of control, NYCB must give notice to each holder of a BONUSES unit and the unit agent of the transaction that constitutes the change of control and of the resulting redemption right and exchange and repurchase right.

To exercise the warrant redemption right, a BONUSES unit holder must deliver prior to or on the 30th day after the date of NYCB's change of control notice irrevocable written notice to the warrant agent of the holder's exercise of its redemption right.

To exercise the preferred security repurchase right, a holder must deliver no earlier than 180 days and no later than 210 days after the date of NYCB's change of control notice irrevocable written notice to NYCB, the trust and the property trustee (in its capacity as property trustee and exchange agent) of the holder's exercise of its repurchase right. The preferred securities will be exchanged for debentures no less than three business days prior to the repurchase date.

A "change of control" will be deemed to have occurred when any of the following has occurred:

- the acquisition (other than open market purchases on any national securities exchange or the Nasdaq National Market on which NYCB's capital stock is traded) by any person of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchase, merger or other acquisition transactions of shares of NYCB's capital stock entitling that person to exercise 50% or more of the total voting power of all shares of NYCB's capital stock entitled to vote generally in elections of directors, other than any such acquisition by NYCB, any of NYCB's subsidiaries or any of NYCB's employee benefit plans; or
- the consolidation or merger of NYCB with or into any other person, any merger of another person into NYCB, or any conveyance, transfer, sale, lease or other disposition of all or substantially all of NYCB's properties and assets to another person, other than:
    - any transaction (A) that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of NYCB's capital stock and (B) notwithstanding such transaction, during any period of two consecutive years after such transaction individuals who at the beginning of such period constituted the board of directors of NYCB (together with any new directors whose election or appointment by such board or whose nomination for election by the shareholders of NYCB was approved by a vote of not less than two-thirds of the directors then

still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) continue to constitute at least 50% of the board of directors of NYCB then in office; or

- any merger solely for the purpose of changing NYCB's jurisdiction of incorporation and resulting in a reclassification, conversion or exchange of outstanding shares of common stock solely into shares of common stock of the surviving entity.

Beneficial ownership shall be determined in accordance with Rule 13d-3 promulgated by the SEC under the Exchange Act. The term "person" includes any syndicate or group which would be deemed to be a "person" under Section 13(d)(3) of the Exchange Act.

However, a change of control will not be deemed to have occurred if:

- the closing sale price per share of NYCB's common stock for any five trading days within the period of 10 consecutive trading days ending immediately after the later of the change of control or the public announcement of the change of control, in the case of a change of control under the first clause above, or the period of 10 consecutive trading days ending immediately before the change of control, in the case of a change of control under the second clause above, equals or exceeds $39.18 (which equals 110% of the initial conversion price), subject to antidilution adjustments;
- at least 90% of the consideration in the transaction or transactions constituting a change of control consists of shares of common stock traded or to be traded immediately following such change of control on a national securities exchange or the Nasdaq National Market and, as a result of such transaction or transactions, the warrants become exercisable solely into such common stock (and any rights attached thereto);
- either NYCB or the bank holding company resulting from or surviving the change of control (i) is not well-capitalized, as defined in 12 C.F.R. 225.2(r) or any successor provision, (ii) is not otherwise in compliance with the capital adequacy requirements of the Federal Reserve or (iii) has not received prior approval of the Federal Reserve to redeem the warrants or the preferred securities; or
- any depository institution of NYCB or of the bank holding company resulting from or surviving the change of control is not well capitalized under the prompt corrective action regulations of the applicable regulatory authority.

Except as described above with respect to a change of control, the BONUSES unit agreement does not contain provisions that permit the holders of BONUSES units to require that NYCB redeem the warrants or repurchase the debentures in the event of a takeover, recapitalization or similar transaction. In addition, NYCB could enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that could affect NYCB's capital structure or the value of NYCB's common stock, but that would not constitute a change of control.

NYCB's ability to redeem warrants or repurchase debentures upon the occurrence of a change of control is subject to important limitations. There can be no assurance that NYCB would have the financial resources, or would be able to arrange financing, to pay the redemption price or repurchase price for all the warrants and debentures, as the case may be, that might be delivered by holders of the BONUSES units seeking to exercise the redemption right and repurchase right. Any failure by NYCB to redeem the warrants or repurchase the debentures when required following a change of control would result in an event of default under the BONUSES unit agreement, the declaration of trust and the indenture.

Amendment and Modification of the BONUSES Unit Agreement

The BONUSES unit agreement may be amended by us and the BONUSES unit agent, without consent of the holders, for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective or inconsistent provision therein or in any other manner which we and the BONUSES unit agent may deem necessary or desirable and which will not adversely affect the interests of the affected holders.

The BONUSES unit agreement contains provisions permitting us and the BONUSES unit agent, with the consent of the holders of a majority of the BONUSES units at the time outstanding, to modify the rights of the holders of the BONUSES units under the BONUSES unit agreement and the terms of the BONUSES unit agreement, except that no modification may, without the consent of the holder of each outstanding BONUSES unit affected thereby:

- materially adversely affect the holders' rights under any BONUSES unit; or

- reduce the aforesaid percentage of outstanding BONUSES units the consent of holders of which is required for the modification or amendment of the provisions of the BONUSES unit agreement.

Description of the Preferred Securities Component of the BONUSES

The following is a summary of the terms of the preferred securities and does not purport to be complete. The terms of the preferred securities include those stated in the declaration of trust and those made part of the declaration of trust by the Trust Indenture Act. We urge you to read the declaration of trust (including the definitions of certain terms therein), the Delaware Statutory Trust Act (the "Trust Act"), and the Trust Indenture Act for additional information about the preferred securities.

Distributions

Cash distributions on the preferred securities are fixed at a rate per annum of 6% of the liquidation preference of $50 per preferred security, subject to reset in connection with a remarketing as described under "Description of the Debentures—Interest," payable quarterly, in arrears, on February 1, May 1, August 1 and November 1 of each year, commencing February 1, 2003, and payable on a remarketing settlement date, when, as and if available for payment, by the property trustee. Distributions have accumulated from November 4, 2002. At all times, the distribution rate, the distribution dates and other payment dates for the preferred securities correspond to the interest rate, interest payment dates and other payment dates on the debentures. Interest on the debentures not paid on the scheduled payment date will accrue and compound quarterly, to the extent permitted by law, at the applicable interest rate, and, as a result, distributions will accumulate and compound quarterly, to the extent permitted by law, at the applicable distribution rate ("compounded distributions").

The term "distribution" as used herein includes any regular quarterly distributions, together with any compounded distributions, unless otherwise stated. The amount of distributions payable for any period will be computed:

- for any full 90-day quarterly distribution period, on the basis of a 360-day year of twelve 30-day months;
- for any period shorter than a full 90-day distribution period, on the basis of a 30-day month; and
- for periods of less than a month, on the basis of the actual number of days elapsed per 30-day month.

In the event that any date on which distributions are payable on the preferred securities is not a business day, then payment of the distributions payable on that date will be made on the next succeeding day that is a business day (and without any additional distributions or other payment in respect of any such delay), except that, if such business day is in the next succeeding calendar year, such payment will be made on the immediately preceding business day, with the same force and effect as if made on the date such payment was originally payable. A "business day" means any day, other than a Saturday or Sunday, that is not a day on which banking institutions in the Borough of Manhattan, in the City of New York, or Wilmington, Delaware are authorized or required by law, regulation or executive order to close.

Distributions on the preferred securities (other than distributions on a remarketing settlement date or redemption date) are payable to the holders thereof as their names appear in the register of the trust as of the close of business on the relevant record dates. Distributions payable on any preferred securities that are not punctually paid on any distribution date will cease to be payable to the person in whose name such preferred securities are registered on the relevant record date. The defaulted distribution will instead be payable to the person in whose name such preferred securities are registered on the special record date or other specified date determined in accordance with the declaration of trust.

Holders of BONUSES units are entitled to receive a pro rata distribution of payments of principal on the debentures, except that payments of principal following an exchange of preferred securities for debentures will be paid to the holders of the debentures.

Distributions on the preferred securities will be paid only to the extent that payments are made in respect of the debentures held by the property trustee and to the extent that the trust has funds available for the payment of such distributions. See "Description of the Debentures." If NYCB does not make payments on the debentures, the property trustee will not have funds available to make payments (including distributions) on the preferred securities.

So long as NYCB is not in default in the payment of interest on the debentures and a failed remarketing has not occurred, NYCB will have the right under the indenture to defer payments of interest on the debentures by extending the interest payment period at any time, and from time to time, on the debentures. See "Description of Debentures—

Option to Extend Interest Payment Period" below. As a consequence of each such extension, distributions on the preferred securities would also be deferred by the trust for a corresponding period. Despite such a deferral, payments of interest would continue to accrue at the then applicable interest rate per annum compounded quarterly, to the extent permitted by applicable law, and, as a result, distributions would continue to accumulate at the then applicable distribution rate compounded quarterly, to the extent permitted by law. The right to extend the interest payment period for the debentures is limited to a period not exceeding 20 consecutive quarters and no extension may extend beyond the stated maturity of the debentures. Upon the termination of any extension period and the payment of all amounts then due, NYCB may commence a new extension period.

Remarketing

A "remarketing event" will occur:

- in connection with a redemption of the warrants by NYCB; or
- on the expiration date of the warrants in connection with their expiration.

Following the occurrence of a remarketing event, all of the preferred securities other than the preferred securities as to which the holders have opted not to participate in the remarketing, will be remarketed by an entity to be designated by NYCB as remarketing agent, initially Salomon Smith Barney, Inc. In the absence of an election to the contrary, holders of preferred securities—whether or not components of BONUSES units—will be deemed to have elected to participate in the remarketing. Under the remarketing agreement, the remarketing agent will use its commercially reasonable efforts to remarket the participating preferred securities at a price no less than 100% of their accreted value as of the end of the day on the day before the remarketing date. If the remarketing is in connection with the expiration of the warrants, the accreted value will equal the principal amount at maturity.

The proceeds from the remarketed preferred securities will be paid to the selling holders, unless the holders are BONUSES unit holders who have elected to exercise their warrants, in which case the proceeds will be applied to satisfy in full the exercise price of the warrants with any excess proceeds being paid to the selling holders.

In connection with a remarketing related to a redemption of the warrants:

- the adjusted maturity of the debentures (and, as a result, the redemption date of the preferred securities) will become the date that is 180 days following the remarketing date;
- the amount due at the adjusted maturity date of the debentures will be the accreted value of the debentures as of the end of the day before the remarketing date (and as a result, the amount due at the adjusted redemption date of the preferred securities will be a corresponding amount); and
- beginning on the remarketing date, the debentures will bear interest on their accreted value at the rate established in the remarketing.

In connection with a remarketing related to the expiration of the warrants:

- the maturity date of the debentures (and, as a result, the redemption date of the preferred securities) will continue to be the scheduled maturity date, which will be 180 days following the remarketing date; and
- beginning on the remarketing date, the debentures will bear interest on their accreted value, which at that time will equal $50, at the rate established in the remarketing.

Accordingly, holders of preferred securities—whether or not components of BONUSES units—that elect not to participate in the remarketing will receive:

- distributions on their preferred securities for 180 days at the rate equal to the rate established in the remarketing; and
- the accreted value of their preferred securities (which in connection with the expiration of the warrants is $50) 180 days after the remarketing date.

Remarketing Procedures

Set forth below is a summary of the procedures to be followed in connection with a remarketing of the preferred securities.

Remarketing in Connection with an Optional or Special Event Redemption

In the event of a remarketing in connection with an optional or special event redemption of the warrants, NYCB must cause written notice of the remarketing to be given to the holders of the BONUSES units and the preferred securities at the same time as notice of the related redemption is given by NYCB to the holders of the BONUSES units and warrants. See "Description of the Warrants—Optional Redemption—Procedures" and "—Redemption Upon Special Event." The remarketing date will be two business days prior to the redemption date. The remarketing settlement date will be the redemption date.

It is a condition precedent to the remarketing that, as of the date on which NYCB elects to cause a remarketing of the preferred securities and on the remarketing date, no deferral of distributions to holders of the preferred securities as a result of NYCB electing to extend interest payments on the debentures and no event of default under the declaration of trust shall have occurred and be continuing. It is a further condition that the conditions to a contemporaneous redemption of the warrants shall have been satisfied.

Remarketing in Connection with the Expiration of the Warrants

If not previously remarketed in connection with a redemption of the warrants by NYCB, the preferred securities will be remarketed two business days prior to the expiration date in connection with the expiration of the warrants. No further action will be required of NYCB to select such date or give notice of such date. The remarketing date will be two business days prior to the expiration date. The remarketing settlement date will be the expiration date.

Absent an extension, the warrants will expire on May 7, 2051, the settlement date for a remarketing in connection with the expiration of the warrants.

If a remarketing of the preferred securities does not occur on the second business day prior to the expiration date for any reason, the administrative trustees will give notice thereof to all holders of preferred securities (whether or not a component of a BONUSES unit) prior to the close of business on the business day following the remarketing date. In such event:

- beginning on such date, interest will accrue on the accreted value of the debentures, and distributions will accumulate on the accreted value of the preferred securities;
- the interest rate on the accreted value of the debentures will be equal to 11.10%, and, as a result, the distribution rate on the preferred securities will increase correspondingly; and
- the accreted value of the debentures (and, as a result, the accreted value of the preferred securities) will become due and payable on the date which is 180 days after the remarketing date.

A Failed Remarketing

If, by 4:00 p.m., New York City time, on the remarketing date, the remarketing agent is unable to remarket all the preferred securities deemed tendered for purchase, a "failed remarketing" will have occurred. The administrative trustees will give notice of a failed remarketing to NYCB and all holders of preferred securities (whether or not a component of a BONUSES unit) prior to the close of business on the business day following the remarketing date.

Upon a failed remarketing:

- beginning on such date, interest will accrue on the accreted value of the debentures, and distributions will accumulate on the accreted value of the preferred securities;
- the interest rate on the accreted value of the debentures will be equal to 11.10%, and, as a result, the distribution rate on the accreted value of preferred securities will increase correspondingly;
- the stated maturity of the accreted value of the debentures and the redemption date of the accreted value of the preferred securities will become the date which is 180 days after the failed remarketing date; and
- NYCB will no longer have the option to defer interest payments on the debentures.

A successful remarketing is not a condition to a redemption of the warrants, see "Description of the Warrant—Optional Redemption," and the warrantholder will have the option to exercise its warrants in lieu of such redemption.

General

The following common provisions apply to any remarketing.

Unless holders of preferred securities elect not to have their preferred securities remarketed, all preferred securities will be remarketed on the remarketing date. A holder may elect not to have its preferred securities remarketed by notifying the remarketing agent of such election not later than 5:00 p.m., New York City time, on the business day preceding the remarketing date. Any such notice will be irrevocable and may not be conditioned upon the level at which the reset rate (as defined below) is established in the remarketing. Not later than 5:00 p.m., New York City time, on the business day before the remarketing date, the property trustee and the BONUSES unit agent, as applicable, shall notify the trust, NYCB and the remarketing agent of the number of preferred securities to be tendered for purchase in the remarketing.

Reset Rate

If none of the holders elects to have preferred securities remarketed in the remarketing, the reset rate will be the rate determined by the remarketing agent, in its sole discretion, as the rate that would have been established had a remarketing been held on the remarketing date and the modifications to the maturity date of the debentures and the expiration date of the warrants will be effective as of the remarketing date. If the remarketing agent determines prior to 4:00 p.m., New York City time, on the remarketing date that it will be able to remarket all the preferred securities deemed tendered for purchase at a price of no less than 100% of the accreted value of such preferred securities as of the end of the day on the day next preceding the remarketing date, the remarketing agent will determine the reset rate, which will be the rate, rounded to the nearest one-thousandth (0.001) of one percent, per annum that the remarketing agent determines, in its sole judgment, to be the lowest rate per year that will enable it to remarket all the preferred securities deemed tendered for remarketing at that price.

The right of each holder to have preferred securities tendered for purchase will be limited to the extent that:

- the remarketing agent conducts a remarketing pursuant to the terms of the remarketing agreement;
- the remarketing agent is able to find a purchaser or purchasers for tendered preferred securities; and
- the purchaser or purchasers deliver the purchase price therefor to the remarketing agent.

The remarketing agent is not obligated to purchase any preferred securities that would otherwise remain unsold in the remarketing. Neither NYCB nor the remarketing agent will be obligated in any case to provide funds to make payment upon tender of preferred securities for remarketing.

NYCB will be liable for any and all costs and expenses incurred in connection with the remarketing.

In connection with a remarketing of the preferred securities, and at any time thereafter, a purchaser may elect to receive a debenture in lieu of preferred securities. See "—Exchange."

Remarketing Agent

The remarketing agent will be determined by NYCB and will initially be Salomon Smith Barney, Inc. The remarketing agreement will provide that the remarketing agent will act as the exclusive remarketing agent and will use commercially reasonable efforts to remarket preferred securities deemed tendered for purchase in the remarketing at a price of no less than 100% of their accreted value as of the end of the day on the day before the remarketing date. Under certain circumstances, some portion of the preferred securities tendered in the remarketing will be able to be purchased by the remarketing agent.

The remarketing agreement will also provide that the remarketing agent will incur no liability to NYCB or to any holder of the BONUSES units or the preferred securities in its individual capacity or as remarketing agent for any action or failure to act in connection with a remarketing or otherwise, except as a result of negligence or willful misconduct on its part. NYCB will pay the fee of the remarketing agent.

NYCB will agree to indemnify the remarketing agent against certain liabilities, including liabilities under the Securities Act, arising out of or in connection with its duties under the remarketing agreement.

The remarketing agreement also will provide that the remarketing agent may resign and be discharged from its duties and obligations thereunder. However, no resignation will become effective unless a nationally recognized broker-dealer has been appointed by NYCB as successor remarketing agent and the successor remarketing agent has entered into a remarketing agreement with NYCB. In that case, NYCB will use reasonable efforts to appoint a successor remarketing agent and enter into a remarketing agreement with that person as soon as reasonably practicable.

Limited Right to Repurchase

If a holder of BONUSES units exercises its warrants, other than an exercise in lieu of a redemption of the warrants (see “Description of the Warrants—Optional Redemption” and “Description of the Warrants—Exercise of Warrants”), such holder will have the right, on the next special distribution date that is no less than 180 days following the exercise date of its warrants, to require the trust to exchange the preferred securities related to such exercised warrants for debentures having a principal amount at maturity equal to the liquidation preference of such preferred securities plus accumulated and unpaid distributions (including deferred distributions) to such date and to require NYCB to contemporaneously repurchase the exchanged debentures at their principal amount at maturity plus accrued and unpaid interest (including deferred interest) to, but excluding, the repurchase date. In order to effect a repurchase of debentures, a BONUSES unit holder must:

- provide the administrative trustees and NYCB with notice of its election to require an exchange of preferred securities and repurchase of debentures to the trust no less than 30 days prior to the applicable special distribution date on which such repurchase is to be effected;
- specify the number of the preferred securities to be exchanged for debentures by the trust; and
- certify to the trust, the administrative trustees and NYCB that such holder has exercised warrants having an exercise price no less than the liquidation preference of the preferred securities sought to be exchanged and that such holder is the beneficial owner of the preferred securities to be exchanged.

On the repurchase date, NYCB will pay to the holders in redemption of an aggregate principal amount of debentures having a principal amount at maturity equal to the liquidation preference of preferred securities that were exchanged, such principal amount at maturity together with accrued and unpaid interest (including deferred interest) on such debentures to, but excluding, the repurchase date. The fifteenth day of each calendar month will be a “special distribution date.”

Redemption

Upon the repayment of the debentures held by the trust, whether at stated maturity (as adjusted in connection with a remarketing described above) or otherwise, the proceeds from such repayment will be applied by the property trustee to redeem a like aggregate liquidation amount of the preferred securities. If less than all of the debentures held by the trust are to be repaid, then, except as described under “—Subordination of Common Securities of the Trust,” and in the next paragraph, the proceeds from such repayment will be allocated pro rata to the redemption of the preferred securities.

Under certain circumstances, a holder of preferred securities may elect to exchange the preferred securities for an equivalent amount of debentures. See “—Exchange.” Also, in connection with a liquidation of the trust, the debentures will be distributed to the holders of preferred securities. See “—Distribution of Debentures Upon Tax Event or Investment Company Event” and “—Liquidation Distribution Upon Dissolution.” In any such event, payments after an exchange made by NYCB on account of the debentures will be paid to the holders of the debentures.

Redemption Procedures

The redemption price for the preferred securities will be, in the absence of a remarketing, the stated liquidation preference of $50, plus accumulated but unpaid distributions; or, in the event of a successful remarketing prior to maturity, the preferred securities’ accreted value (the “redemption price”) and will be paid with the applicable proceeds from the contemporaneous payment of the debentures. Redemptions of the preferred securities will be made and the redemption price will be payable on the redemption date only to the extent that the trust has sufficient consideration available for the payment of such redemption price. See “—Subordination of Common Securities of the Trust.”

Distributions payable on or prior to the redemption date for any preferred securities will be payable to the holders of record of such preferred securities who are holders on the relevant record dates for the related distribution dates. If notice of redemption shall have been given and consideration deposited as required, then immediately prior to the close of business on the date of such redemption, all rights of the holders of preferred securities called for redemption will cease, except the right of the holders of preferred securities to receive the redemption price, but without interest on such redemption price, and preferred securities which are called for redemption will cease to be outstanding. In the event that any date set for redemption of preferred securities is not a business day, then payment of the redemption price payable on such date will be made on the next day that is a business day (and without any interest or other payment in respect of any, such delay), except that if such business day falls in the next year, the payment will be made on the immediately preceding business day, in each case with the same force and effect as if made on the date such payment was originally payable.

In the event that payment of the redemption price in respect of preferred securities called for redemption is improperly withheld or refused and not paid either by the trust or by NYCB pursuant to the preferred securities guarantee as described under "Description of the Preferred Securities Guarantee," distributions on such preferred securities will continue to accumulate at the applicable rate per annum, from the redemption date originally established by the trust for the preferred securities to the date such redemption price is actually paid, in which case the actual payment date will be the date fixed for redemption for purposes of calculating the redemption price. See "—Distributions."

Subject to applicable law, NYCB or its subsidiaries may at any time and from time to time purchase outstanding preferred securities by tender, in the open market or by private agreement.

If preferred securities are represented by one or more global certificates, they will be redeemed as described under "Book-Entry-Only Issuance."

Change of Control

If a change of control (as defined under "Description of the BONUSES units") occurs, each holder of a preferred security will have the right to exchange any or all of that holder's preferred securities for debentures having an accreted value equal to the accreted value of such preferred securities and to require NYCB to repurchase such debentures on the repurchase date at a repurchase price in cash equal to 100% of the accreted value on the repurchase date of the debentures that are exchanged for such holder's preferred securities, plus accrued and unpaid interest (including deferred interest) on such debentures to, but excluding, the repurchase date.

Within 30 days after the occurrence of a change of control, NYCB must give notice to each holder of a preferred security and the property trustee of the transaction that constitutes the change of control and of the resulting repurchase right. To exercise the repurchase right, a preferred security holder must deliver no earlier than 180 days and no later than 210 days after the date of NYCB's irrevocable written notice to NYCB, the trust, the property trustee and exchange agent of the holder's exercise of its repurchase right. The preferred securities shall be exchanged for debentures no less than three business days prior to the repurchase date. The repurchase date will be the date that is 225 days after the date on which the change in control notice is given.

Except as described above with respect to a change of control, the declaration of trust does not contain provisions that permit the holders of preferred securities to require the trust to exchange preferred securities for debentures and NYCB to repurchase the debentures in the event of a takeover, recapitalizations or similar transaction. In addition, NYCB could enter into certain transactions, including acquisitions, refinancings or other recapitalization, that could affect NYCB's capital structure or the value of NYCB's common stock, but that would not constitute a change of control.

NYCB's ability to repurchase debentures upon the occurrence of a change of control is subject to important limitations. There can be no assurance that NYCB would have the financial resources, or would be able to arrange financing, to pay the repurchase price for all the debentures that might be delivered by holders of debentures seeking to exercise the repurchase right. Any failure by NYCB to repurchase the debentures when required following a change of control would result in an event of default under the declaration of trust.

Exchange

In connection with a remarketing of the preferred securities and at any time thereafter, a purchaser may exchange its preferred securities for debentures, assuming compliance with applicable securities laws. In such event, the administrative trustees will cause debentures held by the property trustee, having an aggregate accreted value equal to the aggregate accreted value of the preferred securities purchased by such purchaser and with accrued and unpaid interest equal to accumulated and unpaid distributions on the preferred securities purchased by such purchaser, and having the same record date for payment as the preferred securities, to be distributed to such purchaser in exchange for such holders' pro rata interest in the trust. In such event, the debentures held by the trust will decrease by the amount of debentures delivered to the purchaser of preferred securities.

Distribution of Debentures Upon Tax Event or Investment Company Event

If, at any time, either a tax event or an investment company event occurs, the administrative trustees may, with the consent of NYCB except in certain limited circumstances, dissolve the trust and, after satisfaction of liabilities to creditors, cause debentures held by the property trustee, having an aggregate principal amount equal to the aggregate liquidation amount of the preferred securities, with an interest rate identical to the distribution rate of the preferred securities, and accrued and unpaid interest equal to accumulated and unpaid distributions on the preferred securities,

and having the same record date for payment as the preferred securities, to be distributed to the holders of the preferred securities and the common securities of the trust in liquidation of such holders' interests in the trust on a pro rata basis within 90 days following the occurrence of such event; provided, however, that such dissolution and distribution shall be conditioned on:

- the administrative trustees' receipt of an opinion of independent counsel to the effect that the holders of the preferred securities will not recognize any gain or loss for United States federal income tax purposes as a result of the dissolution of the trust and the distribution of debentures (a "no recognition opinion"); and
- NYCB or the trust being unable to eliminate, which elimination shall be complete within a 90-day period, such event by taking some ministerial action (such as filing a form or making an election, or pursuing some other reasonable measure) that has no material adverse effect on the trust, NYCB or the holders of the preferred securities or does not subject any of them to more than de minimis regulatory requirements.

If a tax event or an investment company event occurs and the administrative trustees shall have been informed by an independent law firm that such firm cannot deliver a no recognition opinion to the trust, NYCB shall have the right to cause a remarketing of the preferred securities as described under "—Remarketing" within 90 days following the occurrence of such event.

Under current United States federal income tax law, and interpretations thereof and assuming that, as expected, the trust is treated as a grantor trust, a distribution of the debentures will not be a taxable event to the trust and/or to holders of the preferred securities. Should there be a change in law, a change in legal interpretation, certain tax events or other circumstances, however, the distribution of debentures could be a taxable event to holders of the preferred securities in which event NYCB could, as provided above, cause a remarketing of the preferred securities, and would not be permitted to distribute the debentures at such time.

If NYCB does not elect any of the options described above, the preferred securities will remain outstanding until the repayment of the debentures. In the event a tax event has occurred and is continuing, under the indenture, NYCB will be obligated to pay any taxes, duties, assessments and other governmental charges to which the trust has become subject as a result of a tax event. See "Description of the Debentures—Payment of Expenses of the Trust."

Subordination of Common Securities of the Trust

Payment of distributions on, and the redemption price of, the trust securities, the preferred securities and common securities, as applicable (collectively, the "trust securities"), shall be made pro rata based on the liquidation amount of such trust securities; provided, however, that if on any distribution date an indenture event of default (as defined below under "—Trust Enforements Events") shall have occurred and be continuing, no payment of any distribution on, or redemption price of, any of the common securities of the trust, and no other payment on account of the redemption, liquidation or other acquisition of the common securities of the trust, shall be made unless payment in full in cash of all accumulated and unpaid distributions on all of the outstanding preferred securities for all distribution periods terminating on or prior thereto, or in the case of payment of the redemption price the full amount of such redemption price on all of the outstanding preferred securities then called for redemption, shall have been made or provided for, and all funds available to the property trustee shall first be applied to the payment in full in cash of all distributions on, or redemption price of, the preferred securities then due and payable.

Liquidation Distribution Upon Dissolution

Pursuant to the declaration of the trust, the trust shall automatically dissolve on the first to occur of: (1) certain events of bankruptcy, dissolution or liquidation of NYCB, (2) the distribution of the debentures to the holders of the preferred securities, (3) the redemption of all of the common and preferred securities and (4) the entry by a court of competent jurisdiction of an order for the dissolution of the trust. In the event of any voluntary or involuntary liquidation, dissolution, or winding-up of the trust (each a "liquidation"), the holders of the trust securities on the date of the liquidation will be entitled to receive, out of the assets of the trust available for distribution to holders of trust securities after satisfaction of the trust's liabilities to creditors, if any, distributions in cash or other immediately available funds in an amount equal to the accreted value of the trust securities plus accumulated and unpaid distributions thereon to the date of payment (such amount being the "liquidation distribution"), unless, in connection with such liquidation, debentures in an aggregate stated principal amount equal to the aggregate stated liquidation amount of, with an interest rate identical to the distribution rate of, and accrued and unpaid interest equal to accumulated and unpaid distributions on, such preferred securities shall be distributed on a pro rata basis to the holders of the trust securities in exchange for the trust securities. If liquidation distributions can be paid only in part because the trust has insufficient assets available to pay in full the aggregate liquidation distribution, then the amounts payable directly by the trust on the preferred securities shall be paid on a pro rata basis so that the holders of the common

securities of the trust will be entitled to receive distributions upon any such liquidation pro rata with the holders of the preferred securities, except that if an indenture event of default has occurred and is continuing, the preferred securities shall have a preference over the common securities of the trust with regard to liquidation distributions.

After the liquidation date is fixed for any distribution of debentures to holders of the preferred securities:

- the preferred securities will no longer be deemed to be outstanding;
- if the preferred securities are represented by one or more global certificates, DTC or its nominee, as a record holder of preferred securities, will receive a registered global certificate or certificates representing the debentures to be delivered upon such distribution; and
- any certificates representing preferred securities not held by DTC or its nominee will be deemed to represent debentures having an aggregate principal amount equal to the aggregate liquidation amount of such preferred securities, and bearing accrued and unpaid interest in an amount equal to the accumulated and unpaid distributions on such preferred securities, until such certificates are presented for cancellation, at which time NYCB will issue to such holder, and the debenture trustee will authenticate, a certificate representing such debentures.

Trust Enforcement Events

An event of default under the indenture (an "indenture event of default") constitutes an event of default under the declaration of trust with respect to the trust securities (a "trust enforcement event"). See "Description of the Debentures—Indenture Events of Default."

Upon the occurrence and continuance of a trust enforcement event, the property trustee as the sole holder of the debentures will have the right under the indenture to declare the principal amount of the debentures due and payable. NYCB and the trust are each required to file annually with the property trustee an officer's certificate as to its compliance with all conditions and covenants under the declaration of trust. If the property trustee fails to enforce its rights under the debentures, any holder of preferred securities may institute a legal proceeding against NYCB to enforce the property trustee's rights under the debentures. Notwithstanding the foregoing, if a trust enforcement event has occurred and is continuing and such event is attributable to the failure of NYCB to pay the principal of or premium, if any, or interest on the debentures on the date such principal, premium or interest is otherwise payable (or in connection with a repurchase of preferred securities, the repurchase date), then a registered holder of preferred securities may institute a direct action against NYCB for payment after the respective due date specified in the debentures. Except as provided in this paragraph, the holders of preferred securities will not be able to exercise directly any other remedy available to the holders of the debentures.

Pursuant to the declaration of trust, the holder of the common securities of the trust will be deemed to have waived any trust enforcement event with respect to the common securities of the trust until all trust enforcement events with respect to the preferred securities have been cured, waived or otherwise eliminated. Until all trust enforcement events with respect to the preferred securities have been so cured, waived or otherwise eliminated, the property trustee will be deemed to be acting solely on behalf of the holders of the preferred securities and only the holders of the preferred securities will have the right to direct the property trustee in accordance with the terms of the preferred securities.

Voting Rights, Amendment of the Declaration

Except as provided below and other than as required by law and the declaration of trust, the holders of the preferred securities will have no voting rights. So long as any debentures are held by the property trustee, the holders of a majority in liquidation amount of the preferred securities, voting separately as a class, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the property trustee, or to direct the exercise of any trust or power conferred upon the property trustee under the declaration of trust, including the right to direct the property trustee, as holder of the debentures, to:

- exercise the remedies available to it under the indenture as a holder of the debentures;
- consent to any amendment or modification of the indenture or the debentures where such consent shall be required; or
- waive any past default and its consequences that is available under the indenture.

Provided, however, that if an indenture event of default has occurred and is continuing, then the holders of at least 25% of the aggregate liquidation amount of the preferred securities may direct the property trustee to declare the

principal of and premium, if any, and interest on the debentures due and payable; provided, further, that where a consent or action under the indenture would require the consent or act of the holders of more than a majority of the aggregate principal amount of debentures affected thereby, only the holders of the percentage of the aggregate stated liquidation amount of the preferred securities which is at least equal to the percentage required under the indenture may direct the property trustee to give such consent or to take such action.

The property trustee shall notify each holder of the preferred securities of any notice of any indenture event of default which it receives from NYCB with respect to the debentures. The notice shall also state that the event of default also constitutes a trust enforcement event. Except with respect to directing the time, method, and place of conducting a proceeding for a remedy, the property trustee shall be under no obligation to take any of the actions described above unless the property trustee has obtained an opinion of a nationally recognized independent tax counsel, to the effect that the trust will not fail to be classified as a grantor trust for United States federal income tax purposes as a result of such action, and that each holder will be treated as owning an undivided beneficial ownership interest in the debentures.

If the consent of the property trustee as holder of the debentures is required under the indenture for any amendment, modification or termination of the indenture, the property trustee is required to request the written direction of the holders of the trust securities. In that case, the property trustee will vote as directed by a majority in liquidation amount of the trust securities voting together as a single class. Where any amendment, modification or termination under the indenture would require the consent of more than a majority of the aggregate principal amount of debentures affected thereby, however, the property trustee may only give that consent at the direction of the holders of the percentage of the aggregate liquidation amount of the trust securities which is at least equal to the percentage required under the indenture. The property trustee is not required to take any such action in accordance with the direction of the holders of the trust securities unless the property trustee has obtained a tax opinion to the effect described above.

A waiver of an indenture event of default by the property trustee at the direction of the holders of the preferred securities will constitute a waiver of the corresponding trust enforcement event.

The declaration of trust may be amended from time to time by NYCB and a majority of the administrative trustees (and in certain circumstances the property trustee and the Delaware Trustee), without the consent of the holders of the preferred securities,

- to cure any ambiguity or correct or supplement any provisions in the declaration of trust that may be defective or inconsistent with any other provision, or to make any other provisions with respect to matters or questions arising under the declaration of trust that shall not be inconsistent with the other provisions of the declaration of trust;
- to add to the covenants, restrictions or obligations of NYCB its capacity as sponsor of the trust;
- to conform to any change in Rule 3a-5 under the 1940 Act or written change in interpretation or application of Rule 3a-5 under the 1940 Act by any legislative body, court, government agency or regulatory authority which amendment does not have a material adverse effect on the rights, preferences or privileges of the holders of the trust securities;
- to modify, eliminate or add to any provisions of the declaration of trust to the extent necessary to ensure that the trust will be classified for United States federal income tax purposes as a grantor trust at all times that any trust securities are outstanding or to ensure that the trust will not be required to register as an "investment company" under the 1940 Act; or
- to facilitate the tendering, remarketing and settlement of the preferred securities.

Provided, however, that none of the foregoing actions shall adversely affect in any material respect the interests of any holder of trust securities, and any amendments of the declaration of trust shall become effective when notice thereof is given to the holders of trust securities.

The declaration of trust may be amended by NYCB, a majority of the administrative trustees and the consent of holders representing not less than 66 2/3% in liquidation amount of the outstanding preferred securities if such amendment would adversely affect the powers, preferences or special rights of the trust securities, whether by way of amendment to the declaration of trust or otherwise or would result in the dissolution, winding up or termination of the trust other than pursuant to the terms of the declaration of trust; provided that if any amendment would adversely affect only the preferred securities or the common securities of the trust, then only the affected class will be entitled

to vote on such amendment and such amendment shall not be effective except with the approval of 66 2/3% in liquidation amount of such class of trust securities affected thereby.

In any event, without the consent of each holder of trust securities affected thereby, the declaration of trust may not be amended to:

- change the amount or timing of any distribution on the trust securities or otherwise adversely affect the amount of any distribution required to be made in respect of the trust securities as of a specified date;
- restrict the right of a holder of trust securities to institute suit for the enforcement of any such payment on or after such date; or
- change the right of any BONUSES unit holder to exchange its preferred securities for debentures and to require repurchase of such debentures as described under "—Limited Right to Repurchase."

Holders of the preferred securities may give any required approval or direction at a separate meeting of holders of preferred securities convened for that purpose, at a meeting of all of the holders of trust securities or by written consent. The administrative trustees will mail to each holder of record of preferred securities a notice of any meeting at which those holders are entitled to vote, or of any matter upon which action by written consent of those holders is to be taken. Each such notice will include a statement setting forth the following information:

- the date of the meeting or the date by which the action is to be taken;
- a description of any resolution proposed for adoption at the meeting on which those holders are entitled to vote or of the matter upon which written consent is sought; and
- instructions for the delivery of proxies or consents.

No vote or consent of the holders of preferred securities will be required for the trust to redeem and cancel the preferred securities in accordance with the declaration of trust or to distribute the debentures in accordance with the indenture.

Despite the fact that holders of preferred securities are entitled to vote or consent under the circumstances described above, any of the preferred securities that are owned at the time by NYCB or any entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, NYCB, will not be entitled to vote or consent. Instead, these preferred securities will be treated as if they were not outstanding.

Registrar and Transfer Agent

Wilmington Trust Company, the property trustee, will also act as registrar and transfer agent for the preferred securities. Registration of transfers or exchanges of preferred securities will be effected without charge by or on behalf of the trust, but upon payment of any tax or other governmental charges that may be imposed in connection with any transfer or exchange, the trust may charge a sum sufficient to cover any such payment. If the preferred securities are to be redeemed in part, the trust will not be required to:

- issue, register the transfer of or exchange any preferred securities during a period beginning at the opening of business 15 days before the day of the mailing of the relevant notice of redemption and ending at the close of business on the day of such mailing; or
- register the transfer or exchange of any preferred securities so selected for redemption, except in the case of any preferred securities being redeemed in part, any portion thereof not to be redeemed.

Information Concerning the Property Trustee

The property trustee, other than during the occurrence and continuance of a trust enforcement event, undertakes to perform only such duties as are specifically set forth in the declaration of trust and, after such trust enforcement event (which has not been cured or waived), must exercise the same degree of care and skill as a prudent person would exercise or use in the conduct of his or her own affairs. Subject to this provision, the property trustee is under no obligation to exercise any of the powers vested in it by the declaration of trust at the request of any holder of preferred securities unless it is offered security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities that might be incurred thereby.

Payment and Paying Agent

Payments in respect of the global certificates shall be made to DTC, which shall credit the relevant accounts at DTC on the applicable distribution dates or, if the preferred securities are not represented by one or more global certificates, such payments shall be made by check mailed to the address of the holder entitled thereto as such address shall appear on the register in respect of the registrar. The paying agent (the "preferred securities paying agent") shall initially be the property trustee and any co-paying agent chosen by the property trustee and acceptable to the administrative trustees and NYCB. The preferred securities paying agent shall be permitted to resign as preferred securities paying agent upon 30 days' written notice to the administrative trustees. In the event that the property trustee shall no longer be the preferred securities paying agent, the administrative trustees shall appoint a successor (which shall be a bank or trust company acceptable to NYCB) to act as preferred securities paying agent.

Mergers, Consolidations, Conversions, Amalgamations or Replacements of the Trust

The trust may not merge with or into, consolidate with, convert into, amalgamate with, or be replaced by, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to any corporation or other person, except as described below. The trust may, at the request of NYCB, with the consent of the administrative trustees and without the consent of the holders of the preferred securities, the Delaware Trustee or the property trustee, merge with or into, consolidate with, convert into, amalgamate with, be replaced by or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to a trust organized as such under the laws of any State; provided that:

- such successor entity (if not the trust) either expressly assumes all of the obligations of the trust with respect to the preferred securities and the common securities of the trust or substitutes for the preferred securities other securities having substantially the same terms as the preferred securities (the "successor securities") so long as the successor securities rank the same as the preferred securities rank in priority with respect to distributions and payments upon liquidation, redemption and otherwise;
- if the trust is not the successor entity, NYCB expressly appoints a trustee of such successor entity possessing the same powers and duties as the property trustee as the holder of the debentures;
- any successor securities are listed (or eligible for trading), or any successor securities will be listed (or eligible for trading) upon notification of issuance, on any national securities exchange or with any other organization on which the preferred securities were listed or quoted or eligible for trading prior to such merger, consolidation, conversion, amalgamation, replacement, conveyance, transfer or lease;
- such merger, consolidation, conversion, amalgamation, replacement, conveyance, transfer or lease does not cause the preferred securities (including any successor securities) to be downgraded by any nationally recognized statistical rating organization;
- such merger, consolidation, conversion, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the holders of the preferred securities (including any successor securities) in any material respect;
- such successor entity (if not the trust) has a purpose identical in all material respects to that of the trust;
- prior to such merger, consolidation, conversion, amalgamation, replacement, conveyance, transfer or lease, NYCB has received an opinion of counsel to the trust, rendered by an independent law firm experienced in such matters, to the effect that (A) such merger, consolidation, conversion, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the holders of the preferred securities (including any successor securities) in any material respect and (B) following such merger, consolidation, conversion, amalgamation, replacement, conveyance, transfer or lease, (1) neither the trust nor such successor entity will be required to register as an investment company under the 1940 Act and (2) the trust or the successor entity, as the case may be, will continue to be classified as a grantor trust for United States federal income tax purposes;
- NYCB or any permitted successor or assignee owns all of the common securities of the trust or such successor entity and guarantees the obligations of such successor entity under the Successor Securities at least to the extent provided by the preferred securities guarantee; and
- such successor entity expressly assumes all of the obligations of the trust.

Notwithstanding the foregoing, the trust shall not, except with the consent of holders of 100% in aggregate liquidation amount of the preferred securities, merge with or into, consolidate with, convert into, amalgamate with, be replaced by or convey, transfer or acquire by conveyance, transfer or lease its properties and assets as an entirety or substantially as an entirety to any other entity or permit any other entity to merge with or into, consolidate with, convert into, amalgamate with, or replace it or acquire by conveyance, transfer or lease its properties and assets as an

entirety or substantially as an entirety, if such merger, consolidation, conversion, amalgamation, replacement, conveyance, transfer or lease would cause the trust or the successor entity to be classified as other than a grantor trust for United States federal income tax purposes or would cause each holder of the preferred securities not to be treated as owning an undivided beneficial ownership interest in the debentures.

Merger or Consolidation of Trustees

Any corporation into which the property trustee, the Delaware Trustee or any administrative trustee that is not a natural person may be merged or converted or with which such trustee may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of such trustee, shall be the successor of such trustee under the declaration of trust; provided that such corporation shall be otherwise qualified and eligible.

Miscellaneous

The administrative trustees are authorized and directed to conduct the affairs of and to operate the trust in such a way that the trust will not be deemed to be an "investment company" required to be registered under the 1940 Act or classified as other than a grantor trust for United States federal income tax purposes and so that the debentures will be treated as indebtedness of NYCB for United States federal income tax purposes. NYCB and the administrative trustees are authorized to take any action, not inconsistent with applicable law, the Certificate of trust or the declaration of trust, that NYCB and the administrative trustees determine in their discretion to be necessary or desirable for such purposes, as long as such action does not materially adversely affect the interests of the holders of the preferred securities.

The trust may not borrow money, issue debt, reinvest proceeds derived from investments, or mortgage or pledge any of its assets. In addition, the trust may not undertake any activity that would cause the trust not to be classified as a grantor trust for United States federal income tax purposes

Description of the Debentures

The following description is subject to, and is qualified in its entirety by reference to, the first supplemental indenture, which we refer to in this exhibit as the "supplemental indenture," and the indenture. We urge you to read the indenture (including definitions of terms used therein) for additional information.

General

The debentures are not subject to a sinking fund provision. The entire principal amount of the debentures will mature and become due and payable, together with any accrued and unpaid interest thereon, including "compounded interest" (as defined herein), if any, on November 1, 2051, unless such maturity date is earlier in connection with a remarketing of the preferred securities as described under "Description of the Preferred Securities—Remarketing," in which event the accreted value of the debentures will be due and payable on such earlier maturity date, together with any accrued and unpaid interest on the accreted value.

Debentures were initially issued as a global certificate. See "Book-Entry-Only Issuance." Under certain limited circumstances, debentures may be issued in certificated form in exchange for a global certificate. Payments on debentures issued as a global certificate are made through the paying agent for the debentures to DTC. In the event debentures are issued in certificated form, principal, premium, if any, and interest will be payable, the transfer of the debentures will be registrable and debentures will be exchangeable for debentures of other denominations of a like aggregate principal amount at the corporate trust office of the debenture trustee in New York, New York; provided that payment of interest may be made at the option of NYCB by check mailed to the address of the holder entitled thereto. Notwithstanding the foregoing, so long as the beneficial holder of the debentures is the property trustee, the payment of principal, premium, if any, and interest on the debentures held by the property trustee will be made through DTC to such account as may be designated by the property trustee.

If a holder of BONUSES units exercises its warrants, other than an exercise in lieu of a redemption of warrants, that holder will have the right to require the trust to exchange its preferred securities for debentures and require NYCB to repurchase its debentures as described in "Description of the Preferred Securities—Limited Right to Repurchase."

Under certain circumstances involving the dissolution of the trust, including following the occurrence of a tax event or an investment company event, debentures may be distributed to the holders of the preferred securities in liquidation of the trust, unless the preferred securities are otherwise redeemed in connection with such event. See "Description of the Preferred Securities—Distribution of Debentures Upon Tax or Investment Company Event."

Subordination

The payment of principal of and interest on the debentures will be, to the extent provided in the indenture, subordinate to the prior payment in full of all "senior indebtedness" (as defined below).

Upon any payment or distribution of assets of NYCB to creditors resulting from any liquidation, dissolution, winding up or reorganization of, or any insolvency proceedings involving, NYCB, or any assignment by NYCB for the benefit of its creditors or any other marshaling of the assets and liabilities of NYCB, the holders of all senior indebtedness will first be entitled to receive payment in full before the holders of the debentures will be entitled to receive any payment upon the principal of, premium, if any, or interest on the debentures.

Upon the happening and during the continuance of a default on any senior indebtedness (other than a default described in clause (1) and (2) below) that occurs and is continuing that permits the holders of such senior indebtedness to accelerate its maturity, and following receipt by NYCB and the trustee of the notice provided for by the indenture, no payment may be made on the debentures for a period of up to 179 days after receipt of such notice, unless such default is cured or waived or such senior indebtedness has been paid in full. No payment of principal of, premium, if any, or interest on the debentures may be made (1) if any senior indebtedness of NYCB is not paid when due and any applicable grace period with respect to such default has ended with such default not having been cured or waived or ceasing to exist or (2) if the maturity of any senior indebtedness has been accelerated because of a default.

By reason of this subordination, in the event of NYCB's bankruptcy, dissolution or reorganization, holders of senior indebtedness may receive more, ratably, and holders of the debentures may receive less, ratably, than the other creditors of NYCB. Such subordination will not prevent the occurrence of an event of default under the indenture.

Subject to the qualifications described below, the term "senior indebtedness" includes principal of, premium, if any, and interest on:

- all indebtedness of NYCB for money borrowed or incurred in connection with the acquisition of properties or assets;
- all obligations of NYCB under leases required or permitted to be capitalized under generally accepted accounting principles;
- any indebtedness of others of the kinds described above for which NYCB is liable as guarantor or otherwise; and
- amendments, renewals, extensions and refundings of any such indebtedness.

Senior indebtedness does not include:

- any indebtedness in which the instrument or instruments evidencing or securing such indebtedness or pursuant to which the same is outstanding, or in any such amendment, renewal, extension or refunding, it is expressly provided that such indebtedness is not superior in right of payment to the debentures;
- trade accounts payable in the ordinary course of business; and
- any series of subordinated debt securities, whether currently outstanding or created, assumed or incurred at a later date, initially issued to any trust, partnerships or other entities affiliated with NYCB in connection with an issuance of securities similar to the preferred securities.

In the event that notwithstanding any of the foregoing prohibitions the trustee or the holders of the debentures receive any payment or distribution on account of or in respect of the debentures, such payment or distribution will be paid over and delivered to the holders of senior indebtedness or, in the case of a bankruptcy, insolvency or similar proceeding of NYCB, to the trustee, receiver or other person making payment or distribution of the assets of NYCB. For purposes of the subordination provisions, the payment, issuance or delivery of cash, property or securities (other than stock and certain subordinated securities of NYCB) upon conversion of a debenture will be determined to constitute payment on account of the principal of such debenture.

Both the preferred securities guarantee and the debentures will be structurally subordinated to all obligations of NYCB's subsidiaries.

NYCB only has a stockholder's claim in the assets of its subsidiaries. This stockholder's claim is junior to the claims that creditors of NYCB's subsidiaries have against those subsidiaries, including in the case of subsidiaries that are depository institutions, its depositors and the Federal Deposit Insurance Corporation. Holders of the debentures

and beneficiaries of the preferred securities guarantee will only be creditors of NYCB. Such holders will not be creditors of NYCB's subsidiaries, where most of NYCB's consolidated assets are located. All of NYCB's subsidiaries' existing and future liabilities, including any claims of trade creditors and preferred stockholders, will be effectively senior to the preferred securities guarantee and the debentures.

NYCB's operations (other than certain investments) are conducted through its subsidiaries. Therefore, NYCB's ability to service its debt, including the preferred securities guarantee and the debentures, primarily depends upon the earnings of these subsidiaries, primarily the Bank, and their ability to distribute those earnings as dividends, loans or other payments to NYCB. Certain laws restrict the ability of NYCB's subsidiaries to pay dividends and make loans and advances to it. In particular, dividends by the Bank are restricted under the laws and regulations applicable to New York -state chartered savings banks and bank holding companies. NYCB will not be able to use the earnings of its depository subsidiaries subject to distribution restrictions to make payments on the preferred securities guarantee and the debentures, except to the extent the restrictions are satisfied. Any of the situations described above could make it more difficult for NYCB to service the debentures or the preferred securities guarantee.

The indenture will not limit the amount of additional indebtedness, including senior indebtedness, which NYCB can create, incur, assume or guarantee, nor will the indenture limit the amount of indebtedness which any subsidiary of NYCB can create, incur, assume or guarantee.

Certain Covenants of NYCB

Except as otherwise provided in the indenture, for so long as the debentures are held by the property trustee, NYCB will covenant:

- to directly or indirectly maintain 100% ownership of the common securities of the trust, unless a permitted successor of NYCB under the indenture succeeds to NYCB's ownership of the common securities;
- to use its reasonable efforts to cause the trust to remain a statutory trust, except in connection with the distribution of the debentures to holders of trust securities in liquidation of the trust, the redemption of all of the trust securities of the trust, or certain mergers, consolidations, conversions or amalgamations, each as permitted by the declaration of trust, and not to voluntarily dissolve, wind-up, liquidate or be terminated, except as permitted by the declaration of trust and otherwise continued to be classified as a grantor trust for U.S. federal income tax purposes;
- to use its commercially reasonable efforts to ensure that the trust will not be an "investment company" for purposes of the 1940 Act;
- to take no action that would be reasonably likely to cause the trust to be classified as an association or a publicly traded partnership taxable as a corporation for United States federal income tax purposes; and
- use its reasonable best efforts to cause each holder of trust securities to be treated as owning an undivided beneficial interest in the debentures.

Redemption

NYCB will not have the right to redeem the debentures in whole or in part at any time. If a holder of BONUSES units exercises its warrants, other than an exercise in lieu of a redemption of warrants, that holder will have the right to require the trust to exchange its preferred securities for debentures and require NYCB to repurchase its debentures as described in "Description of the Preferred Securities—Limited Right to Repurchase."

Interest

Each debenture bears interest on the stated principal amount thereof at the rate of 6% per annum, subject to adjustment as described below and under "Description of the Preferred Securities—Remarketing," from and including November 4, 2002. Interest is payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year (each, an "interest payment date"), commencing on February 1, 2003, to the person in whose name such debenture is registered, subject to certain exceptions, at the close of business on the business day before such interest payment date. In the event the preferred securities shall not continue to remain in book-entry only form and the debentures are not in the form of a global certificate, NYCB shall have the right to select record dates, which shall be at least one business day before an interest payment date.

The amount of interest payable for any full 90-day quarterly interest period will be computed on the basis of a 360-day year of twelve 30-day months. The amount of interest payable for any period shorter than a full 90-day quarterly interest period for which interest is computed, will be computed on the basis of 30-day months and, for periods of less than a month, on the basis of the actual number of days elapsed per 30-day month. In the event that

any date on which interest is payable on the debentures is not a business day, then payment of the interest payable on such date will be made on the next succeeding day that is a business day (and without any interest or other payment in respect of any such delay), except that if such business day is in the next succeeding calendar year, then such payment shall be made on the immediately preceding business day, in each case with the same force and effect as if made on such date.

If a remarketing event, as defined under "Description of Preferred Securities—Remarketing," occurs and the preferred securities are remarketed, interest will accrue on the accreted value of the debentures at the reset rate, as defined under "Description of Preferred Securities—Remarketing General," from the remarketing date to but not including the stated maturity (as modified in connection with such remarketing). If there is a failed remarketing, as described in "Description of the Preferred Securities—Remarketing," interest will accrue on the accreted value of the debentures at a rate of 11.10% from the failed remarketing date to but not including the stated maturity (as modified in connection with such failed remarketing).

Terms Upon Remarketing of Preferred Securities; Failed Remarketing

In connection with a remarketing of the preferred securities as described in "Description of the Preferred Securities—Remarketing":

- the aggregate accreted value of the debentures as of the end of the day before the remarketing date will become due and payable on the date which is 180 days after the remarketing date; and
- the debentures will have an interest rate payable on the accreted value equal to the rate established in the remarketing.

In the event of a failed remarketing as described in "Description of the Preferred Securities—Remarketing—Remarketing Procedures—A Failed Remarketing":

- the interest rate on accreted value of the debentures as of the end of the day before the remarketing date will equal 11.10% from the failed remarketing date to but not including the stated maturity (as modified in connection with such failed remarketing);
- the aggregate accreted value of the debentures will become due and payable on the date which is 180 days after the failed remarketing date; and
- NYCB may not defer interest payments on the debentures.

In the event debentures are distributed to holders of preferred securities, the provisions describing the remarketing of the preferred securities shall apply to the debentures.

Option to Extend Interest Payment Period

So long as NYCB is not in default under the indenture and a failed remarketing has not occurred, NYCB will have the right, at any time, and from time to time during the term of the debentures, to defer payments of interest by extending the interest payment period for a period (the "extension period") not exceeding 20 consecutive quarters or extending beyond the stated maturity of the debentures, during which extension period no interest will be due and payable. No extension period shall end on a date other than an interest payment date. The extension period will automatically terminate, and cash interest will thereafter be payable, upon the occurrence of a failed remarketing. Despite such deferral, interest will continue to accrue. At the end of the extension period, NYCB shall pay all interest then accrued and unpaid, together with interest thereon compounded quarterly at the then applicable rate for the debentures to the extent permitted by applicable law ("compounded interest"). Prior to the termination of any extension period, NYCB may further extend such extension period; provided that such extension period, together with all such previous and further extensions thereof, may not exceed 20 consecutive quarters or extend beyond the stated maturity of the debentures. Upon the termination of any extension period and the payment of all amounts then due, NYCB may commence a new extension period, subject to the above requirements.

During any such extension period, NYCB shall not, and shall not permit any subsidiary to:

- declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any of NYCB's capital stock or any warrants, options or other rights to acquire capital stock (but excluding any debt security that is convertible into or exchangeable for capital stock); or

- make any payment of interest, principal or premium, if any, on or repay, repurchase or redeem any debt securities issued by NYCB which rank equally with or junior to the debentures or make any payments with respect to any guarantee by NYCB of the debt securities of any subsidiary of NYCB if such guarantee ranks on a parity with or junior in interest to the debentures;

Other than:

- dividends or distributions in capital stock or rights to acquire capital stock of NYCB;
- payments under the preferred securities guarantee;
- any declaration of a dividend in connection with the implementation of a shareholders' rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant to a rights agreement;
- repurchases or acquisitions of shares of capital stock of NYCB in connection with any employee benefit plans or any other contractual obligation of NYCB; and
- repurchases of capital stock of NYCB in connection with the satisfaction by NYCB of its obligations pursuant to any acquisitions of businesses made by NYCB (which repurchases are made in connection with the satisfaction of indemnification obligations of the sellers of such businesses).

If the property trustee is the only holder of the debentures, NYCB will give the administrative trustees, the property trustee and the debenture trustee notice of its election of such extension period at least one business day prior to the earlier of (1) the next date on which distributions on the preferred securities are payable or (2) the date the administrative trustees are required to give notice of the record date or the date such distributions are payable for the first quarter of such extension period to any national stock exchange or other organization on which the preferred securities are listed or quoted, if any, or to holders of the preferred securities as of the record date or the distribution date. If the property trustee shall not be the holder of the debentures, NYCB shall give the holders of the debentures notice of its election of such extension period at least 10 business days prior to the earlier of (1) the interest payment date for the first quarter of such extension period or (2) the date upon which NYCB is required to give notice of the record or payment date of such related interest payment for the first quarter to any national stock exchange or other organization on which the debentures are listed or quoted, if any, or to holders of the debentures.

Prior to the exercise of its right to cause a remarketing of the debentures, NYCB must pay all deferred interest and compounded interest thereon so that no amounts are then owing on the debentures.

Payment of Expenses of the Trust

Under the terms of the indenture, NYCB has agreed to pay all fees and expenses related to the organization and operations of the trust (including any taxes, duties, assessments or other governmental charges of whatever nature imposed on the trust by the United States or any other taxing authority) and the offering of preferred securities and be responsible for all debts and obligations of the trust (other than with respect to the trust securities), so that the net amounts received, retained or paid by the trust after paying such fees, expenses, debts and obligations will be equal to the amounts the trust would have received or paid had no such fees, expenses, debts and obligations been incurred by or imposed on the trust. The foregoing obligations of NYCB are for the benefit of, and shall be enforceable by, any person to whom such fees, expenses, debts and obligations are owed (each a "creditor") whether or not such creditor has received notice thereof. Any such creditor may enforce such obligations of NYCB directly against NYCB, and NYCB irrevocably waives any right or remedy to require that any such creditor take any action against the trust or any other person before proceeding against NYCB. NYCB shall execute such additional agreements as may be necessary to give full effect to the foregoing.

Consolidation, Merger and Sale of Assets

Except as otherwise provided in the indenture, NYCB may not merge or consolidate with or sell or convey all or substantially all of its assets to any person or entity unless:

- the successor corporation (if other than NYCB) is a corporation organized under the laws of any State of the United States, and such successor company assumes NYCB's obligations under the debentures and the indenture; and
- immediately after giving effect to such transaction, no indenture event of default shall have occurred and be continuing.

Indenture Events of Default

Any one of the following events will constitute an indenture event of default with respect to the debentures:

- default in the payment of any interest on the debentures when due and payable, if continued for 30 days after written notice has been given as provided in the indenture, whether or not such payment is prohibited by the subordination provisions of the indenture and the debentures; provided, however, that a valid extension of the interest payment period does not constitute a default in the payment of interest;
- default in the payment of principal of (or premium, if any, on) the debentures when due and payable whether or not such payment is prohibited by the subordination provisions of the indenture and the debentures;
- failure to perform any other covenant of NYCB in the indenture or the debentures (other than a covenant included in the indenture solely for the benefit of any series of debt securities other than the debentures), if continued for 90 days after written notice has been given as provided in the indenture;
- certain events of bankruptcy, insolvency or liquidation involving NYCB; or
- the voluntary or involuntary dissolution, winding-up, or termination of the trust, except in connection with (A) the distribution of debentures to the holders of trust securities in liquidation of the trust or their interest in the trust, (B) the redemption of all outstanding trust securities and (C) certain mergers, consolidations or amalgamations, each as permitted by the declaration of trust.

If any indenture event of default shall occur and be continuing, the property trustee, as the holder of the debentures, will have the right under the indenture to declare the principal of the debentures (including any compounded interest, if any) and any other amounts payable under the indenture to be forthwith due and payable and to enforce its other rights as a creditor with respect to the debentures. An indenture event of default also constitutes a trust enforcement event. The holders of preferred securities in certain circumstances have the right to direct the property trustee to exercise its rights as the holder of the debentures. In addition, if the property trustee fails to enforce its rights under the debentures any holder of preferred securities may institute a legal proceeding against NYCB to enforce the property trustee's rights under the debentures. See "Description of the Preferred Securities—Trust Enforcement Events" and "Description of the Preferred Securities—Voting Rights, Amendment of the Declaration." Notwithstanding the foregoing, if an indenture event of default has occurred and is continuing and such event is attributable to the failure of NYCB to pay interest or principal on the debentures on the date such interest or principal is otherwise payable, NYCB acknowledges that then a holder of preferred securities may institute a direct action for payment after the respective due date specified in the debentures. Notwithstanding any payments made to such holder of preferred securities by NYCB in connection with a direct action, NYCB shall remain obligated to pay the principal of or interest on the debentures held by the trust or the property trustee. The holders of preferred securities will not be able to exercise directly any other available to the holders of the debentures.

If any indenture event of default shall occur and be continuing and the debentures have been distributed to the holders of the trust securities upon a liquidation of the trust, the holders of not less than 25% in aggregate principal amount of the debentures will have the right to declare the principal of the debentures (including any compounded interest, if any) and any other amounts payable under the indenture to be forthwith due and payable and to enforce their other rights as a creditor with respect to the debentures.

Defeasance

The obligations of NYCB with respect to the payment of the principal, premium, if any, and interest on, the debentures will terminate if NYCB irrevocably deposits or causes to be deposited with the debenture trustee, under the terms of an escrow trust agreement satisfactory to the debenture trustee, as a trust fund specifically pledged as security for, and dedicated solely to, the benefit of the holders of the debentures,

- money;
- U.S. government obligations, which through the payment of interest and principal in respect thereof in accordance with their terms will provide money at such time or times as payments are due and payable on the debentures; or
- a combination of the foregoing, sufficient to pay and discharge each installment of principal, premium, if any, and interest on the debentures.

The discharge of the debentures is subject to certain other conditions, including, without limitation,

- no indenture event of default or event (including such deposit) which with notice or lapse of time would become an indenture event of default shall have occurred and be continuing on the date of such deposit;
- such deposit and the related intended consequence will not result in any default or event of default under any material indenture, agreement or other instrument binding upon NYCB or its subsidiaries or any of their properties; and
- NYCB shall have delivered to the debenture trustee an opinion of independent tax counsel or a private letter ruling by the IRS satisfactory to the debenture trustee to the effect that holders of the debentures will not recognize income, gain or loss for United States federal income tax purposes if NYCB makes such deposit.

Notwithstanding a defeasance of the debentures, NYCB will continue to have the right to cause a remarketing of the debentures so long as the amounts described above are expected to be on deposit in the escrow trust account as of such modified maturity date.

Modification of Indenture

The indenture provides that NYCB and the debenture trustee may, without the consent of any holders of debentures, enter into supplemental indentures for the purposes, among other things, of adding to NYCB's covenants, adding additional indenture events of default, or curing ambiguities or inconsistencies in such indenture, or making other changes to the indenture or form or terms of the debentures; provided that such action does not have a material adverse effect on the interests of the holders of the debentures. In addition, modifications and amendments of the indenture may be made by NYCB and the debenture trustee with the consent of the holders of not less than a majority in aggregate principal amount of the debentures and all other series of debt securities issued under the indenture then outstanding affected, acting as one class, by such modification or amendment, provided, however, that no such modification or amendment may, without the consent of each holder of debentures outstanding that is affected thereby:

- change the stated maturity of the principal of, or any installment of principal of or interest on the debentures;
- reduce the principal, premium, if any, or interest on any debentures; . change the place of payment where the debentures or any premium or interest thereon is payable;
- impair the right to institute suit for the enforcement of any payment on or with respect to the debentures;
- reduce the percentage in principal amount of the debentures then outstanding required for modification or amendment of the indenture or for any waiver of compliance with certain provisions of the indenture or for waiver of certain defaults;
- change any obligation of NYCB to maintain an office or agency in the places and for the purposes required by the indenture; or
- modify any of the above provisions;
- provided, further, that if the debentures are held by a trust or a trustee of a trust, no such modification or amendment shall be effective until the holders of not less than 66 2/3% of the aggregate liquidation amount of the trust securities shall have consented to such modification or amendment; provided, further, that where a consent under the indenture would require the consent of the holders of more than 66 2/3% of the principal amount of the debentures, such modification or amendment shall not be effective until the holders of at least the same proportion in aggregate stated liquidation amount of the trust securities shall have consented to such modification or amendment.

Waiver of Default

The holders of not less than a majority of aggregate principal amount of the debentures then outstanding may, on behalf of the holders of all debentures, waive any past default under the indenture with respect to the debentures except a default in the payment of principal, premium, if any, or any interest on the debentures and a default in respect of a covenant or provision of the indenture which cannot be modified or amended without the consent of each holder of the debentures then outstanding. Such waiver shall not be effective until the holders of a majority in aggregate stated liquidation amount of preferred securities shall have consented to such waiver, provided, further, that where a consent under the indenture would require the consent of the holders of more than a majority in principal amount of the debentures, such waiver shall not be effective until the holders of at least the same proportion in aggregate stated liquidation amount of the preferred securities shall have consented to such waiver.

Meetings and Voting

A meeting may be called at any time by the debenture trustee, and shall be called upon request, by NYCB pursuant to a resolution of the board of directors of NYCB or the holders of at least 20% in aggregate principal amount

of the debentures then outstanding. Except as described under "—Modification of Indenture" and "—Waiver of Default," a resolution presented at a meeting or reconvened meeting at which a quorum of the holders of debentures then outstanding is present may be adopted by the affirmative vote of the lesser of:

- the holders of a majority in principal amount of the debentures then outstanding; or
- the holders of 66 2/3 principal amount of the debentures then outstanding represented and voting at the meeting.

Provided, however, that if any consent, waiver or other action which the indenture expressly provides may be made, given or taken by the holders of a specified percentage, which is less than a majority of the principal amount of the debentures then outstanding, such action may be adopted at a meeting or reconvened meeting at which a quorum is present by the affirmative vote of the lesser of:

- the holders of such specified percentage in principal amount of the debentures then outstanding; or
- a majority in principal amount of debentures then outstanding of such series represented and voting at the meeting.

Any resolution passed or decision taken at any meeting of holders of debentures duly held in accordance with the indenture will be binding on all holders of debentures whether or not present or represented at the meeting.

Except with respect to certain reconvened meetings, the quorum at a meeting of the holders of debentures will be persons holding or representing a majority in principal amount of the debentures then outstanding.

Governing Law

The indenture and the debentures will be governed by and construed in accordance with the laws of the State of New York.

Miscellaneous

The indenture provides that NYCB, as borrower, will pay all fees and expenses related to:

- the issuance and exchange of the trust securities and the debentures;
- the organization, maintenance and dissolution of the trust;
- the retention of the trustees;
- the enforcement by the property trustee of its rights as a holder of debentures; and
- all taxes and charges of whatever nature directly imposed on the trust.

In addition, NYCB will be primarily liable for any indemnification obligations with respect to the declaration of trust.

NYCB has the right at all times to assign any of its respective rights or obligations under the indenture to a direct or indirect wholly owned subsidiary of NYCB, provided that in the event of any such assignment, NYCB will remain liable for all of its respective obligations. Subject to the foregoing, the indenture will be binding upon and inure to the benefit of the parties thereto and their respective successors and assigns. The indenture provides that it may not otherwise be assigned by the parties thereto.

Description of the Preferred Securities Guarantee

Set forth below is a summary of information concerning the preferred securities guarantee executed and delivered by NYCB for the benefit of the holders from time to time of preferred securities. The summary does not purport to be complete and is qualified in its entirety by the preferred securities guarantee.

The preferred securities guarantee is qualified as an indenture under the Trust Indenture Act. Wilmington Trust Company acts as the guarantee trustee for purposes of the Trust Indenture Act. The terms of the preferred securities guarantee are those set forth in the preferred securities guarantee and those made part of the preferred securities guarantee by the Trust Indenture Act. We urge you to read the preferred securities guarantee and the related provisions of the Trust Indenture Act for additional information. The preferred securities guarantee are held by the guarantee trustee for the benefit of the holders of the preferred securities of the trust.

General

NYCB has irrevocably and unconditionally agreed, to the extent set forth in the preferred securities guarantee, to pay in full to the holders of the preferred securities, the guarantee payments, as defined below, except to the extent paid by the trust, as and when due, regardless of any defense, right of set-off or, counterclaim which the trust may have or assert, other than the defense of payment. The following payments, which are referred to as "guarantee payments," will be guaranteed by NYCB, without duplication:

- any accrued and unpaid distributions that are required to be paid on the preferred securities, to the extent the trust has funds available for distributions;
- the redemption price, plus all accrued and unpaid distributions, to the extent the trust has funds available for redemptions, relating to any preferred securities called for redemption by the trust; and
- upon a voluntary or involuntary dissolution, winding-up or termination of the trust, other than in connection with the distribution of debentures to the holders of preferred securities or the redemption of all of the preferred securities, the lesser of:
    - the aggregate accreted value of the preferred securities and all accrued and unpaid distributions on the preferred securities to the date of payment; or
    - the amount of assets of the trust remaining for distribution to holders of the preferred securities in liquidation of the trust.

NYCB's obligation to make a guarantee payment may be satisfied by direct payment of the required amounts by NYCB to the holders of preferred securities or by causing the trust to pay those amounts to those holders.

The preferred securities guarantee will not apply to any payment of distributions, except to the extent the trust will have funds available for those payments. If NYCB does not make interest payments on the debentures held by the trust for any period, the trust will not pay distributions on the preferred securities for the corresponding period and will not have funds available for those payments.

The preferred securities guarantee, when taken together with NYCB's obligations under the debenture, the indenture and the declaration, including its obligations to pay costs, expenses, debts and liabilities of the trust, other than those relating to trust securities, will provide a full and unconditional guarantee on a subordinated basis by NYCB of payments due on the preferred securities.

NYCB has also agreed separately to irrevocably and unconditionally guarantee the obligations of the trust with respect to the common securities to the same extent as the preferred securities guarantee, except that upon an event of default under the indenture, holders of preferred securities will have priority over holders of common securities with respect to distributions and payments on liquidation, redemption or otherwise.

Certain Covenants of NYCB

NYCB has agreed that, so long as any preferred securities of the trust remain outstanding, if any event occurs that would constitute an event of default under the preferred securities guarantee or the indenture, or if NYCB has exercised its option to defer interest payments on the debentures by extending the interest payment period and that period or extension of that period is continuing, then:

- NYCB will not declare or pay any dividend on, make any distributions relating to, or redeem, purchase, acquire or make a liquidation payment relating to, any of its capital stock or make any guarantee payment with respect thereto and will not make any payment of interest, principal or premium, if any, on, or repay, repurchase or redeem any debt securities issued by NYCB which rank equally with or junior to the debentures other than:
    - repurchases, redemptions or other acquisitions of shares of capital stock of NYCB in connection with any employee benefit plans or any other contractual obligation of NYCB;
    - as a result of an exchange or conversion of any class or series of NYCB's capital stock for any other class or series of NYCB's capital stock; or
    - the purchase of fractional interests in shares of NYCB's capital stock pursuant to the conversion or exchange provisions of that NYCB capital stock or the security being converted or exchanged.

Modification of the Preferred Securities Guarantee; Assignment

The preferred securities guarantee agreement may be amended only with the prior approval of the holders of not less than a majority in aggregate liquidation amount of the outstanding preferred securities. No vote will be required, however, for any changes that do not adversely affect the rights of holders of preferred securities in any material respect. All guarantees and agreements contained in the preferred securities guarantee will bind the successors, assignees, receivers, trustees and representatives of NYCB and will be for the benefit of the holders of the preferred securities then outstanding.

Termination

The preferred securities guarantee will terminate upon:

- full payment of the redemption price of all preferred securities;
- distribution of the junior subordinated debentures to the holders of the trust securities; or
- full payment of the amounts payable in accordance with the declaration upon liquidation of the trust.

The preferred securities guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any holder of preferred securities must restore payment of any sums paid under the preferred securities or the preferred securities guarantee.

Events of Default

An event of default under the preferred securities guarantee will occur upon the failure of NYCB to perform any of its payment or other obligations under the preferred securities guarantee.

The holders of a majority in liquidation amount of the preferred securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the guarantee trustee in respect of the preferred securities guarantee or to direct the exercise of any trust or power conferred upon the guarantee trustee under the preferred securities guarantee. Any holder of preferred securities may institute a legal proceeding directly against NYCB to enforce the guarantee trustee's rights and the obligations of NYCB under the preferred securities guarantee, without first instituting a legal proceeding against the trust, the guarantee trustee or any other person or entity.

Status of the Preferred Securities Guarantee

Unless otherwise specified in this exhibit, the preferred securities guarantee will constitute an unsecured obligation of NYCB and will rank:

- subordinate and junior in right of payment to all other liabilities of NYCB, except those made equal or subordinate by their terms;
- equally with the most senior preferred or preference stock now or hereafter issued by NYCB and with any guarantee now or hereafter entered into by NYCB in respect of any preferred or preference stock of any affiliate of NYCB; and
- senior to NYCB common stock.

The terms of the preferred securities provide that each holder of preferred securities by acceptance of those securities agrees to the subordination provisions and other terms of the preferred securities guarantee.

The preferred securities guarantee will constitute a guarantee of payment and not of collection. This means that the guaranteed party may sue the guarantor to enforce its rights under the guarantee without suing any other person or entity.

Information Concerning the Guarantee Trustee

Prior to the occurrence of a default relating to the preferred securities guarantee, the guarantee trustee undertakes to perform only those duties as are specifically set forth in the preferred securities guarantee. After default, the guarantee trustee will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. Provided that the foregoing requirements have been met, the guarantee trustee is under no obligation to exercise any of the powers vested in it by the preferred securities guarantee at the request of any holder of preferred securities, unless offered indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred thereby.

Governing Law

The preferred securities guarantee is governed by, and construed in accordance with, the laws of the State of New York.

Relationship Amount the Preferred Securities, the Debentures and the Preferred Securities Guarantee

Full and Unconditional Guarantee

Payments of distributions and other amounts due on the preferred securities (to the extent the trust has funds available for the payment of such distributions) are irrevocably guaranteed by NYCB as and to the extent set forth under "Description of the Preferred Securities Guarantee." If and to the extent that NYCB does not make payments under the debentures, the trust will not have sufficient funds to pay distributions or other amounts due on the preferred securities. The preferred securities guarantee does not cover payment of distributions when the trust does not have sufficient funds to pay such distributions. In such event, a holder of preferred securities may institute a legal proceeding directly against NYCB to enforce payment of such distributions to such holder after the respective due dates. Taken together, NYCB's obligations under the declaration of trust, the debentures, the indenture and the preferred securities guarantee provide, in the aggregate, a full and unconditional guarantee of payments of distributions and other amounts due on the preferred securities. No single document standing alone or operating in conjunction with fewer than all of the other documents constitutes such guarantee. It is only the combined operation of these documents that has the effect of providing a full and unconditional guarantee of the trust's obligations under the preferred securities. The obligations of NYCB under the preferred securities guarantee are subordinate and junior in right of payment to all senior indebtedness of NYCB.

Sufficiency of Payments

As long as payments of interest, principal and other payments are made when due on the debentures, such payments will be sufficient to cover distributions and other payments due on the preferred securities, because of the following factors:

- the aggregate principal amount of the debentures will be equal to the sum of the aggregate stated liquidation amount of the preferred securities;
- the interest rate and interest and other payment dates on the debentures will match the distribution rate and distribution and other payment dates for the preferred securities;
- pursuant to the indenture, NYCB, as borrower, will pay, and the trust will not be obligated to pay, all costs, expenses and liabilities of the trust except the trust's obligations under the preferred securities; and
- the declaration of trust further provides that the trust will not engage in any activity that is not consistent with the limited purposes of the trust.

Notwithstanding anything to the contrary in the indenture, NYCB has the right to set-off any payment it is otherwise required to make thereunder with and to the extent NYCB has theretofore made, or is concurrently on the date of such payment making, a related payment under the preferred securities guarantee.

Enforcement Rights of Holders of Preferred Securities

If a trust enforcement event occurs and is continuing, the holders of preferred securities would rely on the enforcement by the property trustee of its rights as holder of the debentures against NYCB. In addition, the holders of a majority in liquidation amount of the preferred securities will have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the property trustee or to direct the exercise of any trust or power conferred upon the property trustee under the declaration of trust, including the right to direct the property trustee to exercise the remedies available to it as the holder of the debentures. The indenture provides that the debenture trustee shall give holders of debentures notice of all defaults or events of default within 30 days after occurrence.

If the property trustee fails to enforce its rights under the debentures in respect of an indenture event of default after a holder of record of preferred securities has made a written request, such holder of record of preferred securities may, to the extent permitted by applicable law, institute a legal proceeding against NYCB to enforce the property trustee's rights in respect of debentures having a principal amount equal to the aggregate stated liquidation amount of the preferred securities of such holder. In addition, if NYCB fails to pay interest or principal on the debentures on the date such interest or principal is otherwise payable, and such failure to pay is continuing, a holder of preferred securities may institute a direct action for enforcement of payment to such holder of the principal of or interest on the debentures having a principal amount equal to the aggregate stated liquidation amount of the preferred securities of

such holder after the respective due date specified in the debentures. In connection with such a direct action, NYCB will have the right under the indenture to set off any payment made to such holder by NYCB. The holders of preferred securities will not be able to exercise directly any other remedy available to the holders of the debentures.

Limited Purpose of Trust

The preferred securities evidence beneficial interests in the trust, and the trust exists for the sole purpose of issuing the preferred securities and investing the proceeds thereof in debentures. A principal difference between the rights of a holder of preferred securities and a holder of debentures is that a holder of debentures is entitled to receive from NYCB the principal amount of and interest accrued on debentures held, while a holder of preferred securities is entitled to receive distributions from the trust (or from NYCB under the preferred securities guarantee) if and to the extent the trust has funds available for the payment of such distributions.

Rights Upon Termination

Upon any voluntary or involuntary dissolution, winding-up or liquidation of the trust involving the liquidation of the debentures, the holders of the trust securities will be entitled to receive, out of assets held by the trust, subject to the rights of creditors of the trust, if any, the liquidation distribution in cash. See "Description of the Preferred Securities—Liquidation Distribution Upon Dissolution." Upon any voluntary or involuntary liquidation or bankruptcy of NYCB, the property trustee, as holder of the debentures, would be a subordinated creditor of NYCB, subordinated in right of payment to all senior indebtedness as set forth in the indenture, but entitled to receive payment in full of principal and interest before any stockholders of NYCB receive payments or distributions. The positions of a holder of preferred securities and a holder of the debentures relative to other creditors and to stockholders of NYCB in the event of liquidation or bankruptcy of NYCB should be substantially the same.

Description of the Warrants Component of the BONUSES

The following description of our warrants is a summary and does not purport to be complete. We urge you to read the warrant agreement, including the form of the warrant and the definitions of terms used therein, for additional information. See "Description of Common Stock" above for a description of the NYCB common stock into which the warrants are exercisable.

General

A warrant will, unless exercised or extended, automatically expire on the close of business on May 7, 2051 or earlier as described under "—Optional Redemption." A warrant will be exercisable at any time, subject to satisfaction of certain conditions set forth below, at the applicable exercise price. The warrant exercise price was initially $50.

Each warrant, when exercised, initially entitled the holder to purchase 1.4036 fully paid and non-assessable shares of NYCB common stock (the "conversion ratio"). However, the exercise price and the number of shares of NYCB common stock issuable upon a holder's exercise of a warrant are subject to adjustment in certain circumstances described under "—Anti-Dilution Adjustments." The current conversion ratio for the warrants is 2.4953 shares of common stock. The conversion price (initially $35.62) is the exercise price (initially $50.00) of the warrant divided by the conversion ratio.

Following an exercise of a warrant which is part of a BONUSES unit, other than an exercise in connection with a redemption of the warrants as described under "—Optional Redemption," the holder will have a limited right to require the trust to distribute its pro rata share of debentures in exchange for the preferred securities which had been part of the BONUSES unit and to require NYCB to repurchase the debentures. See "Description of the Preferred Securities—Limited Right to Repurchase."

NYCB's common stock is listed on the New York Stock Exchange under the trading symbol "NYCB."

Exercise of Warrants

Absent an extension as described below, a holder may exercise warrants at any time prior to the close of business on May 7, 2051 (as extended, the "expiration date"), unless NYCB has redeemed the warrants on an earlier date in connection with a remarketing as described under "—Optional Redemption." A holder may exercise warrants by giving notice to the warrant agent no later than 5:00 p.m., New York time, on the business day before the proposed date of exercise. The exercise price on the date of exercise (other than in connection with an exercise in lieu of redemption as described under "—Optional Redemption") will be $50, subject to antidilution adjustments.

Notwithstanding a warrantholder's desire to exercise its warrants, the warrants will not be exercisable unless, at the time of the exercise:

- NYCB has a registration statement in effect under the Securities Act covering the issuance and sale of the shares of common stock upon exercise of the warrants or the sale of the shares upon exercise of the warrants is exempt from the registration requirements of the Securities Act; and
- the shares have been registered, qualified or are deemed to be exempt under applicable state securities laws; and
- a then current prospectus is delivered to exercising holders of the warrants.

NYCB currently has an effective registration statement covering the common stock issuable upon exercise of the warrants.

Although NYCB has agreed to use its best efforts to maintain the effectiveness of such a registration statement until the expiration date of the warrants, to continue to have all the shares of common stock issuable upon exercise of the warrants so registered or qualified and to deliver a then current prospectus to the exercising holders of the warrants, there can be no assurance that it will be able to do so.

Notwithstanding the originally scheduled expiration date of the warrants, however, such date will be extended if NYCB was required to but did not maintain an effective registration statement with respect to the shares of common stock underlying the warrants or was required to but did not deliver a then current prospectus to exercising holders of the warrants during the 90 days immediately preceding such originally scheduled expiration date or if NYCB has not maintained the registration or qualification of the shares under applicable state securities laws during the period. The expiration date will extend to the first date after the originally scheduled expiration date for which NYCB has maintained an effective registration statement (and the registration or qualification of the shares of common stock under the applicable state securities laws) and made a then current prospectus available to exercising holders of the warrants for a 90-day period.

In order to exercise a warrant, a holder must, prior to 5:00 p.m., New York time, on the date of exercise:

- properly complete and execute a form of election to purchase;
- comply with the procedures described in the warrant agreement; and
- pay in full in cash (which may be a remarketing payment as described below) the exercise price for each share of NYCB common stock to be received upon exercise of such warrants.

In order to ensure timely exercise of a warrant, beneficial owners of warrants held in book-entry form should consult their brokers or other intermediaries as to applicable cut-off times they may have for accepting and implementing exercise instructions from their customers and other exercise mechanics. See "Book-Entry-Only Issuance."

Holders must pay the exercise price of their warrants in cash (including the automatic application of the proceeds of any remarketing of preferred securities as discussed under "—Optional Redemption"), by certified or official bank check or by wire transfer to an account that NYCB has designated for that purpose. In no circumstances may holders of BONUSES units tender their preferred securities directly toward payment of the exercise price of the warrants.

Following an exercise of a warrant that is part of a BONUSES unit other than an exercise in connection with a redemption of the warrants as described under "—Optional Redemption," the holder will have a limited right to require the trust to exchange the related preferred securities for a corresponding amount of debentures and to require NYCB to repurchase those debentures at their principal amount at maturity. See "Description of the Preferred Securities — Limited Right to Repurchase" in this exhibit.

Exercises in Connection with Optional Redemptions

A BONUSES unit holder who exercises the warrant that is part of the BONUSES unit in connection with an optional redemption of the warrants will satisfy in full the exercise price by applying the proceeds of the related remarketing of the related preferred securities. See "—Optional Redemption" and "Description of the Preferred Securities—Remarketing," each in this exhibit. In the event of a failed remarketing (as described under "Description of the Preferred Securities—Remarketing"):

- the warrants will still be redeemed on the redemption date (that is, a successful remarketing of the preferred securities will not be a condition to the redemption of the warrants on the redemption date); and
- the holder will still have the option of exercising its warrant in lieu of such redemption by paying the exercise price in cash.

Exercises in Connection with Expiration of Warrants

A BONUSES unit holder who exercises the warrant that is part of the BONUSES unit in connection with the expiration of the warrant will satisfy in full the exercise price by applying the proceeds of the related remarketing of the related preferred securities. See "Description of the Preferred Securities—Remarketing" in this exhibit. In the event of a failed remarketing:

- the warrants will still expire on the expiration date (that is, a successful remarketing of the preferred securities on the corresponding remarketing date will not be a condition to the expiration of the warrants on the expiration date); and
- the holder will still have the option of exercising its warrant prior to expiration by paying the exercise price in cash.

No service charge will be made for registration of transfer or exchange upon surrender of any warrant certificate at the office of the warrant agent maintained for that purpose. NYCB may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of warrant certificates.

If a holder has satisfied all of the procedures for exercising its warrants, and NYCB has satisfied or caused to be satisfied the conditions to exercise set forth above, on the exercise date, NYCB will deliver or cause to be delivered to such holder, or upon such holder's written order, a certificate representing the requisite number of shares of NYCB common stock to be received upon exercise of such warrants. If a holder exercises less than all of the warrants evidenced by a definitive warrant, a new definitive warrant will be issued to such holder for the remaining number of warrants.

No fractional shares of NYCB common stock will be issued upon exercise of a warrant. At the time of exercise of a warrant, NYCB will pay the holder of such warrant an amount in cash equal to the then current market price of any such fractional share of NYCB common stock.

Unless the warrants are exercised, the holders thereof will not be entitled to receive dividends or other distributions, to vote, to receive notices for any NYCB shareholders meeting for the election of directors or any other purpose, or to exercise any other rights whatsoever as a NYCB shareholder. In the event a bankruptcy or reorganization is commenced by or against NYCB, a bankruptcy court may eliminate or extinguish the warrants as equity securities of NYCB if NYCB is found insolvent. A bankruptcy court may also decide that unexercised warrants are executory contracts that may be subject to NYCB's rejection with approval of the bankruptcy court. As a result, a holder of warrants may not, even if sufficient funds are available, be entitled to receive any consideration or may receive an amount less than such holder would be entitled to receive if such holder had exercised its warrants before the commencement of any such bankruptcy or reorganization.

Optional Redemption

On or after November 4, 2007, NYCB may, subject to satisfaction of the conditions set forth under "—Conditions to Optional Redemption," redeem the warrants, in whole, but not in part, for cash in an amount equal to the warrant value if on any date but prior to the expiration date, the closing price of NYCB common stock exceeds and has exceeded 125% of the conversion price of the warrant, as subject to adjustment as described under "—Anti-Dilution Adjustments," for at least 20 trading days within the immediately preceding 30 consecutive trading days and on the day on which NYCB makes such election.

We refer to these circumstances under which the price of NYCB common stock reaches a specified level for a specified time period as a "reset event." NYCB may elect to redeem the warrants within ten business days of a reset event.

A "trading day" means any day on which shares of NYCB common stock or other capital stock then issuable upon exercise of the warrants:

- are not suspended from trading on any national securities association or exchange or over-the-counter market at the close of business; and
- have traded at least once on the national securities association or exchange or over-the-counter market that is the primary market for the trading of NYCB common stock.

If there occurs a reset event and the conditions to an optional redemption have been satisfied (see "—Conditions to Optional Redemption") and NYCB elects to redeem the warrants, NYCB will be obligated to cause a remarketing of the preferred securities at a price equal to their accreted value. Holders of preferred securities, whether or not holders of BONUSES units, may elect to participate in the remarketing. See "Description of the Preferred Securities—Remarketing." The settlement date of the remarketing shall be the redemption date. On the redemption date, a warrantholder will have the choice of:

- receiving the warrant value for such date, which will be equal to $50 minus the accreted value of the preferred security as of the end of the day before the remarketing date; or
- exercising the warrant by tendering the warrant and the warrant exercise price as of the day before the remarketing date, and following the procedures set forth under "—Exercise of Warrants."

If the warrantholder does not elect to exercise the warrant, the warrant will be redeemed on the redemption date. To exercise the warrant, the warrantholder will be required to tender cash. If, however,

- a holder exercising warrants holds such warrants as part of BONUSES units on the remarketing date; and
- the holder has not opted out of participating in the remarketing of the preferred securities.

Then, upon a successful remarketing, the proceeds of such remarketing will be applied by the remarketing agent no later than the remarketing settlement date to pay the exercise price of the warrants (a "remarketing payment"). In the event of a failed remarketing:

- the warrants will still be redeemed for cash in an amount equal to the warrant value on the redemption date (which would have also been the remarketing settlement date); and
- holders of warrants who have elected to exercise their warrants (which final date for election will occur after the remarketing date) will be obligated to tender the applicable exercise price in cash.

A redemption of the warrants will be conditioned upon a contemporaneous remarketing—whether successful or failed—of the preferred securities. A warrant will cease to be outstanding upon payment by NYCB of the warrant value on a redemption date or upon exercise of the warrant. In the absence of an election to the contrary, BONUSES unit holders will be deemed to have elected to participate in the remarketing.

Procedures

NYCB must cause written notice of its election to redeem the warrants to be given to the holders of the BONUSES units and the warrants within five business days from the date on which NYCB determines to redeem the warrants following a reset event. NYCB may select a date, not less than five nor more than 20 business days after the date written notice is given to the holders of BONUSES units and warrants, on which the redemption shall occur (the "redemption date"). In addition, notice of redemption will be published in a newspaper of general circulation in New York City, New York no less than five business days before the redemption date.

If notice of redemption shall have been given and consideration deposited or paid as required, then immediately prior to the close of business on the date of such redemption, all rights of the holders of warrants will cease, except the right of the holders of warrants to receive the warrant value (or NYCB common stock if the holder elected to exercise a warrant on the redemption date), and the warrants will cease to be outstanding.

Subject to applicable law, NYCB or its subsidiaries may at any time and from time to time purchase outstanding warrants by tender, in the open market or by private agreement.

Election to Exercise

At any time prior to 5:00 p.m., New York City time, on the business day prior to the applicable redemption date for the warrants, a warrantholder may elect, at its option, to exercise its warrants in lieu of a redemption by notifying NYCB of such election; provided that NYCB has satisfied or caused to be satisfied, as of the date of exercise of such warrants, the conditions to exercise of warrants set forth under "—Exercise of Warrants." In such event, an electing

warrantholder will be required to tender the exercise price (except in the case of a remarketing payment as described above) to NYCB and follow the procedures for exercising warrants specified under "—Exercise of Warrants" in order to effect an exercise on the applicable redemption date. The exercise price in connection with an exercise in lieu of redemption will be the exercise price as of the day before the remarketing date.

The warrants will be redeemed on the redemption date unless a warrantholder has affirmatively elected to exercise its warrants. As a result, upon an election by NYCB to redeem the warrants, a holder may have only four business days to elect to exercise its warrants in lieu of a redemption. If a holder does not receive the redemption notification because of illness, absence or other circumstances the warrants held by that holder will be redeemed. Because of the abbreviated notification period, a warrantholder who intends to exercise its warrant upon an optional redemption of the warrants may want to provide standing instructions for exercise of the warrants and delivery of the shares to the warrant agent. See "Description of the Warrants—Optional Redemption—Procedures."

Conditions to Optional Redemption

The following will be conditions precedent to the right (or obligation) of NYCB to redeem the warrants:

- as of the date on which NYCB elects to redeem the warrants and on the redemption date, a registration statement covering the issuance and sale or resale of shares of NYCB common stock to the holders of warrants upon exercise of such warrants shall be effective under the Securities Act or such issuance and sale shall be exempt from the registration requirements of the Securities Act and the shares of NYCB common stock shall have been registered, qualified or deemed to be exempt under applicable state securities laws;
- as of the redemption date, a then current prospectus shall be delivered to exercising holders of the warrants (other than holders who have received warrants in transactions exempt from the registration requirements under the Securities Act); and
- on the redemption date, NYCB shall have complied with all other applicable laws and regulations, if any, including, without limitation, the Securities Act, necessary to permit the redemption of the warrants.

In addition, the conditions to a contemporaneous remarketing of the preferred securities as described under "Description of the Preferred Securities—Remarketing—Remarketing Procedures" must be satisfied as a condition to the contemporaneous redemption of the warrants. A failed remarketing will not constitute a failure to satisfy the conditions to remarketing.

If a remarketing of preferred securities cannot occur, however, because of an inability to satisfy the applicable conditions precedent, the contemporaneous redemption of the warrants will be canceled.

If a redemption cannot occur because of NYCB's inability to satisfy the four conditions precedent specified above and NYCB is using its best efforts to satisfy such requirements, NYCB will have the right to redeem the warrants on a subsequent date which is no later than the expiration date of the warrants.

Redemption Upon Special Event

If at any time:

- a tax event or an investment company event occurs and the administrative trustees have been informed by an independent law firm that such firm, for substantive reasons, cannot deliver a No Recognition Opinion (as defined in "Description of the Preferred Securities—Distribution of Debentures Upon Tax or Investment Company Event") to the trust; or
- a regulatory capital event occurs (any of the foregoing events, a "special event").

NYCB may elect, at its option, to redeem the warrants for cash in an amount equal to the warrant value, which will be equal to $50 minus the accreted value of the preferred security as of the end of the day before the remarketing date.

If NYCB elects to cause a redemption of the warrants upon the occurrence of a special event and the conditions to an optional redemption have been satisfied (see "—Conditions to Optional Redemption"), NYCB will be obligated to cause a remarketing of the preferred securities at a price equal to their accreted value. Holders of preferred securities, whether or not holders of BONUSES units, may elect to participate in the remarketing. See "Description of the

Preferred Securities—Remarketing.” The settlement date of the remarketing shall be the redemption date. On the redemption date, a warrantholder will have the choice of:

- receiving the warrant value for such date, which will be equal to $50 minus the accreted value of the preferred security as of the end of the day before the remarketing date; or
- exercising the warrant by tendering the warrant and the warrant exercise price as of the day before the remarketing date, and following the procedures set forth under “—Exercise of Warrants.”

If the warrantholder does not elect to exercise the warrant, the warrant will be redeemed on the redemption date.

The “accreted value” of a preferred security is equal to the accreted value of a debenture, which is equal to the sum of the initial purchase price of the preferred security component of each BONUSES unit (i.e., $33.18) plus accretion of the discount (i.e. the difference between the principal amount of $50 and $33.18, the initial purchase price of the preferred securities), calculated using a per annum coupon of 6%, payable quarterly, and an all-in-yield of 9.10% per annum on a quarterly bond equivalent yield basis using a 360-day year of twelve 30-day months until such sum equals $50 on the warrant expiration date. For example, because the purchase price of the BONUSES units initially allocable to the preferred securities was $33.18 , the accreted value of a debenture was equal to $33.31 on November 4, 2007, the first date on which NYCB could redeem the warrants.

“Investment company event” means the receipt by the trust of an opinion of counsel, rendered by an independent law firm having a recognized national securities practice, to the effect that, as a result of the occurrence of a change in law or regulation or a change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority (a “Change in 1940 Act Law”), there is more than an insubstantial risk that the trust is or will be considered in an “investment company” that is required to be registered under the 1940 Act, which Change in 1940 Act Law becomes effective on or after the date on which the preferred securities were initially issued and sold.

“Tax event” means the receipt by the trust of an opinion of counsel, rendered by an independent law firm experienced in such matters, to the effect that, as a result of (1) any amendment to, change in or announced proposed change in the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, or (2) any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or proposed change, pronouncement or decision is announced on or after the date on which the preferred securities were initially issued and sold, there is more than an insubstantial risk that (x) the trust is, or will be within 90 days of the date of such opinion, subject to United States federal income tax with respect to interest received or accrued on the debentures, or (y) the trust is, or will be within 90 days of the date of such opinion, subject to more than a de minimis amount of other taxes, duties or other governmental charges.

A “regulatory capital event” means that NYCB shall have become, or pursuant to law or regulation will become within 180 days, subject to capital requirements under which, in the written opinion of independent bank regulatory counsel experienced in such matters, the preferred securities would not constitute Tier 1 Capital applied as if NYCB (or its successor) were a bank holding company (as that concept is used in the guidelines or regulations issued by the Board of Governors of the Federal Reserve System as of the date of this exhibit or its then equivalent).

Conditions to Redemption Upon Special Event

In addition to the four conditions specified under “—Optional Redemption—Conditions to Optional Redemption,” the conditions to a contemporaneous remarketing of the preferred securities as described under “Description of the Preferred Securities—Remarketing—Remarketing Procedures” must be satisfied as a condition to the contemporaneous redemption of the warrants. A failed remarketing will not constitute a failure to satisfy the conditions to remarketing. However, if a remarketing of preferred securities following a special event cannot occur because of an inability to satisfy the applicable conditions precedent, the contemporaneous redemption of the warrants will be canceled. If a redemption of the warrants cannot occur because of an inability to satisfy the four conditions precedent set forth under “—Optional Redemption—Conditions to Optional Redemption” and NYCB is using its best efforts to satisfy such requirements; then NYCB will have the right to redeem the warrants on a subsequent date which is no later than the expiration date of the warrants.

Change of Control

If a change of control (as defined under "Description of the BONUSES units") occurs, each holder of a warrant will have the right to require NYCB to redeem that holder's warrant on the date that is 45 days after the date NYCB gives notice at a redemption price in cash equal to 100% of the warrant value of the warrant on the redemption date.

Within 30 days after the occurrence of a change of control, NYCB must give notice to each holder of a warrant and the warrant agent of the transaction that constitutes the change of control and of the resulting redemption right. To exercise the redemption right, a warrantholder must deliver on or prior to the 30th day after the date of NYCB's notice irrevocable written notice to the warrant agent of the holder's exercise of its redemption right.

Except as described above with respect to a change of control, the warrant agreement does not contain provisions that permit the holders of warrants to require that NYCB redeem the warrants in the event of a takeover, recapitalization or similar transaction. In addition, NYCB could enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that could affect NYCB's capital structure or the value of NYCB's common stock, but that would not constitute a change of control.

NYCB will comply with the requirements of the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the redemption of the warrants as a result of a change of control.

NYCB's ability to redeem warrants upon the occurrence of a change of control is subject to important limitations. There can be no assurance that NYCB would have the financial resources, or would be able to arrange financing, to pay the redemption price for all the warrants that might be delivered by holders of warrants seeking to exercise the redemption right. Any failure by NYCB to redeem the warrants when required following a change of control would result in an event of default under the BONUSES unit agreement.

Anti-Dilution Adjustments

The number of shares of NYCB common stock issuable upon the exercise of the warrants will be subject to adjustment in certain circumstances, but subject to certain exceptions, including:

- the issuance of NYCB common stock payable as a dividend or distribution on its common stock; . subdivisions and combinations of the common stock of NYCB;
- the issuance to all holders of NYCB common stock of certain rights or warrants to purchase NYCB common stock (or securities convertible into NYCB common stock) at less than (or having a conversion price per share less than) the current market price of NYCB common stock;
- the dividend or other distribution to all holders of NYCB common stock of shares of NYCB capital stock or evidences of NYCB indebtedness or its assets (including securities, but excluding those rights and warrants referred to above and dividends and distributions in connection with a reclassification, change, consolidation, merger, combination, sale or conveyance resulting in a change in the conversion consideration pursuant to the second succeeding paragraph or distributions or dividends paid exclusively in cash);
- dividends or other distributions consisting exclusively of cash to all holders of NYCB common stock to the extent that such distributions, combined together with (A) all other such all-cash distributions made within the preceding 12 months for which no adjustment has been made plus (B) any cash and the fair market value of other consideration paid for any tender offers by NYCB or any of its subsidiaries for NYCB common stock concluded within the preceding 12 months for which no adjustment has been made, exceeds 10% of NYCB's market capitalization on the record date for such distribution; market capitalization is the product of the then current market price of NYCB common stock times the number of shares of NYCB common stock then outstanding; and
- the purchase of NYCB common stock pursuant to a tender offer made by NYCB or any of its subsidiaries to the extent that the same involves an aggregate consideration that, together with (A) any cash and the fair market value of any other consideration paid in any other tender offer by NYCB or any of its subsidiaries for NYCB common stock expiring within the 12 months preceding such tender offer for which no adjustment has been made plus (B) the aggregate amount of any all-cash distributions referred to in the paragraph above to all holders of NYCB common stock within 12 months preceding the expiration of tender offer for which no adjustments have been made, exceeds 10% of NYCB's market capitalization on the expiration of such tender offer.

No adjustment in the amount of shares of NYCB common stock issuable upon exercise of a warrant will be required unless such adjustment would require a change of at least 1% in the amount of shares of NYCB common stock issuable upon exercise of a warrant then in effect at such time. Any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment. Except as stated above, the amount of shares of NYCB common stock issuable upon exercise of a warrant will not be adjusted for the issuance of NYCB common stock or any securities convertible into or exchangeable for NYCB common stock or carrying the right to purchase any of the foregoing.

In the case of:

- any reclassification or change of NYCB common stock (other than changes resulting from a subdivision or combination, or
- a consolidation, merger or combination involving NYCB or a sale or conveyance to another corporation of all or substantially all of NYCB's property and assets, in each case as a result of which holders of NYCB common stock are entitled to receive stock, other securities, other property or assets (including cash or any combination thereof) with respect to or in exchange for NYCB common stock, the holders of the warrants then outstanding will be entitled thereafter to exercise those warrants and receive the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) which they would have owned or been entitled to receive upon such reclassification, change, consolidation, merger, combination, sale or conveyance had such warrants been exercised immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance. NYCB will agree not to become a party to any such transaction unless its terms are consistent with the foregoing.

In the event that we distribute shares of common stock of a subsidiary of ours, the number of shares of our common stock issuable upon the exercise of the warrants will be adjusted, if at all, based on the market value of the subsidiary stock so distributed relative to the market value of our common stock, in each case over a measurement period following distribution.

If a taxable distribution to holders of NYCB common stock or other transaction occurs which results in any adjustment of the exercise price or the amount of shares of NYCB common stock issuable upon exercise of a warrant, the holders of warrants may, in certain circumstances, be deemed to have received a distribution subject to United States federal income tax as a dividend. In certain other circumstances, the absence of an adjustment may result in a taxable dividend to the holders of common stock. See "Material United States Federal Income Tax Considerations—The Warrants."

NYCB may from time to time, to the extent permitted by law and except in connection with a change of control transaction, reduce the exercise price of the warrants by any amount for any period of at least 20 days. In that case, NYCB will give at least 15 days' notice of such decrease. NYCB may make such reductions in the exercise price, in addition to those set forth above, as NYCB's board of directors deems advisable to avoid or diminish any income tax to holders of NYCB common stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

Reservation of Shares

NYCB has authorized and will reserve for issuance the maximum number of shares of its common stock as will be issuable upon the exercise of all outstanding warrants. Such shares of common stock, when issued and paid for in accordance with the warrant agreement, will be duly and validly issued, fully paid and nonassessable, free of preemptive rights and free from all taxes, liens, charges and security interests.

Governing Law

The warrants and the warrant agreement will be governed by, and construed in accordance with, the laws of the State of New York.

Modifications and Amendments of the Warrant Agreement

Modifications of warrants issued as part of BONUSES units may only be made in accordance with the terms of the warrant agreement. We and the warrant agent may amend or supplement the terms of the warrant and the warrant agreement without the consent of holders of the warrants for the purpose of curing any ambiguity or correcting any inconsistent provisions therein or in any other manner we deem necessary or desirable and which will not adversely affect the interests of any holder of warrants.

In addition, we and the warrant agent, with the consent of the holders of a majority of the then outstanding unexercised warrants, may modify or amend the warrants and the warrant agreement. However, we and the warrant agent may not make any of the following modifications or amendments without the consent of each holder of warrants:

- change the exercise price of the warrants, except as provided in the warrant agreement;
- reduce the number of shares of common stock issuable upon exercise of the warrants other than as specified under "—Anti-Dilution Adjustments";
- accelerate the expiration date of the warrants;
- materially and adversely affect the rights of any holder of warrants; or
- reduce the percentage of the outstanding unexercised warrants the consent of whose holders is required for modifications and amendments.

Enforceability of Rights of Warrantholders; Governing Law

The warrant agent will act solely as our agent and will not assume any obligation or relationship of agency or trust with the holders of the warrants. Any record holder or beneficial owner of a warrant may, without anyone else's consent, enforce by appropriate legal action, on its own behalf, its right to exercise the warrant in the manner provided therein or in the warrant agreement. A warrantholder will not be entitled to any of the rights of a holder of the common stock or other securities purchasable upon the exercise of the warrant before exercising the warrant.

Unsecured Obligations

The warrants are our unsecured contractual obligations and will rank equally with all of our other unsecured contractual obligations and our unsecured and unsubordinated debt. Since most of our assets are owned by our subsidiaries, our rights and the rights of our creditors, including warrantholders, to participate in the distribution or recapitalization will be subject to the prior claim of that subsidiary's creditors.

Book-Entry Only Issuance

General

The BONUSES units and the preferred securities and warrants that are components of the BONUSES units are represented by one or more global securities deposited with, and registered in the name of, DTC or its nominee. Each global security is issued to DTC, which keeps a computerized record of its participants whose clients have purchased the BONUSES units, preferred securities or warrants. Each participant then keeps a record of its clients.

Beneficial interests in a global security are shown on, and transfers of the global security are made only through, records maintained by DTC and its participants. DTC holds securities that its participants ("direct participants" deposit with DTC. DTC also records the settlement among direct participants of securities transactions, such as transfers and pledges, in deposited securities through computerized records for direct participants' accounts. This eliminates the need to exchange certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC's book-entry system is also used by other organizations such as securities brokers and dealers, banks and trust companies that work through a direct participant. The rules that apply to DTC and its participants are on file with the SEC.

Purchases under the DTC System

When you purchase BONUSES units, preferred securities or warrants through the DTC system, the purchases must be made by or through a direct participant, who will receive credit for the BONUSES units, preferred securities or warrants, as the case may be, on DTC's records. Because you actually own the security, you are the beneficial owner. Your ownership interest will be recorded only on the direct (or indirect) participants' records.

You will not receive a written confirmation of your purchase or sale or any periodic account statement directly from DTC. You will receive these from your direct (or indirect) participant. As a result, the direct (or indirect) participants are responsible for keeping an accurate account of the holdings of their customers, like you. Beneficial owners of any BONUSES unit, preferred security or warrant represented by a global security should consult their brokers or other intermediaries as to applicable procedures for (1) separating the BONUSES unit into its component parts and (2) exercising a warrant, whether such warrant is held separately or as a component of a BONUSES unit.

Payments under the DTC System

NYCB, the trust and the property trustee will treat DTC's nominee as the owner and holder of each global security representing BONUSES units, preferred securities or warrants for all purposes. The property trustee will wire payments in respect of the BONUSES units, preferred securities and warrants to DTC's nominee.

Exchange of Global Securities

Each of the BONUSES units, preferred securities or warrants represented by a global security will be exchangeable for certificated securities with the same terms only if:

- DTC is unwilling or unable to continue as depositary or if DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934 and a successor depositary is not appointed by the trust within 90 days;
- NYCB decides to discontinue use of the system of book-entry transfer through DTC (or any successor depositary); or
- a default under the declaration of trust or the warrant agreement occurs and is continuing.

DESCRIPTION OF THE DEPOSITARY SHARES

In this exhibit, references to "holders" of the depositary shares mean those who own the depositary shares registered in their own names, on the books that we or the depositary maintain for this purpose, and not indirect holders who own beneficial interest in the depositary shares registered in street name or issued in book-entry form through DTC.

This exhibit summarizes specific terms and provisions of the depositary shares relating to our Series A Preferred Stock. Each depositary share represents a 1/40th ownership interest in a share of the Series A Preferred Stock, and is evidenced by a depositary receipt. The shares of the Series A Preferred Stock represented by the depositary shares are deposited under a deposit agreement among us, Computershare, Inc. and Computershare Trust Company, N.A., as joint depositary (the "depositary"), and the holders from time to time of the depositary receipts evidencing the depositary shares (the "deposit agreement"). Subject to the terms of the deposit agreement, each holder of depositary shares is entitled, through the depositary, in proportion to the applicable fraction of a share of the Series A Preferred Stock represented by such depositary shares, to all the rights and preferences of the Series A Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights). We urge you to read the deposit agreement and form of depositary receipt, each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.5 is a part, for additional information about the depositary shares.

Dividends and Other Distributions

Each dividend payable on a depositary share will be in an amount equal to 1/40th of the dividend declared and payable on the related share of Series A Preferred Stock.

The depositary will distribute any cash dividends or other cash distributions received in respect of the deposited Series A Preferred Stock to the record holders of the depositary shares relating to the underlying Series A Preferred Stock in proportion to the number of the depositary shares held by the holders. The depositary will distribute any property received by it other than cash to the record holders of the depositary shares entitled to those distributions, unless it determines that the distribution cannot be made proportionally among those holders or that it is not feasible to make a distribution. In that event, the depositary may, with our approval, sell the property and distribute the net proceeds from the sale to the holders of the depositary shares in proportion to the number of the depositary shares they hold.

Record dates for the payment of dividends and other matters relating to the depositary shares will be the same as the corresponding record dates for the Series A Preferred Stock.

The amounts distributed to holders of the depositary shares will be reduced by any amounts required to be withheld by the depositary or by us on account of taxes or other governmental charges.

Redemption of the Depositary Shares

If we redeem the Series A Preferred Stock represented by the depositary shares, the depositary shares will be redeemed from the proceeds received by the depositary resulting from the redemption of the Series A Preferred Stock held by the depositary. The redemption price per depositary share will be equal to 1/40th of the redemption price per

share payable with respect to the Series A Preferred Stock (equivalent to $25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends, on the shares of the Series A Preferred Stock. Whenever we redeem shares of the Series A Preferred Stock held by the depositary, the depositary will redeem, as of the same redemption date, the number of the depositary shares representing shares of the Series A Preferred Stock so redeemed. The depositary will mail notice of redemption to record holders of the depositary receipts not less than 30 and not more than 60 days prior to the date fixed for redemption of the Series A Preferred Stock and the related depositary shares.

In case of any redemption of less than all of the outstanding depositary shares, the depositary shares to be redeemed will be selected by us pro rata, by lot or in such other manner we determine to be equitable. In any such case, we will redeem the depositary shares only in increments of 40 shares and any integral multiple thereof.

Voting of the Series A Preferred Stock

Because each depositary share represents a 1/40th interest in a share of the Series A Preferred Stock, holders of depositary shares are entitled to 1/40th of a vote per depositary share under those limited circumstances in which holders of the Series A Preferred Stock are entitled to a vote.

When the depositary receives notice of any meeting at which the holders of the Series A Preferred Stock are entitled to vote, the depositary will mail (or otherwise transmit by an authorized method) the information contained in the notice to the record holders of the depositary shares relating to the Series A Preferred Stock. Each record holder of the depositary shares on the record date, which will be the same date as the record date for the Series A Preferred Stock, may instruct the depositary to vote the amount of the Series A Preferred Stock represented by the holder's depositary shares. To the extent possible, the depositary will vote the amount of the Series A Preferred Stock represented by the depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any depositary shares, it will not vote the amount of the Series A Preferred Stock represented by such depositary shares.

Listing

The depositary shares are listed on the NYSE under the symbol "NYCB PrA."

Form of the Depositary Shares

The depositary shares are issued in book-entry form through DTC. The Series A Preferred Stock are issued in registered form to the depositary.

Depositary

Computershare, Inc. and Computershare Trust Company, N.A. is the joint depositary for the depositary shares as of the original issue date. We may terminate such appointment and may appoint a successor depositary at any time and from time to time, provided that we will use our best efforts to ensure that there is, at all times when the Series A Preferred Stock is outstanding, a person or entity appointed and serving as such depositary.

Description of the Series A Preferred Stock

The depositary is the sole holder of the Series A Preferred Stock, as described under "Description of the Depositary Shares" above, and all references in this exhibit to the holders of the Series A Preferred Stock shall mean the depositary. However, the holders of the depositary shares are entitled, through the depositary, to exercise the rights and preferences of the holders of the Series A Preferred Stock, as described under the "Description of the Depositary Shares."

The following summary of the terms and provisions of the Series A Preferred Stock does not purport to be complete, and is qualified in its entirety by reference to the pertinent sections of our Amended and Restated Certificate of Incorporation, including the certificate of designations creating the Series A Preferred Stock, each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.5 is a part, and the applicable provisions of the Delaware General Corporation Law and federal law governing bank holding companies.

General

Under our Amended and Restated Certificate of Incorporation, we have authority to issue up to 5,000,000 shares of preferred stock, par value $0.01 per share. Our board of directors (or a duly authorized committee of the board) is

authorized without further stockholder action to cause the issuance of shares of preferred stock, including the Series A Preferred Stock. Any additional preferred stock may be issued from time to time in one or more series, each with powers, rights, preferences, qualifications, limitations, restrictions, dividend rights, dissolution rights, conversion rights, exchange rights and redemption rights and other rights as our board (or a duly authorized committee of the board) may determine prior to the time of issuance. We have filed the certificate of designations with respect to the Series A Preferred Stock with the Secretary of State of the State of Delaware. No other shares of NYCB preferred stock are issued and outstanding.

The Series A Preferred Stock represents a single series of our authorized preferred stock. Shares of the Series A Preferred Stock, upon issuance against full payment of the purchase price for the depositary shares, will be fully paid and nonassessable.

The Series A Preferred Stock is convertible into, or exchangeable for, shares of our common stock and is subject to any sinking fund or any other obligation of us for their repurchase or retirement. The Series A Preferred Stock represents non-withdrawable capital, is not an account of an insurable type, and is not insured or guaranteed by the FDIC or any other governmental agency or instrumentality.

We reserve the right to re-open this series and issue additional shares of Series A Preferred Stock and related depositary shares either through public or private sales at any time and from time to time, provided that such additional shares will only be issued if they are fungible with the original shares for tax purposes. The additional shares of Series A Preferred Stock and related depositary shares would be deemed to form a single series with the Series A Preferred Stock and the depositary shares initially issued. In the event that we issue additional shares of the Series A Preferred Stock and the related depositary shares after the original issue date, any dividends on such additional shares will accrue from the issue date of such additional shares.

Ranking

With respect to the payment of dividends and distributions of assets upon any liquidation, dissolution or winding-up, the Series A Preferred Stock ranks:

- senior to our common stock and all other junior stock;
- senior to or on a parity with each other series of our preferred stock we may issue (except for any senior series that may be issued upon the requisite vote or consent of the holders of at least two thirds of the shares of the Series A Preferred Stock at the time outstanding and entitled to vote and the requisite vote or consent of all other series of preferred stock) with respect to the payment of dividends and distributions of assets upon any liquidation, dissolution or winding-up of New York Community Bancorp, Inc.; and
- junior to all existing and future indebtedness and other non-equity claims on us.

Dividends

Holders of the Series A Preferred Stock, in preference to the holders of our common stock and of any other junior stock, are entitled to receive, only when, as and if declared by our board of directors (or a duly authorized committee of the board), out of funds legally available for payment, noncumulative cash dividends applied to the Series A liquidation amount of $1,000 per share of the Series A Preferred Stock at a rate *per annum* equal to (i) 6.375% on each dividend payment date relating to a fixed rate period (and for each such fixed rate period) and (ii) Three-month LIBOR plus 382.1 basis points on each dividend payment date relating to a floating rate period (and for each such floating rate period). A "dividend payment date" means (i) each March 17, June 17, September 17 and December 17, commencing June 17, 2017, to and including March 17, 2027, and (ii) each March 17, June 17, September 17 and December 17, commencing June 17, 2027, except as provided below. If any such date on or before March 17, 2027 is not a business day, then such date will nevertheless be a dividend payment date but dividends on the Series A Preferred Stock, when, as and if declared, will be paid on the next succeeding business day (without adjustment in the amount of the dividend per share of the Series A Preferred Stock). If any such date after March 17, 2027 is not a business day, then the next succeeding business day will be the applicable dividend payment date and dividends, when, as and if declared, will be paid on such next succeeding business day. However, if the postponement would cause the day to fall in the next calendar month during a floating rate period, the dividend payment date will instead be brought forward to the immediately preceding business day.

A "business day" means each weekday on which banking institutions in New York, New York are not authorized or obligated by law, regulation or executive order to close.

A "dividend period" means each period from and including a dividend payment date (except that the initial dividend period shall commence on the original issue date of the Series A Preferred Stock) and continuing to but not including the next succeeding dividend payment date. As that term is used in this exhibit, each dividend payment date "relates" to the dividend period most recently ending before such dividend payment date.

Dividends will be paid to holders of record of the Series A Preferred Stock as they appear on our books on the applicable record date, which shall be the 15th calendar day before such dividend payment date, or such other record date fixed for that purpose by our board of directors (or a duly authorized committee of the board) that is not more than 60 nor less than 10 days prior to such dividend payment date, in advance of payment of each particular dividend.

The amount of dividends payable per share of the Series A Preferred Stock will be computed (a) in respect of a fixed rate period, on the basis of a 360-day year consisting of twelve 30-day months, and (b) in respect of a floating rate period, by multiplying the per annum dividend rate in effect for that floating rate period by a fraction, the numerator of which will be the actual number of days in the floating rate period and the denominator of which will be 360, and multiplying the rate obtained by $1,000.

Dividends on shares of the Series A Preferred Stock will not be cumulative and will not be mandatory. If our board of directors (or a duly authorized committee of the board) does not declare a dividend on the Series A Preferred Stock in respect of a dividend period, then no dividend will be deemed to have accrued for such dividend period, be payable on the related dividend payment date, or accumulate, and we will have no obligation to pay any dividend accrued for such dividend period, whether or not our board of directors (or a duly authorized committee of the board) declares a dividend on the Series A Preferred Stock or any other series of our preferred stock or on our common stock for any future dividend period. References to the "accrual" (or similar terms) of dividends in this exhibit refer only to the determination of the amount of such dividend and do not imply that any right to a dividend arises prior to the date on which a dividend is declared.

"Three-month LIBOR" means, with respect to any floating rate period, the offered rate expressed as a percentage per annum for deposits in U.S. dollars for a three-month period commencing on the first day of that floating rate period, as that rate appears on Reuters Screen LIBOR01 as of 11:00 A.M., London time, on the second London banking day immediately preceding the first day of that floating rate period. If Three-month LIBOR does not appear on Reuters Screen LIBOR01, Three-month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period, commencing on the first day of that floating rate period, and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in that market selected by us and identified to the calculation agent, at approximately 11:00 A.M., London time, on the second London banking day immediately preceding the first day of that floating rate period. The calculation agent will request the principal London office of each of these banks to provide a quotation of its rate. If at least two quotations are provided, three-month LIBOR for that floating rate period will be the arithmetic mean of those quotations (rounded upward if necessary to the nearest 0.00001%). If fewer than two quotations are provided, Three-month LIBOR with respect to that floating rate period will be the arithmetic mean (rounded upward if necessary to the nearest 0.00001%) of the rates quoted by three major banks in New York City selected by us and identified to the calculation agent, at approximately 11:00 A.M., New York City time, on the first day of that floating rate period for loans in U.S. dollars to leading European banks for a three-month period, commencing on the first day of that floating rate period and in a principal amount of not less than $1,000,000. If fewer than three banks selected by us and identified to the calculation agent to provide quotations are quoting as described above, Three-month LIBOR with respect to that floating rate period will be the Three-month LIBOR in effect for the prior floating rate period or, in the case of the first floating rate period, the most recent rate that could have been determined had the floating rate period been applicable prior to first floating rate period. The calculation agent's determination of Three-month LIBOR for each floating rate period and the calculation of the amount of dividends for each dividend period will be final and binding in the absence of manifest error.

"London banking day" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London.

"Reuters Screen LIBOR01" means the display on the Reuters Eikon (or any successor service) on the "LIBOR01" page (or any other page as may replace such page on such service for the purpose of displaying the London interbank rates of major banks for U.S. Dollar deposits).

Restrictions on Dividends

So long as any share of the Series A Preferred Stock remains outstanding, no dividend will be declared or paid on the common stock or any other shares of junior stock (other than (1) a dividend payable solely in junior stock or (2) any dividend in connection with the implementation of a shareholders' rights plan or the redemption or repurchase of any rights under any such plan), unless (i) full dividends for the last preceding dividend period on all outstanding shares of Series A Preferred Stock have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside) and (ii) we are not in default on our obligation to redeem any shares of Series A Preferred Stock that have been called for redemption. NYBC will not purchase, redeem or otherwise acquire, directly or indirectly, for consideration any shares of common stock or other junior stock (other than (1) as a result of a reclassification of such junior stock for or into other junior stock, (2) the exchange or conversion of one share of such junior stock for or into another share of such junior stock, (3) through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock, (4) purchases, redemptions or other acquisitions of shares of junior stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, (5) purchases of shares of junior stock pursuant to a contractually binding requirement to buy junior stock existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan, or (6) the purchase of fractional interests in shares of junior stock pursuant to the conversion or exchange provisions of such securities or the security being converted or exchanged) nor will we pay or make available any monies for a sinking fund for the redemption of any shares of common stock or any other shares of junior stock during a dividend period, unless the full dividends for the most recently completed dividend period on all outstanding shares of Series A Preferred Stock have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside).

If dividends are not paid in full upon the Series A Preferred Stock and any dividend parity stock, all dividends paid or declared for payment on a dividend payment date with respect to the Series A Preferred Stock and the dividend parity stock will be shared based on the ratio between the then-current dividends due on shares of Series A Preferred Stock and (i) in the case of any series of non-cumulative dividend parity stock, the aggregate of the current and unpaid dividends due on such series of preferred stock and (ii) in the case of any series of cumulative dividend parity stock, the aggregate of the current and accumulated and unpaid dividends due on such series of preferred stock.

Subject to the foregoing, such dividends (payable in cash, stock or otherwise) as may be determined by our board of directors (or a duly authorized committee of the board) may be declared and paid on our common stock, any other junior stock and any dividend parity stock from time to time out of funds legally available for such payment, and the Series A Preferred Stock will not be entitled to participate in any such dividend.

Dividends on the Series A Preferred Stock will not be declared, paid or set aside for payment if we fail to comply, or if and to the extent such act would cause us to fail to comply, with applicable laws, rules and regulations, and the certificate of designations creating the Series A Preferred Stock provides that dividends on the Series A Preferred Stock may not be declared or set aside for payment if and to the extent such dividends would cause us to fail to comply with the applicable capital adequacy rules.

Redemption

The Series A Preferred Stock is perpetual and has no maturity date. We may, at our option, with the prior approval of the FRB or any successor appropriate federal banking agency, redeem the shares of the Series A Preferred Stock (i) in whole or in part, from time to time, on any dividend payment date on or after the dividend payment date in March 2027, or (ii) in whole but not in part at any time within 90 days following a Regulatory Capital Treatment Event, in each case at a cash redemption price of $1,000 per share (equivalent to $25 per depositary share), plus any declared and unpaid dividends, without regard to any undeclared dividends, to but excluding the redemption date, on the shares of the Series A Preferred Stock called for redemption. Dividends will cease to accrue on the shares of the Series A Preferred Stock called for redemption from and including the redemption date. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the applicable record date for a dividend period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such record date relating to the applicable dividend payment date. Under the capital adequacy rules currently applicable to us, prior to exercising our right to redeem the Series A Preferred Stock, we must either (i) demonstrate to the satisfaction of the FRB that, following redemption, we will continue to hold capital commensurate with our risk; or (ii) replace the Series A Preferred Stock redeemed or to be redeemed with an equal amount of instruments that will qualify tier 1 capital under regulations of the FRB immediately following or concurrent with redemption.

A "Regulatory Capital Treatment Event" means the good faith determination by NYCB that, as a result of (i) any amendment to, or change in, the laws, rules or regulations of the United States (including, for the avoidance of doubt,

any agency or instrumentality of the United States, including the FRB and other federal bank regulatory agencies) or any political subdivision of or in the United States that is enacted or becomes effective after the original issue date of any share of the Series A Preferred Stock, (ii) any proposed change in those laws, rules or regulations that is announced or becomes effective after the original issue date of any share of the Series A Preferred Stock, or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws, rules or regulations or policies with respect thereto that is announced after the original issue date of any share of the Series A Preferred Stock, there is more than an insubstantial risk that New York Community Bancorp, Inc. will not be entitled to treat the full liquidation preference amount of $1,000 per share of the Series A Preferred Stock then outstanding as "tier 1 capital" (or its equivalent) for purposes of the capital adequacy rules of the FRB (or, as and if applicable, the capital adequacy rules or regulations of any successor appropriate federal banking agency) as then in effect and applicable, for so long as any share of the Series A Preferred Stock is outstanding. "Appropriate federal banking agency" means the "appropriate federal banking agency" with respect to us as that term is defined in Section 3(q) of the Federal Deposit Insurance Act or any successor provision.

If fewer than all of the outstanding shares of the Series A Preferred Stock are to be redeemed, the shares to be redeemed will be selected either pro rata from the holders of record of shares of the Series A Preferred Stock in proportion to the number of shares held by those holders or by lot or in such other manner as our board of directors or a committee thereof may determine to be fair and equitable.

We will mail notice of every redemption of the Series A Preferred Stock by first class mail, postage prepaid, addressed to the holders of record of the Series A Preferred Stock to be redeemed at their respective last addresses appearing on our books. This mailing will be at least 30 days and not more than 60 days before the date fixed for redemption (provided that if the Series A Preferred Stock is held in book-entry form through DTC, we may give this notice in any manner permitted by DTC). Any notice mailed or otherwise given as provided in this paragraph will be conclusively presumed to have been duly given, whether or not the holder receives this notice, and failure duly to give this notice by mail or otherwise, or any defect in this notice or in the mailing or provision of this notice, to any holder of the Series A Preferred Stock designated for redemption will not affect the validity of the redemption of any other shares of the Series A Preferred Stock.

Each notice will state:

- the redemption date;
- the number of shares of the Series A Preferred Stock to be redeemed and, if less than all shares of the Series A Preferred Stock held by the holder are to be redeemed, the number of shares to be redeemed from the holder;
- the redemption price or the manner of its calculation; and
- if Series A Preferred Stock is evidenced by definitive certificates, the place or places where the certificates representing those shares are to be surrendered for payment of the redemption price.

If notice of redemption of any Series A Preferred Stock has been duly given and if, on or before the redemption date specified in the notice, we have set aside all funds necessary for the redemption in trust for the pro rata benefit of the holders of record of any shares of Series A Preferred Stock so called for redemption, then, notwithstanding that any certificate for any share called for redemption has not been surrendered for cancellation, from and after the redemption date, those shares shall no longer be deemed outstanding and all rights of the holders of those shares (including the right to receive any dividends) will terminate, except the right to receive the redemption price.

Our right to redeem the Series A Preferred Stock is subject to the prior approval of the FRB or any successor appropriate federal banking agency as required under the capital rules applicable to us. We cannot assure you that the appropriate federal banking agency will approve any redemption of the Series A Preferred Stock that we may propose. Moreover, unless the FRB authorizes us to do otherwise in writing, we expect that we will redeem the Series A Preferred Stock only if it is replaced with other tier 1 capital that is not a restricted core capital element—for example, common stock or another series of noncumulative perpetual preferred stock.

Holders of the Series A Preferred Stock will not have the right to require the redemption or repurchase of the Series A Preferred Stock.

Liquidation Rights

In the event that we voluntarily or involuntarily liquidate, dissolve or wind up our affairs, holders of the Series A Preferred Stock will be entitled to receive an amount per share (the "total liquidation amount") equal to the Series

A liquidation amount of $1,000 per share, plus any dividends that have been declared but not paid prior to the date of payment of distributions to shareholders, without regard to any undeclared dividends. Holders of the Series A Preferred Stock will be entitled to receive the total liquidation amount out of our assets that are available for distribution to shareholders, after payment or provision for payment of our debts and other liabilities but before any distribution of assets is made to holders of our common stock or any other junior stock. In addition, the Series A Preferred Stock may be fully subordinate to interests held by the U.S. government in the event we enter into a receivership, insolvency, liquidation or similar proceeding, including a proceeding under the "orderly liquidation authority" provisions of the Dodd-Frank Act.

If our assets are not sufficient to pay the total liquidation amount in full to all holders of the Series A Preferred Stock and all holders of any of our stock ranking equally with the Series A Preferred Stock as to distributions of assets upon any liquidation, dissolution or winding-up of NYCB, the amounts paid to the holders of the Series A Preferred Stock and to such other stock will be paid pro rata in accordance with the respective total liquidation amount for those holders. If the total liquidation amount per Series A Preferred Stock has been paid in full to all holders of the Series A Preferred Stock and such other stock, the holders of our common stock or any other junior stock will be entitled to receive all of our remaining assets according to their respective rights and preferences.

For purposes of the liquidation rights, neither the sale, conveyance, exchange or transfer of all or substantially all of our property and assets, nor the consolidation or merger by us with or into any other corporation or by another corporation with or into us, will constitute a liquidation, dissolution or winding-up of our affairs.

Voting rights

Except as indicated below or otherwise required by law, the holders of the Series A Preferred Stock will not have any voting rights.

Right to Elect Two Directors upon Non-Payment of Dividends

If and when the dividends on the Series A Preferred Stock and any other class or series of our preferred stock that we may issue in the future, whether bearing dividends on a noncumulative or cumulative basis but otherwise ranking on a parity with the Series A Preferred Stock as to payment of dividends and that has voting rights equivalent to those described in this paragraph ("voting parity stock"), have not been declared and paid (i) in the case of the Series A Preferred Stock and voting parity stock bearing noncumulative dividends, in full for at least three semi-annual or six quarterly dividend periods or their equivalent (whether or not consecutive); or (ii) in the case of voting parity stock bearing cumulative dividends, in an aggregate amount equal to full dividends for at least three semi-annual or six quarterly dividend periods or their equivalent (whether or not consecutive), the authorized number of directors then constituting our board of directors will be increased by two. Holders of the Series A Preferred Stock, together with the holders of all other affected classes and series of voting parity stock, voting as a single class, will be entitled to elect the two additional members of our board of directors (the "preferred stock directors") at any annual or special meeting of shareholders at which directors are to be elected or any special meeting of the holders of the Series A Preferred Stock and any voting parity stock for which dividends have not been paid, called as provided below, but only if the election of any preferred stock directors would not cause us to violate the corporate governance requirement of the NYSE (or any other exchange on which our securities may be listed) that listed companies must have a majority of independent directors. In addition, our board of directors shall at no time have more than two preferred stock directors.

At any time after this voting power has vested as described above, our Corporate Secretary may, and upon the written request of holders of record of at least 20% of the outstanding shares of the Series A Preferred Stock and voting parity stock (addressed to the Corporate Secretary at our principal office) must, call a special meeting of the holders of the Series A Preferred Stock and voting parity stock for the election of the preferred stock directors. Notice for a special meeting will be given in a similar manner to that provided in our by-laws for a special meeting of the shareholders, which we will provide upon request, or as required by law. If our Corporate Secretary is required to call a meeting but does not do so within 20 days after receipt of any such request, then any holder of shares of the Series A Preferred Stock may (at our expense) call such meeting, upon notice as provided in this section, and for that purpose will have access to our stock books. The preferred stock directors elected at any such special meeting will hold office until the next annual meeting of our shareholders unless they have been previously terminated as described below. In case any vacancy occurs among the preferred stock directors, a successor will be elected by our board of directors to serve until the next annual meeting of the shareholders upon the nomination of the then remaining preferred stock directors or if none remains in office, by the vote of the holders of record of a majority of the outstanding shares of the Series A Preferred Stock and all voting parity stock for which dividends have not been paid, voting as a single class. The preferred stock directors shall each be entitled to one vote per director on any matter.

Whenever full dividends have been paid on the Series A Preferred Stock and any noncumulative voting parity stock for at least one year and all dividends on any cumulative voting parity stock have been paid in full, then the right of the holders of the Series A Preferred Stock to elect the preferred stock directors will cease (but subject always to the same provisions for the vesting of these voting rights in the case of any similar non-payment of dividends in respect of future dividend periods), the terms of office of all preferred stock directors will immediately terminate and the number of directors constituting our board of directors will be reduced accordingly.

Under the FRB's regulations implementing the Bank Holding Company Act (the "BHC Act"), if any holder of any series of preferred stock (including the Series A Preferred Stock) is or becomes entitled to vote for the election of directors, such series will be deemed a class of voting securities and a company holding 25% or more of the series, or such lower amount of the series as may be deemed, when coupled with other factors, to constitute a "controlling influence" over the issuer, will be subject to regulation as a bank holding company under the BHC Act. In addition, at the time the series is deemed a class of voting securities, any other bank holding company will be required to obtain the approval of the FRB under the BHC Act to acquire or maintain more than 5% of that series. Any other person (other than the bank holding company) will be required to obtain the non-objection of the FRB under the Change in Bank Control Act of 1978, as amended, to acquire or maintain 10% or more of that series.

Other voting rights

So long as any shares of the Series A Preferred Stock are outstanding, in addition to any other vote or consent of shareholders required by law or by our Amended and Restated Certificate of Incorporation, the vote or consent of the holders of at least two-thirds of the shares of the Series A Preferred Stock at the time outstanding and entitled to vote, voting separately as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

- **Amendment of Certificate of Incorporation or Bylaws**. Any amendment of our Amended and Restated Certificate of Incorporation to authorize or create, or increase the authorized amount of, any shares of any class or series of capital stock ranking senior to the Series A Preferred Stock with respect to payment of dividends or distribution of assets on our liquidation; as well as any amendment of our Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws that would materially and adversely affect the special rights, preferences, privileges or voting powers of the Series A Preferred Stock (taken as a whole); provided that the amendment of our Amended and Restated Certificate of Incorporation so as to authorize or create, or to increase the authorized amount of, any junior stock or any shares of any class or series or any securities convertible into shares of any class or series of dividend parity stock or other series of preferred stock ranking equally with the Series A Preferred Stock with respect to the distribution of assets upon liquidation, dissolution or winding up of NYCB shall not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of the Series A Preferred Stock; or
- **Share Exchanges, Reclassifications, Mergers and Consolidations.** Any consummation of a binding share exchange or reclassification involving the Series A Preferred Stock, or of a merger or consolidation of us with or into another corporation, or any merger or consolidation of us with or into any entity other than a corporation unless in each case (x) the shares of the Series A Preferred Stock remain outstanding or, in the case of a merger or consolidation in which we are not the surviving or resulting corporation, are converted into or exchanged for preference securities of the surviving or resulting corporation or a corporation controlling such corporation, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof as would not require a vote of the holders of the Series A Preferred Stock pursuant to the preceding paragraph if such change were effected by an amendment of our Amended and Restated Certificate of Incorporation.

Each holder of the Series A Preferred Stock has one vote per share on any matter on which holders of the Series A Preferred Stock are entitled to vote, including any action by written consent.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required shall be effected, all outstanding shares of the Series A Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been set aside by us for the benefit of the holders of the Series A Preferred Stock to effect the redemption.

Under current provisions of the Delaware General Corporation Law, the holders of issued and outstanding preferred stock are entitled to vote as a class, with the consent of the majority of the class being required to approve an amendment to our Amended and Restated Certificate of Incorporation if the amendment would increase or decrease the aggregate number of authorized shares of such class, increase or decrease the par value of the shares of such class,

or alter or change the powers, preferences, or special rights of the shares of such class so as to affect them adversely. If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified above would adversely affect the Series A Preferred Stock and one or more but not all other series of our preferred stock, then only the Series A Preferred Stock and such series of preferred stock as are adversely affected by and entitled to vote on the matter shall vote on the matter together as a single class in proportion to their respective stated liquidation amounts (in lieu of all other series of our preferred stock).

No preemptive and conversion rights

Holders of the Series A Preferred Stock do not have any preemptive rights. The Series A Preferred Stock is not convertible into or exchangeable for property or shares of any other series or class of our capital stock.

Transfer Agent & Registrar

Computershare Trust Company, N.A. is the transfer agent and registrar for the Series A Preferred Stock as of the original issue date. We may terminate such appointment and may appoint a successor transfer agent and/or registrar at any time and from time to time, provided that we will use our best efforts to ensure that there is, at all relevant times when the Series A Preferred Stock is outstanding, a person or entity appointed and serving as transfer agent and/or registrar. The transfer agent and/or registrar may be a person or entity affiliated with us.

Calculation Agent

The "calculation agent" means, at any time, the person or entity appointed by us and serving as such agent with respect to the Series A Preferred Stock at such time. We expect to appoint a calculation agent prior to the commencement of the floating rate period. We may terminate any such appointment and may appoint a successor agent at any time and from time to time, provided that we will use our best efforts to ensure that there is, at all times during the floating rate period, a person or entity appointed and serving as such agent.

EXHIBIT 23.0

Consent of Independent Registered Public Accounting Firm

The Board of Directors
New York Community Bancorp, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-218358, 333-182334, 333-146512, 333-135279, 333-130908, 333-110361, 333-105901, 333-89826, 333-66366, 333-51988, and 333-32881) on Form S-8 and the registration statements (Nos. 333-188181, 333-188178, 333-129338, 333-105350, 333-100767, 333-86682, 333-150442, 333-152147, 333-166080, 333-210919, 333-210917, 333-230835, and 333-230836) on Form S-3 of New York Community Bancorp, Inc. of our reports dated February 28, 2020, with respect to the consolidated statements of condition of New York Community Bancorp, Inc. as of December 31, 2019 and 2018, the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2019, which reports appear in the December 31, 2019 annual report on Form 10-K of New York Community Bancorp, Inc.

KPMG LLP

New York, New York
February 28, 2020

EXHIBIT 31.1

NEW YORK COMMUNITY BANCORP, INC.

CERTIFICATIONS

I, Joseph R. Ficalora, certify that:

1. I have reviewed this annual report on Form 10-K of New York Community Bancorp, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: February 28, 2020

BY: /s/ Joseph R. Ficalora

Joseph R. Ficalora
President and Chief Executive Officer
(Duly Authorized Officer)

EXHIBIT 31.2

NEW YORK COMMUNITY BANCORP, INC.

CERTIFICATIONS

I, Thomas R. Cangemi, certify that:

1. I have reviewed this annual report on Form 10-K of New York Community Bancorp, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: February 28, 2020

BY: /s/ Thomas R. Cangemi

Thomas R. Cangemi
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.0

NEW YORK COMMUNITY BANCORP, INC.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADDED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of New York Community Bancorp, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2019 as filed with the Securities and Exchange Commission (the "Report"), the undersigned certify, pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

DATE: February 28, 2020

BY: /s/ Joseph R. Ficalora

Joseph R. Ficalora
President and Chief Executive Officer
(Duly Authorized Officer)

DATE: February 28, 2020

BY: /s/ Thomas R. Cangemi

Thomas R. Cangemi
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

SHAREHOLDER REFERENCE

Corporate Headquarters

615 Merrick Avenue
Westbury, NY 11590-6607
Phone: (516) 683-4100
Fax: (516) 683-8385
Online: www.myNYCB.com

Investor Relations

Shareholders, analysts, and others seeking information about New York Community Bancorp, Inc. are invited to contact our Investor Relations Department at:

Phone: (516) 683-4420
E-mail: ir@myNYCB.com
Online: ir.myNYCB.com

Copies of our earnings releases and other financial publications, including our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC"), are available without charge upon request.

Information about our financial performance may also be found at ir.myNYCB.com, the Investor Relations portion of our website, under "Financial Information." Earnings releases, dividend announcements, and other press releases are typically available at this site upon issuance, and SEC documents are typically available within minutes of being filed. In addition, shareholders wishing to receive e-mail notification each time a press release, SEC filing, or other corporate event is posted to our website may do so by clicking on "Register for E-mail Alerts," and following the prompts.

Online Delivery of Proxy Materials

To arrange to receive next year's Annual Report to Shareholders and proxy materials electronically, rather than in hard copy, please visit ir.myNYCB.com, click on "Request Online Delivery of Proxy Materials," and follow the prompts.

Shareholder Account Inquiries

To review the status of your shareholder account, expedite a change of address, transfer shares, or perform various other account-related functions, please contact our stock registrar, transfer agent, and dividend disbursement agent, Computershare, directly.

Computershare is available to assist you 24 hours a day, seven days a week, through its toll-free Interactive Voice Response system or through its online Investor Center™. In addition, customer service representatives are available to assist you Monday through Friday, 9:00 a.m. to 7:00 p.m. (Eastern Time), except for New York Stock Exchange holidays.

You may contact Computershare in any of the following ways:

Online:
www.computershare.com/investor

By phone:
In the U.S. & Canada: (866) 293-6077
International: (201) 680-6578

TDD lines for hearing-impaired investors:
In the U.S. & Canada: (800) 231-5469
International: (201) 680-6610

By U.S. mail:
P.O. Box 505000
Louisville, KY 40233-5000

By overnight mail:
462 South 4th Street, Suite 1600
Louisville, KY 40233-5000

In all correspondence with Computershare, be sure to mention New York Community Bancorp and to provide your name as it appears on your shareholder account, along with your account number, daytime phone number, and current address.

Dividend Policy

Dividends are typically announced in our quarterly earnings releases in January, April, July, and October, and are typically paid during the third or fourth weeks of the following months. Information regarding record and payable dates may be found in our earnings releases or dividend announcements, and by visiting ir.myNYCB.com, clicking on "Stock Information," and then on "Dividend History."

Dividend Reinvestment and Stock Purchase Plan

Under our Dividend Reinvestment and Stock Purchase Plan (the "Plan"), registered shareholders may purchase additional shares of New York Community Bancorp by reinvesting their cash dividends, and by making optional cash purchases ranging from a minimum of $50 to a maximum of $10,000 per transaction, up to a maximum of $100,000 per calendar year. In addition, new investors may purchase their initial shares through the Plan. The Plan brochure is available from Computershare and may also be accessed by clicking on "Dividend Reinvestment and Stock Purchase Plan" at ir.myNYCB.com.

Direct Deposit of Dividends

Registered shareholders may arrange to have their quarterly cash dividends deposited directly into their checking or savings accounts on the payable date. For more information, please contact Computershare or click on "Shareholder Services" at ir.myNYCB.com.

Annual Meeting of Shareholders

Our 2020 Annual Meeting of Shareholders will be held online only via a live webcast at 10:00 a.m. Eastern Time on Wednesday, June 3rd. Shareholders of record as of April 7, 2020 will be eligible to receive notice of, and to vote at, the 2020 Annual Meeting.

Independent Registered Public Accounting Firm

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Stock Listing

Shares of New York Community Bancorp common stock are traded under the symbol "NYCB" on the New York Stock Exchange. Price information appears daily in *The Wall Street Journal* under "NY CmntyBcp" and in other major newspapers under similar abbreviations of the Company's name. Trading information may also be found at ir.myNYCB.com under "Stock Information" or by visiting www.nyse.com and entering our trading symbol.

Depositary shares, each representing a 1/40th interest in a share of Fixed-to-Floating Rate Series A Noncumulative Perpetual Preferred Stock, trade on the New York Stock Exchange, under the symbol "NYCB PR A."

The Bifurcated Option Note Unit SecuritiES℠ ("BONUSES units") issued through the Company's subsidiary, New York Community Capital Trust V, trade on the New York Stock Exchange, under the symbol "NYCB PR U."

BOARD OF DIRECTORS [1]

CHAIRMAN OF THE BOARD

Dominick Ciampa [2]
Founder
Ciampa Organization

MEMBERS

Hanif "Wally" Dahya [3]
Chief Executive Officer
The Y Company LLC

Leslie D. Dunn
Independent Director
Federal Home Loan Bank of Cincinnati

Joseph R. Ficalora [4]
President and Chief Executive Officer
New York Community Bancorp, Inc.

Michael J. Levine [5]
Principal, Norse Realty Group, Inc. & Affiliates;
Retired Partner, Levine & Schmutter, CPAs

James J. O'Donovan [6]
Senior Executive Vice President and Chief
Lending Officer (retired)
New York Community Bancorp, Inc.

Lawrence Rosano, Jr. [7]
President, Associated Development Corp. and
Associated Properties, Inc.

Ronald A. Rosenfeld
Chairman (retired)
Federal Housing Finance Board

Lawrence J. Savarese [8]
Senior Partner (retired)
KPMG

John M. Tsimbinos [9]
Chairman and Chief Executive Officer (retired)
TR Financial Corp. and Roosevelt
Savings Bank

Robert Wann
Senior Executive Vice President and
Chief Operating Officer
New York Community Bancorp, Inc

PRINCIPAL OFFICERS

Joseph R. Ficalora
President and Chief Executive Officer

Robert Wann
Senior Executive Vice President and
Chief Operating Officer

Thomas R. Cangemi
Senior Executive Vice President and
Chief Financial Officer

John T. Adams
Executive Vice President and
Chief Lending Officer

John J. Pinto
Executive Vice President and
Chief Accounting Officer

EXECUTIVE VICE PRESIDENTS

Babak Atri
Chief Audit Executive

Robert D. Brown
Chief Information Officer

Anthony E. Donatelli
Director, Capital Planning and Stress Testing

Frank Esposito
Director, Loan Administration

Andrew Kaplan
Director, Retail Products and Services;
President, NYCB Insurance Agency, Inc.

Eric S. Kracov
Chief Human Resources Officer

Joyce Larson
Chief Administrative Officer

Anthony M. Lewis
Chief Asset Review, Recovery, and
Disposition Officer

Nicholas C. Munson
Chief Risk Officer

R. Patrick Quinn, Esq.
Chief Corporate Governance Officer and
Corporate Secretary

Barbara A. Tosi-Renna
Assistant Chief Operating Officer

Thomas J. Zammit
Chief Appraiser

AFFILIATE OFFICERS

NEW YORK COMMUNITY BANK

Athanassia "Nancy" Papaioannou
President, Atlantic Bank Division

Kenneth M. Scheriff
Executive Vice President, Premier Banking

Robert T. Stratford, Jr.
Managing Director, Commercial &
Industrial Lending

NYCB SPECIALTY FINANCE CO., LLC

John F. X. Chipman
Executive Vice President and Director,
Specialty Finance

DIVISIONAL BANK DIRECTORS

QUEENS COUNTY SAVINGS BANK/ ROSLYN SAVINGS BANK

Joseph R. Ficalora
President, QCSB Division

Thomas J. Calabrese, Jr.
President, RSLN Division;
Vice President, Operations
Daniel Gale Agency

Hon. Claire Shulman
Queens Borough President (retired);
President & Chief Executive Officer
Flushing Willets Point Corona LDC

Michael R. Stoler
Managing Director
Madison Realty Capital

RICHMOND COUNTY SAVINGS BANK

Michael F. Manzulli
Chairman, RCBK Division
Former Chairman and Chief Executive Officer
Richmond County Bancorp, Inc. and
Richmond County Savings Bank

Godfrey H. Carstens
President (retired)
Carstens Electrical Supply

Peter J. Esposito
Senior Mortgage Lending Officer (retired)
New York Community Bank

Lisa Giovinazzo, Esq.
Legal Director, SIDMC

James L. Kelley, Esq.
Partner
Lahr, Dillon, Manzulli, Kelley & Penett, P.C.

ATLANTIC BANK

Joseph R. Ficalora
Chairman and CEO, Atlantic Bank Division

Nicolas Bornozis
President
Capital Link Inc.

John Catsimatidis
Chairman and Chief Executive Officer
Red Apple Group

Andrew J. Jacovides
Former Ambassador, Cyprus

Comin Nicholas "Nick" Kafes
Senior Vice President, High Yield Bond Trading
Tullett Prebon Financial Services LLC

Savas Konstantinides
President and Chief Executive Officer
Omega Brokerage

Spiros Milonas
President
Ionian Management Inc.

Mitchell Rutter
President
Essex Capital Partners

John M. Tsimbinos

(1) Directors of New York Community Bancorp, Inc. Board also serve as directors of New York Community Bank Board.
(2) Mr. Ciampa also serves as Chairman of the Board of Directors of New York Community Bank.
(3) Mr. Dahya chairs the Commercial Credit Committee of the New York Community Bank Board.
(4) Mr. Ficalora serves as a director on each of our Divisional Boards.
(5) Mr. Levine chairs the Risk Assessment and Nominating and Corporate Governance Committees of the Boards.
(6) Mr. O'Donovan chairs the Mortgage & Real Estate Committee of the New York Community Bank Board.
(7) Mr. Rosano serves as Vice Chairman of the Risk Assessment Committees of the Boards.
(8) Mr. Savarese chairs the Audit Committees of the Boards.
(9) Mr. Tsimbinos chairs the Compensation Committees of the Boards.

New York Community Bancorp, Inc.
615 Merrick Avenue
Westbury, New York 11590
myNYCB.com
(516) 683-4420

New York Community Bank • Member FDIC and its divisions -
Queens County Savings Bank • Roslyn Savings Bank
Richmond County Savings Bank • Roosevelt Savings Bank
Atlantic Bank • Garden State Community Bank
Ohio Savings Bank • AmTrust Bank