NEW YORK COMMUNITY BANCORP INC
Form 10-Q
August 09, 2011

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2011

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)

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

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

Large Accelerated Filer	x	Accelerated Filer	¨
Non-accelerated Filer	¨	Smaller Reporting Company	¨

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

437,426,665

Number of shares of common stock outstanding at

August 3, 2011

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NEW YORK COMMUNITY BANCORP, INC.

FORM 10-Q

Quarter Ended June 30, 2011

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NEW YORK COMMUNITY BANCORP, INC.

CONSOLIDATED STATEMENTS OF CONDITION

(in thousands, except share data)

	June 30, 2011 (unaudited)	December 31, 2010
Assets:		
Cash and cash equivalents	$ 710,113	$ 1,927,542
Securities:		
Available-for-sale ($49,459 and $500,811 pledged, respectively)	162,272	652,956
Held to maturity ($4,972,930 and $3,881,139 pledged, respectively) (fair value of $5,562,091 and $4,157,322, respectively)	5,506,643	4,135,935
Total securities	5,668,915	4,788,891
Non-covered loans held for sale	491,724	1,207,077
Non-covered loans held for investment, net of deferred loan fees and costs	24,493,938	23,707,494
Less: Allowance for losses on non-covered loans	(134,471)	(158,942)
Non-covered loans held for investment, net	24,359,467	23,548,552
Covered loans	4,008,287	4,297,869
Less: Allowance for losses on covered loans	(20,611)	(11,903)
Covered loans, net	3,987,676	4,285,966
Total loans, net	28,838,867	29,041,595
Federal Home Loan Bank stock, at cost	424,737	446,014
Premises and equipment, net	245,799	233,694
FDIC loss share receivable	759,790	814,088
Goodwill	2,436,131	2,436,159
Core deposit intangibles, net	63,205	77,734
Mortgage servicing rights	127,657	107,378
Bank-owned life insurance	755,424	742,481
Other real estate owned (includes $81,435 and $62,412, respectively, covered by loss sharing agreements)	138,076	90,478
Other assets	433,911	484,635
Total assets	$ 40,602,625	$ 41,190,689
Liabilities and Stockholders Equity:		
Deposits:		
NOW and money market accounts	$ 8,637,555	$ 8,235,825
Savings accounts	3,965,527	3,885,785
Certificates of deposit	7,230,447	7,835,161
Non-interest-bearing accounts	1,964,182	1,852,280
Total deposits	21,797,711	21,809,051
Borrowed funds:		
Wholesale borrowings:		
Federal Home Loan Bank advances	7,856,912	8,375,659
Repurchase agreements	4,125,000	4,125,000

Total wholesale borrowings	11,981,912	12,500,659
Junior subordinated debentures	426,846	426,992
Other borrowings	608,526	608,465
Total borrowed funds	13,017,284	13,536,116
Other liabilities	227,527	319,302
Total liabilities	35,042,522	35,664,469
Stockholders equity:		
Preferred stock at par $0.01 (5,000,000 shares authorized; none issued)		
Common stock at par $0.01 (600,000,000 shares authorized; 437,423,850 and 435,646,845 shares issued, and 437,414,149 and 435,646,845 shares outstanding, respectively)	4,374	4,356
Paid-in capital in excess of par	5,300,199	5,285,715
Retained earnings	306,082	281,844
Treasury stock, at cost (9,701 shares)	(150)	
Accumulated other comprehensive loss, net of tax:		
Net unrealized (loss) gain on securities available for sale, net of tax	(798)	12,600
Net unrealized loss on the non-credit portion of other-than-temporary impairment (OTTI) losses on securities, net of tax	(13,365)	(20,572)
Net unrealized loss on pension and post-retirement obligations, net of tax	(36,239)	(37,723)
Total accumulated other comprehensive loss, net of tax	(50,402)	(45,695)
Total stockholders equity	5,560,103	5,526,220
Total liabilities and stockholders equity	$ 40,602,625	$41,190,689

See accompanying notes to the consolidated financial statements.

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NEW YORK COMMUNITY BANCORP, INC.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(in thousands, except per share data)

(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Interest Income:				
Mortgage and other loans	$ 408,292	$ 417,168	$ 824,234	$ 830,843
Securities and money market investments	60,716	66,019	115,697	134,722
Total interest income	469,008	483,187	939,931	965,565
Interest Expense:				
NOW and money market accounts	10,398	16,413	21,552	32,844
Savings accounts	4,206	5,800	8,333	11,545
Certificates of deposit	24,952	37,327	51,926	74,880
Borrowed funds	127,508	129,446	252,924	257,511
Total interest expense	167,064	188,986	334,735	376,780
Net interest income	301,944	294,201	605,196	588,785
Provision for losses on non-covered loans	15,000	22,000	41,000	42,000
Provision for losses on covered loans	8,708		8,708	
Net interest income after provisions for loan losses	278,236	272,201	555,488	546,785
Non-Interest Income:				
Total loss on OTTI of securities	(18,124)	(481)	(18,124)	(13,666)
Less: Non-credit portion of OTTI recorded in other comprehensive income (before taxes)		59		12,521
Net loss on OTTI recognized in earnings	(18,124)	(422)	(18,124)	(1,145)
Fee income	12,143	14,088	24,042	28,053
Bank-owned life insurance	7,564	6,775	14,453	14,176
Mortgage banking income	11,774	39,499	31,712	67,032
Net gain (loss) on sale of securities	18,743		28,735	(8)
Gain on business disposition	9,823		9,823	
FDIC indemnification income	7,624		7,624	
Gain on business acquisition		2,883		2,883
Gain on debt repurchase				293
Other	9,341	9,693	19,233	16,276
Total non-interest income	58,888	72,516	117,498	127,560
Non-Interest Expense:				

Operating expenses:				
Compensation and benefits	73,218	67,797	145,286	134,697
Occupancy and equipment	21,770	22,115	43,710	43,780
General and administrative	52,912	43,576	98,221	83,866
Total operating expenses	147,900	133,488	287,217	262,343
Amortization of core deposit intangibles	7,144	7,883	14,529	15,775
Total non-interest expense	155,044	141,371	301,746	278,118
Income before income taxes	182,080	203,346	371,240	396,227
Income tax expense	62,621	71,919	128,605	140,651
Net Income	$ 119,459	$ 131,427	$ 242,635	$ 255,576
Other comprehensive income, net of tax:				
Change in net unrealized (loss) gain on securities and non-credit portion of OTTI for the period	(621)	212	(6,191)	(4,571)
Change in pension and post-retirement obligations	740	835	1,484	1,669
Total comprehensive income, net of tax	$ 119,578	$ 132,474	$ 237,928	$ 252,674
Basic earnings per share	$ 0.27	$ 0.30	$ 0.55	$ 0.59
Diluted earnings per share	$ 0.27	$ 0.30	$ 0.55	$ 0.59

See accompanying notes to the consolidated financial statements.

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NEW YORK COMMUNITY BANCORP, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

(in thousands, except share data)

(unaudited)

	Six Months Ended June 30, 2011
Common Stock (Par Value: $0.01):	
Balance at beginning of year	$ 4,356
Shares issued for exercise of stock options (168,001 shares)	2
Shares issued for restricted stock awards (1,609,004 shares)	16
Balance at end of period	4,374
Paid-in Capital in Excess of Par:	
Balance at beginning of year	5,285,715
Shares issued for restricted stock awards, net of forfeitures	(43)
Compensation expense related to restricted stock awards	7,919
Stock options	4,356
Tax effect of stock plans	2,252
Balance at end of period	5,300,199
Retained Earnings:	
Balance at beginning of year	281,844
Net income	242,635
Dividends paid on common stock ($0.50 per share)	(218,397)
Balance at end of period	306,082
Treasury Stock:	
Balance at beginning of year	
Purchase of common stock (146,359 shares)	(2,677)
Exercise of stock options (135,162 shares)	2,500
Shares issued for restricted stock awards (1,496 shares)	27
Balance at end of period	(150)
Accumulated Other Comprehensive Loss, net of tax:	
Balance at beginning of year	(45,695)
Other comprehensive loss, net of tax:	
Change in net unrealized gain/loss on securities available for sale, net of tax of $7,643	(11,276)
Change in the non-credit portion of OTTI losses recognized in other comprehensive income, net of tax of $4,825	7,207
Change in pension and post-retirement obligations, net of tax of $1,006	1,484
Reclassification adjustment for net gain on sale of securities and loss on OTTI of securities, net of tax of $1,428	(2,122)
Total other comprehensive loss, net of tax	(4,707)

Balance at end of period		(50,402)
Total stockholders equity	$	5,560,103

See accompanying notes to the consolidated financial statements.

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NEW YORK COMMUNITY BANCORP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Cash Flows from Operating Activities:		
Net income	$ 242,635	$ 255,576
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for loan losses	49,708	42,000
Depreciation and amortization	11,876	9,752
(Accretion) amortization of discounts and premiums, net	(850)	2,763
Amortization of core deposit intangibles	14,529	15,775
Net (gain) loss on sale of securities	(28,735)	8
Net gain on sale of loans	(25,213)	(25,814)
Gain on business disposition	(9,823)	
Gain on business acquisition		(2,883)
Stock plan-related compensation	7,919	8,062
Loss on OTTI of securities recognized in earnings	18,124	1,145
Changes in assets and liabilities:		
Decrease in deferred tax asset, net	38,358	12,200
Increase in other assets	(11,574)	(189,344)
(Decrease) increase in other liabilities	(83,978)	144,793
Origination of loans held for sale	(2,640,272)	(3,507,401)
Proceeds from sale of loans originated for sale	3,379,810	2,953,595
Net cash provided by (used in) operating activities	962,514	(279,773)
Cash Flows from Investing Activities:		
Proceeds from repayment of securities held to maturity	963,317	1,780,505
Proceeds from repayment of securities available for sale	81,642	588,726
Proceeds from sale of securities held to maturity	284,406	
Proceeds from sale of securities available for sale	544,149	660
Purchase of securities held to maturity	(2,609,676)	(1,331,059)
Purchase of securities available for sale	(142,178)	
Net redemption of Federal Home Loan Bank stock	21,277	53,484
Net increase in loans	(653,405)	(9,942)
Purchase of premises and equipment, net	(24,027)	(4,820)
Net cash acquired in business transactions	100,027	140,895
Net cash (used in) provided by investing activities	(1,434,468)	1,218,449
Cash Flows from Financing Activities:		
Net decrease in deposits	(11,340)	(263,385)
Net decrease in short-term borrowed funds	(500,000)	
Net decrease in long-term borrowed funds	(18,832)	(542,706)
Tax effect of stock plans	2,252	1,103
Cash dividends paid on common stock	(218,397)	(216,870)
Treasury stock purchases	(2,677)	(2,758)

Net cash received from stock option exercises	3,519	3,539
Proceeds from issuance of common stock, net		28,935
Net cash used in financing activities	(745,475)	(992,142)
Net decrease in cash and cash equivalents	(1,217,429)	(53,466)
Cash and cash equivalents at beginning of period	1,927,542	2,670,857
Cash and cash equivalents at end of period	$ 710,113	$ 2,617,391
Supplemental information:		
Cash paid for interest	$ 346,984	$ 414,470
Cash paid for income taxes	89,958	147,548
Non-cash investing and financing activities:		
Transfers to other real estate owned from loans	111,612	20,890

Note: Excluding the core deposit intangible and FDIC loss share receivable, the fair values of non-cash assets acquired, and of liabilities assumed, in the acquisition of Desert Hills Bank on March 26, 2010 were $230.5 million and $442.5 million, respectively.

See accompanying notes to the consolidated financial statements.

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NEW YORK COMMUNITY BANCORP, INC.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Organization and Basis of Presentation

Organization

Formerly known as Queens County Bancorp, Inc., 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 and New York Commercial Bank (hereinafter referred to as the Community Bank and the Commercial Bank, respectively, and collectively as the Banks). In addition, for the purpose of these Consolidated Financial Statements, the Community Bank and the Commercial Bank refer not only to the respective banks but also to their respective subsidiaries.

The Community Bank is the primary banking subsidiary of the Company. Founded on April 14, 1859 and formerly known as Queens County Savings Bank, the Community Bank converted from a state-chartered mutual savings bank to the capital stock form of ownership on November 23, 1993, on 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. The Commercial Bank was established on December 30, 2005.

Reflecting nine stock splits, the Company s initial offering price adjusts to $0.93 per share. All share and per share data presented in this report have been adjusted to reflect the impact of the stock splits.

The Company changed its name to New York Community Bancorp, Inc. on November 21, 2000 in anticipation of completing the first of eight business combinations that expanded its footprint well beyond Queens County to encompass all five boroughs of New York City, Long Island, and Westchester County in New York, and seven counties in the northern and central parts of New Jersey. The Company expanded beyond this region to south Florida, northeast Ohio, and central Arizona through its FDIC-assisted acquisition of certain assets and assumption of certain liabilities of AmTrust Bank (AmTrust) in December 2009, and extended its Arizona franchise through its FDIC-assisted acquisition of certain assets and assumption of certain liabilities of Desert Hills Bank (Desert Hills) in March 2010.

Reflecting this strategy of growth through acquisitions, the Community Bank currently operates 242 branches, four of which operate directly under the Community Bank name. The remaining 238 branches operate through seven divisional banks Queens County Savings Bank, Roslyn Savings Bank, Richmond County Savings Bank, and Roosevelt Savings Bank (in New York), Garden State Community Bank in New Jersey, AmTrust Bank in Florida and Arizona, and Ohio Savings Bank in Ohio.

The Commercial Bank currently operates 34 branches in Manhattan, Queens, Brooklyn, Westchester County, and Long Island (all in New York), including 17 branches that operate under the name Atlantic Bank.

Basis of Presentation

The following is a description of the significant accounting and reporting policies that the Company and its wholly-owned 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 particularly susceptible to change in the near term are used in connection with the determination of the allowance for losses on non-covered loans; the evaluation of goodwill for impairment; the evaluation of other-than-temporary impairment (OTTI) on securities; and the evaluation of the need for a valuation allowance on the Company s deferred tax assets. The current economic environment has increased the degree of uncertainty inherent in these material estimates.

The unaudited 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. These unaudited consolidated financial statements should be read in conjunction with the audited

consolidated financial statements and notes thereto included in the Company s 2010 Annual Report on Form 10-K. The Company currently has unconsolidated subsidiaries in the form of nine wholly-owned statutory business trusts, which were formed to issue guaranteed capital debentures (capital securities). Please see Note 6, Borrowed Funds, for additional information regarding these trusts.

When necessary, certain reclassifications have been made to prior-year amounts to conform to the current-year presentation.

Note 2. Computation of Earnings per Share

Basic earnings per share (EPS) is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Weighted-average common shares are adjusted to exclude unallocated Employee Stock Ownership Plan (ESOP) shares. 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 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. The Company grants restricted stock to certain employees under its stock-based compensation plans. Recipients receive cash dividends during the vesting periods of these awards (i.e., including on the unvested portion of such awards). Since these dividends are non-forfeitable, the unvested awards are considered participating securities and have earnings allocated to them.

The following table presents the Company s computation of basic and diluted EPS for the periods indicated:

(in thousands, except share and per share data)	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Net income	$ 119,459	$ 131,427	$ 242,635	$ 255,576
Less: Dividends paid on and earnings allocated to participating securities	(921)	(766)	(1,815)	(1,464)
Earnings applicable to common stock	$ 118,538	$ 130,661	$ 240,820	$ 254,112
Weighted average common shares outstanding	436,179,448	434,184,751	435,872,952	433,137,053
Basic earnings per common share	$ 0.27	$ 0.30	$ 0.55	$ 0.59
Earnings applicable to common stock	$ 118,538	$ 130,661	$ 240,820	$ 254,112
Weighted average common shares outstanding	436,179,448	434,184,751	435,872,952	433,137,053
Potential dilutive common shares(1)	437,504	438,776	646,914	351,309
Total shares for diluted earnings per share computation	436,616,952	434,623,527	436,519,866	433,488,362
Diluted earnings per common share and common share equivalents	$ 0.27	$ 0.30	$ 0.55	$ 0.59

(1) Options to purchase 744,838 and 736,938 shares, respectively, of the Company s common stock that were outstanding in the three and six months ended June 30, 2011, at respective weighted average exercise prices of $21.37 and $21.42, were excluded from the respective computations of diluted EPS because their inclusion would have had an antidilutive effect. Options to purchase 2,822,923 and 5,304,612

shares, respectively, of the Company s common stock that were outstanding in the three and six months ended June 30, 2010, at respective weighted average exercise prices of $19.18 and $17.72, were excluded from the respective computations of diluted EPS because their inclusion would have had an antidilutive effect.

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Note 3: Securities

The following table summarizes the Company s portfolio of securities available for sale at June 30, 2011:

	June 30, 2011			
(in thousands)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Mortgage-Related Securities:				
GSE[1] certificates	$ 47,369	$ 1,735	$ 20	$ 49,084
Private label CMOs[2]	33,855		304	33,551
Total mortgage-related securities	$ 81,224	$ 1,735	$ 324	$ 82,635
Other Securities:				
GSE debentures	$ 618	$	$ 10	$ 608
State, county, and municipal	1,309	55	2	1,362
Capital trust notes	38,842	2,880	4,376	37,346
Preferred stock		455		455
Common stock	42,202	1,509	3,845	39,866
Total other securities	$ 82,971	$ 4,899	$ 8,233	$ 79,637
Total securities available for sale[3]	$ 164,195	$ 6,634	$ 8,557	$ 162,272

(1) Government-sponsored enterprises
(2) Collateralized mortgage obligations
(3) The non-credit portion of OTTI was $570,000 (before taxes).

As of June 30, 2011, the fair value of marketable equity securities included common stock of $39.9 million and Freddie Mac preferred stock of $455,000. Common stock primarily consisted of an investment in a large cap equity fund and certain other funds that are Community Reinvestment Act (CRA) eligible. The Freddie Mac preferred stock was recognized by the Company as other-than-temporarily impaired in the fourth quarter of 2008.

The following table summarizes the Company s portfolio of securities available for sale at December 31, 2010:

	December 31, 2010			
(in thousands)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Mortgage-Related Securities:				
GSE certificates	$ 203,480	$ 8,067	$ 32	$ 211,515
GSE CMOs	213,839	8,464		222,303
Private label CMOs	51,657	110	405	51,362
Total mortgage-related securities	$ 468,976	$ 16,641	$ 437	$ 485,180
Other Securities:				
U.S. Treasury obligations	$ 57,859	$ 694	$	$ 58,553
GSE debentures	620			620

Corporate bonds	4,814		564	4,250
State, county, and municipal	1,304	41	11	1,334
Capital trust notes	38,843	8,550	5,389	42,004
Preferred stock	30,574	2,129	11,964	20,739
Common stock	42,044	3,786	5,554	40,276
Total other securities	$ 176,058	$ 15,200	$ 23,482	$ 167,776
Total securities available for sale[1]	$ 645,034	$ 31,841	$ 23,919	$ 652,956

(1) The non-credit portion of OTTI was $12.5 million (before taxes).

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The following tables summarize the Company s portfolio of securities held to maturity at June 30, 2011 and December 31, 2010:

(in thousands)	June 30, 2011 Amortized Cost	Carrying Amount	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Mortgage-Related Securities:					
GSE certificates	$ 682,503	$ 682,503	$ 12,732	$ 2,759	$ 692,476
GSE CMOs	2,560,606	2,560,606	56,597	15,921	2,601,282
Other mortgage-related securities	3,990	3,990			3,990
Total mortgage-related securities	$ 3,247,099	$ 3,247,099	$ 69,329	$ 18,680	$ 3,297,748
Other Securities:					
GSE debentures	$ 2,044,524	$ 2,044,524	$ 10,549	$ 10,314	$ 2,044,759
Corporate bonds	83,502	83,502	6,421	36	89,887
Capital trust notes	153,329	131,518	14,483	16,304	129,697
Total other securities	$ 2,281,355	$ 2,259,544	$ 31,453	$ 26,654	$ 2,264,343
Total securities held to maturity(1)	$ 5,528,454	$ 5,506,643	$ 100,782	$ 45,334	$ 5,562,091

(1) Held-to-maturity securities are reported at a carrying amount equal to amortized cost less the non-credit portion of OTTI recorded in accumulated other comprehensive loss, net of tax (AOCL). The non-credit portion of OTTI was $21.8 million (before taxes).

(in thousands)	December 31, 2010 Amortized Cost	Carrying Amount	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Mortgage-Related Securities:					
GSE certificates	$ 208,993	$ 208,993	$ 12,206	$ 1,094	$ 220,105
GSE CMOs	2,763,545	2,763,545	47,352	28,345	2,782,552
Other mortgage-related securities	6,777	6,777			6,777
Total mortgage-related securities	$ 2,979,315	$ 2,979,315	$ 59,558	$ 29,439	$ 3,009,434
Other Securities:					
GSE debentures	$ 924,663	$ 924,663	$ 4,524	$ 10,592	$ 918,595
Corporate bonds	86,483	86,483	8,647	13	95,117
Capital trust notes	167,355	145,474	11,410	22,708	134,176
Total other securities	$ 1,178,501	$ 1,156,620	$ 24,581	$ 33,313	$ 1,147,888
Total securities held to maturity(1)	$ 4,157,816	$ 4,135,935	$ 84,139	$ 62,752	$ 4,157,322

(1) The non-credit portion of OTTI was $21.9 million (before taxes).

The Company had $424.7 million and $446.0 million of Federal Home Loan Bank (FHLB) stock, at cost, at June 30, 2011 and December 31, 2010, respectively. The Company is required to maintain this investment in order to have access to funding resources provided by the FHLB.

The following table summarizes the gross proceeds, gross realized gains, and gross realized losses from the sale of available-for-sale securities during the six months ended June 30, 2011 and 2010:

	For the Six Months Ended June 30, 2011	
(in thousands)	**2011**	**2010**
Gross proceeds	$ 544,149	$ 660
Gross realized gains	20,243	
Gross realized losses	11	8

In addition, during the six months ended June 30, 2011, the Company sold held-to-maturity securities with gross proceeds totaling $284.4 million and gross realized gains of $8.5 million. These sales occurred as the Company either had collected a substantial portion (at least 85%) of the initial principal balance or there was evidence of significant deterioration in the issuer s creditworthiness.

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Included in the capital trust note portfolio at June 30, 2011 were three pooled trust preferred securities. The following table details the pooled trust preferred securities that had at least one credit rating below investment grade as of June 30, 2011:

(dollars in thousands)	INCAPS Funding I Class B-2 Notes	Alesco Preferred Funding VII Ltd. Class C-1 Notes	Preferred Term Securities II Mezzanine Notes
Book value	$ 14,964	$ 553	$ 627
Fair value	17,828	374	904
Unrealized gain (loss)	2,864	(179)	277
Lowest credit rating assigned to security	CCC-	C	C
Number of banks/insurance companies currently performing	24	61	24
Actual deferrals and defaults as a percentage of original collateral	11%	30%	36%
Expected deferrals and defaults as a percentage of remaining performing collateral	20	26	19
Expected recoveries as a percentage of remaining performing collateral			2
Excess subordination as a percentage of remaining performing collateral	27		

As of June 30, 2011, after taking into account the Company s best estimates of future deferrals, defaults, and recoveries, two of its pooled trust preferred securities had no excess subordination in the classes it owns and one had excess subordination of 27%. Excess subordination is calculated after taking into account the deferrals, defaults, and recoveries noted in the table above, and indicates whether there is sufficient additional collateral to cover the outstanding principal balance of the class owned, after taking into account these projected deferrals, defaults, and recoveries.

The following table presents a roll-forward, from December 31, 2010 through June 30, 2011, of the credit loss component of OTTI on debt securities for which a non-credit component of OTTI was recognized in AOCL. The beginning balance represents the credit loss component for debt securities for which OTTI occurred prior to January 1, 2011. 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). There were no changes in the credit loss component of credit-impaired debt securities in the three months ended June 30, 2011:

(in thousands)		For the Six Months Ended June 30, 2011
Beginning credit loss amount as of December 31, 2010		$ 201,854
Add:	Initial other-than-temporary credit losses	
	Subsequent other-than-temporary credit losses	6,160
	Amount previously recognized in AOCL	11,964
Less:	Realized losses for securities sold	
	Securities intended or required to be sold	
	Increases in expected cash flows on debt securities	
Ending credit loss amount as of June 30, 2011		$ 219,978

OTTI losses on securities (consisting entirely of preferred stock) totaled $18.1 million. As this entire amount was related to credit, it was recognized in earnings during the six months ended June 30, 2011. OTTI was determined based on the Company s expectation that it will no longer receive any cash flows from the impaired security.

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The following table summarizes the carrying amount and estimated fair value of held-to-maturity debt securities, and the amortized cost and estimated fair value of available-for-sale debt securities, at June 30, 2011 by contractual maturity. Mortgage-related securities held to maturity and available for sale, all of which have prepayment provisions, are distributed to a maturity category based on the ends of the estimated average lives of such securities. Principal and amortization prepayments are not shown in maturity categories as they occur, but are considered in the determination of estimated average life.

	Carrying Amount at June 30, 2011								
(dollars in thousands)	Mortgage-Related Securities	Average Yield	U.S. Treasury and GSE Obligations	Average Yield	State, County, and Municipal	Average Yield(1)	Other Debt Securities(2)	Average Yield	Fair Value
Held-to-Maturity Securities:									
Due within one year	$	%	$	%	$	%	$ 8,756	7.79%	$ 8,864
Due from one to five years							23,983	5.80	24,892
Due from five to ten years	869,483	3.76	2,044,524	3.88			20,023	5.98	2,928,283
Due after ten years	2,377,616	3.78					162,258	7.18	2,600,052
Total debt securities held to maturity	$ 3,247,099	3.77%	$ 2,044,524	3.88%	$	%	$ 215,020	6.94%	$ 5,562,091
Available-for-Sale Securities:(3)									
Due within one year	$	%	$	%	$ 125	5.39%	$	%	$ 127
Due from one to five years	10,095	7.20			631	6.10			10,788
Due from five to ten years	3,410	4.15			553	6.56			4,185
Due after ten years	67,719	4.85	618	5.26			38,842	4.84	106,851
Total debt securities available for sale	$ 81,224	5.12%	$ 618	5.26%	$ 1,309	6.22%	$ 38,842	4.84%	$ 121,951

(1) Not presented on a tax-equivalent basis.

(2) Includes corporate bonds and capital trust notes. Included in capital trust notes are $15.5 million and $627,000 of pooled trust preferred securities available for sale and held to maturity, respectively, all of which are due after ten years. The remaining capital trust notes consist of single-issue trust preferred securities.

(3) As equity securities have no contractual maturity, they have been excluded from this table.

The Company had no commitments to purchase securities at June 30, 2011.

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The following tables present held-to-maturity and available-for-sale securities having a continuous unrealized loss position for less than twelve months and for twelve months or longer as of June 30, 2011:

At June 30, 2011	**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 Held-to-Maturity Debt Securities:						
GSE debentures	$ 1,045,736	$ 10,314	$	$	$ 1,045,736	$ 10,314
GSE certificates	355,482	2,759			355,482	2,759
GSE CMOs	945,147	15,921			945,147	15,921
Corporate bonds	24,987	36			24,987	36
Capital trust notes			72,085	16,304	72,085	16,304
Total temporarily impaired held-to-maturity debt securities	$ 2,371,352	$ 29,030	$ 72,085	$ 16,304	$ 2,443,437	$ 45,334
Temporarily Impaired Available-for-Sale Securities:						
Debt Securities:						
GSE certificates	$ 9,364	$ 19	$ 15	$ 1	$ 9,379	$ 20
Private label CMOs	33,551	304			33,551	304
GSE debentures	608	10			608	10
State, county, and municipal	133	2			133	2
Capital trust notes	2,463	179	9,940	4,197	12,403	4,376
Total temporarily impaired available-for-sale debt securities	$ 46,119	$ 514	$ 9,955	$ 4,198	$ 56,074	$ 4,712
Equity securities	40		26,241	3,845	26,281	3,845
Total temporarily impaired available-for-sale securities	$ 46,159	$ 514	$ 36,196	$ 8,043	$ 82,355	$ 8,557

The twelve months or longer unrealized losses of $3.8 million at June 30, 2011 relate to available-for-sale equity securities that primarily consisted of a large cap equity fund at that date. The twelve months or longer unrealized loss on this large cap equity fund was $3.4 million.

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The following tables present held-to-maturity and available-for-sale securities having a continuous unrealized loss position for less than twelve months and for twelve months or longer as of December 31, 2010:

At December 31, 2010	**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 Held-to-Maturity Debt Securities:						
GSE debentures	$ 569,361	$ 10,592	$	$	$ 569,361	$ 10,592
GSE certificates	54,623	1,094			54,623	1,094
GSE CMOs	1,251,850	28,345			1,251,850	28,345
Corporate bonds	4,987	13			4,987	13
Capital trust notes			66,698	22,708	66,698	22,708
Total temporarily impaired held-to-maturity debt securities	$ 1,880,821	$ 40,044	$ 66,698	$ 22,708	$ 1,947,519	$ 62,752
Temporarily Impaired Available-for-Sale Securities:						
Debt Securities:						
GSE certificates	$ 12,809	$ 28	$ 779	$ 4	$ 13,588	$ 32
Private label CMOs			35,511	405	35,511	405
Corporate bonds			4,250	564	4,250	564
State, county, and municipal	399	11			399	11
Capital trust notes	1,988	102	8,848	5,287	10,836	5,389
Total temporarily impaired available-for-sale debt securities	$ 15,196	$ 141	$ 49,388	$ 6,260	$ 64,584	$ 6,401
Equity securities	79	11	25,339	17,507	25,418	17,518
Total temporarily impaired available-for-sale securities	$ 15,275	$ 152	$ 74,727	$ 23,767	$ 90,002	$ 23,919

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An OTTI loss on impaired 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 relating to factors other than credit losses are recorded in AOCL. Financial Accounting Standards Board (FASB) guidance also requires additional disclosures regarding the calculation of credit losses, as well as factors considered by the investor in reaching a conclusion that an investment is not other-than-temporarily impaired.

Available-for-sale securities in unrealized loss positions are analyzed as part of the Company s ongoing assessment of OTTI. When the Company intends to sell such available-for-sale securities, the Company recognizes an impairment loss equal to the full difference between the amortized cost basis and the fair value of those securities. When the Company does not intend to sell available-for-sale equity or debt securities in an unrealized loss position, potential OTTI is considered based on a variety of factors, including the length of time and extent to which the fair value has been less than the cost; adverse conditions specifically related to the industry, the geographic area, or financial condition of the issuer, or the underlying collateral of a security; the payment structure of the security; changes to the rating of the security by a rating agency; the volatility of the fair value changes; and changes in fair value of the security after the balance sheet date. For debt securities, the Company estimates cash flows over the remaining life of the underlying collateral to assess whether credit losses exist and, where applicable, to determine if any adverse changes in cash flows have occurred. The Company s cash flow estimates take into account expectations of relevant market and economic data as of the end of the reporting period. As of June 30, 2011, the Company did not intend to sell the securities with an unrealized loss position in AOCL, and it was more likely than not that the Company would not be required to sell these securities before recovery of their amortized cost basis. The Company believes that the securities with an unrealized loss position in AOCL were not other-than- temporarily impaired as of June 30, 2011.

Other factors considered in determining whether a loss is temporary include the length of time and the extent to which fair value has been below cost; the severity of the impairment; the cause of the impairment; the financial condition and near-term prospects of the issuer; activity in the market of the issuer that may indicate adverse credit conditions; and the forecasted recovery period using current estimates of volatility in market interest rates (including liquidity and risk premiums).

Management s assertion regarding its intent not to sell, or that it is not more likely than not that the Company will be required to sell the security before its anticipated recovery, considers a number of factors, including a quantitative estimate of the expected recovery period (which may extend to maturity) and management s intended strategy with respect to the identified security or portfolio. If management does have the intent to sell, or believes it is more likely than not that the Company will be required to sell the security before its anticipated recovery, the unrealized loss is charged directly to earnings in the Consolidated Statement of Income and Comprehensive Income.

The unrealized losses on the Company s GSE debentures and GSE CMOs at June 30, 2011 were primarily caused by movements in market interest rates and spread volatility, rather than credit risk. The Company purchased these investments either at par or at a discount relative to their face amount, and the contractual cash flows of these investments are guaranteed by the GSEs. Accordingly, it is expected that these securities would not be settled at a price that is less than the amortized cost of the Company s investment. Because the Company does not have the intent to sell the investments and it is not more likely than not that the Company will be required to sell the investments before anticipated recovery of fair value, which may be at maturity, the Company did not consider these investments to be other-than-temporarily impaired at June 30, 2011.

The Company reviews quarterly financial information related to its investments in capital securities as well as other information that is released by each financial institution to determine the continued creditworthiness of the issuer of the securities. The contractual terms of these investments do not permit settling the securities at prices that are less than the amortized costs of the investments; therefore, the Company expects that these investments would not be settled at prices that are less than their amortized costs. 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. Because the Company does not have the intent to sell the investments and it is not more likely than

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not that the Company will be required to sell them before the anticipated recovery of fair value, which may be at maturity, it did not consider these investments to be other-than-temporarily impaired at June 30, 2011. 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. Events that may occur in the future at the financial institutions that issued these securities could trigger material unrecoverable declines in fair values for the Company s investments and therefore could result in future potential OTTI losses. Such events 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, deteriorating credit enhancement, net operating losses, and further illiquidity in the financial markets.

The unrealized losses on the Company s private label CMOs were insignificant at June 30, 2011. Current characteristics of each security owned, such as delinquency and foreclosure levels, credit enhancement, and projected losses and coverage, are reviewed periodically by management. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost of the Company s investment. Because the Company does not have the intent to sell the investments and it is not more likely than not that the Company will be required to sell the investments before anticipated recovery of fair value, which may be at maturity, the Company did not consider these investments to be other-than-temporarily impaired at June 30, 2011. It is possible that the underlying loan collateral of 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. Events that could trigger material unrecoverable declines in fair values, and therefore potential OTTI losses for these securities in the future, include, but are not limited to, deterioration of credit metrics, significantly higher levels of default, loss in value on the underlying collateral, deteriorating credit enhancement, and further illiquidity in the financial markets.

At June 30, 2011, the Company s equity securities portfolio consisted of perpetual preferred and common stock, and mutual funds. The Company considers a decline in fair value of available-for-sale equity securities to be other than temporary if the Company does not expect to recover the entire amortized cost basis of the security. In analyzing its investments in perpetual preferred stock for OTTI, the Company uses an impairment model that is applied to debt securities, consistent with guidance provided by the SEC, provided that there has been no evidence of deterioration in the creditworthiness of the issuer. The unrealized losses on the Company s equity securities were primarily caused by market volatility. In addition, perpetual preferred stock was impacted by widening interest rate spreads across market sectors related to the continued illiquidity and uncertainty in the marketplace. The Company evaluated the near-term prospects of a recovery of fair value for each security in the portfolio, together with the severity and duration of impairment to date. Based on this evaluation, and the Company s ability and intent to hold these investments for a reasonable period of time sufficient to realize a near-term forecasted recovery of fair value, the Company did not consider these investments to be other-than-temporarily impaired at June 30, 2011. Nonetheless, it is possible that these equity securities will perform worse than is currently expected, which could lead to adverse changes in their fair values or the failure of the securities to fully recover in value as presently forecasted by management, causing the Company to record potential OTTI losses in future periods. Events that could trigger material declines in the fair values of these securities include, but are not limited to, deterioration in the equity markets; a decline in the quality of the loan portfolios of the issuers in which the Company has invested; and the recording of higher loan loss provisions and net operating losses by such issuers.

The investment securities designated as having a continuous loss position for twelve months or more at June 30, 2011 consisted of 11 capital trust notes, five equity securities, and one mortgage-backed security. At December 31, 2010, the investment securities designated as having a continuous loss position for twelve months or more consisted of two mortgage-related securities, one corporate debt obligation, eleven capital trust notes, and seven equity securities. At June 30, 2011 and December 31, 2010, the combined market value of these securities represented unrealized losses of $24.3 million and $46.5 million, respectively. At June 30, 2011, the fair value of securities having a continuous loss position for twelve months or more was 18.4% below their collective amortized cost of $132.0 million. At December 31, 2010, the fair value of such securities was 24.0% below their collective amortized cost of $193.5 million.

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Note 4: Loans

The following table sets forth the composition of the loan portfolio at June 30, 2011 and December 31, 2010:

	June 30, 2011		December 31, 2010	
(dollars in thousands)	Amount	Percent of Non-Covered Loans Held for Investment	Amount	Percent of Non-Covered Loans Held for Investment
Non-Covered Loans Held for Investment:				
Mortgage Loans:				
Multi-family	$ 17,055,571	69.62%	$ 16,807,913	70.88%
Commercial real estate	6,123,594	25.00	5,439,611	22.94
Acquisition, development, and construction	524,077	2.14	569,537	2.40
One-to-four family	148,194	0.61	170,392	0.72
Total mortgage loans held for investment	23,851,436	97.37	22,987,453	96.94
Other Loans:				
Commercial and industrial	571,200	2.33	641,663	2.70
Other	73,980	0.30	85,559	0.36
Total other loans held for investment	645,180	2.63	727,222	3.06
Total non-covered loans held for investment	24,496,616	100.00%	23,714,675	100.00%
Net deferred loan origination fees	(2,678)		(7,181)	
Allowance for losses on non-covered loans	(134,471)		(158,942)	
Non-covered loans held for investment, net	24,359,467		23,548,552	
Covered loans	4,008,287		4,297,869	
Allowance for losses on covered loans	(20,611)		(11,903)	
Total covered loans, net	3,987,676		4,285,966	
Loans held for sale	491,724		1,207,077	
Total loans, net	$ 28,838,867		$ 29,041,595	

Non-Covered Loans

Non-Covered Loans 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 that feature below-market rents.

The Company also originates the following types of loans for investment: commercial real estate (CRE) loans, primarily in New York City, Long Island, and New Jersey; and, to a lesser extent, acquisition, development, and construction (ADC) loans and commercial and industrial (C&I) loans. ADC loans are primarily originated for multi-family and residential tract projects in New York City and Long Island, while C&I loans are made to small and mid-size businesses in New York City, Long Island, New Jersey, and Arizona, on both a secured and unsecured basis, for working capital, business expansion, and the purchase of machinery and equipment.

Payments on multi-family and CRE loans generally depend on the income produced by the underlying properties which, in turn, depends on their successful operation and management. The ability of the Company s borrowers to repay these loans may be impacted by adverse conditions in the local real estate market and the local economy. While the Company generally requires that such loans be qualified on the basis of the collateral property s current cash flows, appraised value, and debt service coverage ratio, among other factors, 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 financing on improved, owner-occupied real estate. 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 or development; the estimated cost of construction, including interest; and the estimated time to complete and/or sell or lease such property. The Company seeks to minimize these risks by maintaining consistent lending policies and rigorous underwriting standards. However, if the estimate of value proves to be inaccurate, the cost of completion is greater than expected, the length of time to complete and/or sell or lease the collateral property is greater than anticipated, or if there is a downturn in the local economy or real estate market, the property could have a value upon completion that is insufficient to assure full repayment

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of the loan. This could have a material adverse effect on the quality of the ADC loan portfolio, and could result in significant losses or delinquencies.

The Company seeks to minimize the risks involved in 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 a C&I loan is substantially dependent on the degree to which his or her 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.

The Company sold $92.1 million of C&I loans in the second quarter of 2011, in connection with the disposition of the assets and liabilities of the Company s insurance premium financing subsidiary, Standard Funding Corp. The Company recognized a gain of $9.8 million ($5.9 million after-tax) as a result of this business disposition during the three months ended June 30, 2011.

The markets served by the Company have been impacted by widespread economic weakness and high unemployment, which have contributed to it recording a higher level of charge-offs and non-performing assets. The ability of the Company s borrowers to repay their loans, and the value of the collateral securing such loans, could be further adversely impacted by continued or more significant economic weakness in its local markets as a result of increased unemployment, declining real estate values, or increased residential and office vacancies. This not only could result in the Company experiencing a further increase in charge-offs and/or non-performing assets, but also could necessitate an increase in the provision for losses on covered loans. These events, if they were to occur, would have an adverse impact on the Company s results of operations and its capital.

One-to-Four Family Loans Originated for Sale

The Community Bank s mortgage banking subsidiary, NYCB Mortgage Company, LLC, is one of the 20 largest aggregators of one-to-four family loans for sale to GSEs in the United States. Community banks, credit unions, mortgage companies, and mortgage brokers use the subsidiary s proprietary web-accessible mortgage banking platform to originate one-to-four family loans in all 50 states.

Prior to December 2010, the Company originated one-to-four family loans in its branches and on its web site on a pass-through, or conduit, basis, and would sell the loans to the third-party conduit shortly after they closed. Since December 2010, the Company has been originating one-to-four family loans in its branches and on its web site through several selected clients of its mortgage banking operation, rather than through the single third-party conduit with which it previously worked. The one-to-four family loans produced for its customers are aggregated with loans produced by its mortgage banking clients throughout the nation, and sold.

The Company also services mortgage loans for various third parties. At June 30, 2011, the unpaid principal balance of serviced loans amounted to $12.1 billion as compared to $9.5 billion at December 31, 2010.

Asset Quality

The following table presents information regarding the quality of the Company s non-covered loans at June 30, 2011:

(in thousands)	30-89 Days Past Due	Non-Accrual	90 Days or More Delinquent and Still Accruing Interest	Total Past Due Loans	Total Current Loans	Total Loans Receivable
Multi-family	$ 14,678	$ 304,695	$	$ 319,373	$ 16,736,198	$ 17,055,571
Commercial real estate	13,496	105,167		118,663	6,004,931	6,123,594
Acquisition, development, and construction	16,535	63,001		79,536	444,541	524,077
One-to-four family	3,261	16,126		19,387	128,807	148,194
Commercial and industrial	4,621	11,936		16,557	554,643	571,200
Other	550	2,056		2,606	71,374	73,980
Total	$ 53,141	$ 502,981	$	$ 556,122	$ 23,940,494	$ 24,496,616

The following table presents information regarding the quality of the Company s non-covered loans at December 31, 2010:

(in thousands)	30-89 Days Past Due	Non-Accrual	90 Days or More Delinquent and Still Accruing Interest	Total Past Due Loans	Total Current Loans	Total Loans Receivable
Multi-family	$ 121,188	$ 327,892	$	$ 449,080	$ 16,358,833	$ 16,807,913
Commercial real estate	8,207	162,400		170,607	5,269,004	5,439,611
Acquisition, development, and construction	5,194	91,850		97,044	472,493	569,537
One-to-four family	5,723	17,813		23,536	146,856	170,392
Commercial and industrial	9,324	22,804		32,128	609,535	641,663
Other	1,404	1,672		3,076	82,483	85,559
Total	$ 151,040	$ 624,431	$	$ 775,471	$ 22,939,204	$ 23,714,675

In accordance with GAAP, the Company is required to account for certain loan modifications or restructurings as troubled debt restructurings (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. Loans modified in TDRs are placed on non-accrual status until the Company determines that future collection of principal and interest is reasonably assured, which generally requires that the borrower demonstrate performance according to the restructured terms for a period of at least six months.

The following table presents additional information regarding the Company s TDRs as of June 30, 2011:

(in thousands)	Accruing	Non-Accrual	Total
Multi-family	$ 60,845	$ 175,060	$ 235,905
Commercial real estate	3,464	63,250	66,714
Acquisition, development, and construction		17,666	17,666
Commercial and industrial		3,917	3,917
One-to-four family		1,520	1,520
Total	$ 64,309	$ 261,413	$ 325,722

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, capitalizing interest, and forbearance agreements. As of June 30, 2011, loans on which concessions were made with respect to rate reductions amounted to $235.5 million; loans on which maturities were extended or interest was capitalized amounted to $53.3 million; and loans in connection with which forbearance agreements were reached amounted to $36.9 million.

Most of the Company s TDRs involve rate reductions and/or forbearance of arrears, which thus far have proven the most successful in enabling selected borrowers to emerge from delinquency and keep their loans current.

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 judgment by Company personnel regarding the likelihood that the concession will result in the maximum recovery for the Company.

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The following table summarizes the Company s non-covered loan portfolio by credit quality indicator at June 30, 2011:

(in thousands)	Multi-Family	Commercial Real Estate	Acquisition, Development, and Construction	One-to-Four Family	Total Mortgage Segment	Commercial and Industrial	Other	Total Other Loan Segment
Credit Quality Indicator:								
Pass	$ 16,602,460	$ 5,930,036	$ 434,077	$ 136,458	$ 23,103,031	$ 537,415	$ 71,924	$ 609,339
Special mention	56,001	66,810	21,968		144,779	16,626		16,626
Substandard	397,015	126,748	68,032	11,736	603,531	17,159	2,056	19,215
Doubtful	95				95			
Loss								
Total	$ 17,055,571	$ 6,123,594	$ 524,077	$ 148,194	$ 23,851,436	$ 571,200	$ 73,980	$ 645,180

The following table summarizes the Company s non-covered loan portfolio by credit quality indicator at December 31, 2010:

(in thousands)	Multi-Family	Commercial Real Estate	Acquisition, Development, and Construction	One-to-Four Family	Total Mortgage Segment	Commercial and Industrial	Other	Total Other Loan Segment
Credit Quality Indicator:								
Pass	$ 16,097,834	$ 5,239,936	$ 454,570	$ 158,240	$ 21,950,580	$ 594,373	$ 83,887	$ 678,260
Special mention	172,713	22,650	6,650		202,013	21,224		21,224
Substandard	535,366	176,797	108,317	12,152	832,632	23,564	1,672	25,236
Doubtful	2,000	228			2,228	2,502		2,502
Total	$ 16,807,913	$ 5,439,611	$ 569,537	$ 170,392	$ 22,987,453	$ 641,663	$ 85,559	$ 727,222

The preceding classifications follow regulatory guidelines and can be generally described as follows: pass loans are of satisfactory quality; special mention loans have a potential weakness or risk that may result in the deterioration of future repayment; 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 distinct possibility that the Company will sustain some loss); 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 residential loans are classified utilizing an inter-regulatory agency methodology that incorporates the extent of delinquency and the loan-to-value ratios. These classifications are the most current available and have been generally updated within the last twelve months.

Covered Loans

The following table presents the balance of covered loans acquired in the AmTrust and Desert Hills acquisitions as of June 30, 2011:

(dollars in thousands)	Amount	Percent of Covered Loans
Loan Category:		
One-to-four family	$ 3,622,087	90.4 %
All other loans	386,200	9.6
Total covered loans	$ 4,008,287	100.0 %

The Company refers to the loans acquired in the AmTrust and Desert Hills acquisitions as covered loans because the Company will be reimbursed for a substantial portion of any future losses on these loans under the terms of the FDIC loss sharing agreements. Covered loans are accounted for under FASB Accounting Standards Codification (ASC) 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality, and initially measured at fair value, which includes estimated future credit losses expected to be incurred over the lives of the loans. Under ASC 310-30, purchasers are permitted to aggregate acquired loans into one or more pools, provided that the loans have common risk characteristics. A pool is then accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows.

At June 30, 2011 and December 31, 2010, the outstanding balance of covered loans (representing amounts owed to the Company) totaled $4.8 billion and $5.2 billion, respectively. The carrying values of such loans were $4.0 billion and $4.3 billion, respectively, at June 30, 2011 and December 31, 2010.

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At the respective acquisition dates, the Company estimated the fair values of the AmTrust and Desert Hills loan portfolios, which represented the expected cash flows from the portfolios discounted at market-based rates. In estimating such fair value, the Company (a) calculated the contractual amount and timing of undiscounted principal and interest payments (the undiscounted contractual cash flows); and (b) estimated the amount and timing of undiscounted expected principal and interest payments (the undiscounted expected cash flows). The amount by which the undiscounted expected cash flows exceed the estimated fair value (the accretable yield) is accreted into interest income over the lives of the loans. The difference between the undiscounted contractual cash flows and the undiscounted expected cash flows is referred to as the non-accretable difference. The non-accretable difference represents an estimate of the credit risk in the loan portfolios at the acquisition date.

The accretable yield is affected by changes in interest rate indices for variable rate loans, changes in prepayment assumptions, and changes in expected principal and interest payments over the estimated lives of the loans. Prepayments affect the estimated lives of covered loans and could change the amount of interest income, and possibly principal, expected to be collected. Changes in the expected principal and interest payments over the estimated lives are driven by the credit outlook and actions taken with borrowers. The Company periodically evaluates the estimates of cash flows expected to be collected. Expected future cash flows from interest payments are based on the variable rates at the time of the periodic evaluation. Estimates of expected cash flows that are impacted by changes in interest rate indices for variable rate loans and prepayment assumptions are treated as prospective yield adjustments and included in interest income.

Changes in the accretable yield for acquired loans were as follows for the six months ended June 30, 2011:

(in thousands)	**Accretable Yield**
Balance at beginning of period	$ 1,356,844
Reclassification from nonaccretable difference	142,294
Accretion	(101,870)
Balance at end of period	$ 1,397,268

In connection with the Desert Hills acquisition, the Company also acquired other real estate owned (OREO), all of which is covered under an FDIC loss sharing agreement. Covered OREO was initially recorded at its estimated fair value on the acquisition date, based on independent appraisals less the estimated selling costs. Any subsequent write-downs due to declines in fair value are charged to non-interest expense, and partially offset by the loss reimbursement under the FDIC loss sharing agreement. Any recoveries of previous write-downs are credited to non-interest expense and partially offset by the portion of the recovery that is due to the FDIC.

The FDIC loss share receivable represents the present value of the estimated losses on covered loans to be reimbursed by the FDIC. The estimated losses were based on the same cash flow estimates used in determining the fair value of the covered loans. The FDIC loss share receivable will be reduced as losses are recognized on covered loans and loss sharing payments are received from the FDIC. Realized losses in excess of acquisition-date estimates will result in an increase in the FDIC loss share receivable. Conversely, if realized losses are less than acquisition-date estimates, the FDIC loss share receivable will be reduced.

The following table presents information regarding the Company s covered loans 90 days or more past due at June 30, 2011 and December 31, 2010:

(in thousands)	**June 30, 2011**	**December 31, 2010**
Covered Loans 90 Days or More Past Due:		
One-to-four family	$ 308,902	$ 310,929
Other loans	47,360	49,898
Total covered loans 90 days or more past due	$ 356,262	$ 360,827

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The following table presents information regarding the Company s covered loans that were 30 to 89 days past due at June 30, 2011 and December 31, 2010:

(in thousands)	June 30, 2011	December 31, 2010
Covered Loans 30-89 Days Past Due:		
One-to-four family	$ 109,857	$ 108,691
Other loans	14,343	21,851
Total covered loans 30-89 days past due	$ 124,200	$ 130,542

At June 30, 2011, the Company had $124.2 million of covered loans that were 30 to 89 days past due, and covered loans of $356.3 million that were 90 days or more past due but considered to be performing due to the application of the yield accretion method under ASC 310-30. The remaining portion of the Company s covered loan portfolio totaled $3.5 billion at June 30, 2011 and is considered current. ASC 310-30 allows the Company to aggregate credit-impaired loans acquired in the same fiscal quarter into one or more pools, provided that the loans have common risk characteristics. A pool is then accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows. Accordingly, loans that may have been classified as non-performing loans by AmTrust or Desert Hills are no longer classified as non-performing because, at the respective dates of acquisition, the Company believed that it would fully collect the new carrying value of these loans. The new carrying value represents the contractual balance, reduced by the portion expected to be uncollectible (referred to as the non-accretable difference) and by an accretable yield (discount) that is recognized as interest income. It is important to note that management s judgment is required in reclassifying loans subject to ASC 310-30 as performing loans, and is dependent on having a reasonable expectation about the timing and amount of the cash flows to be collected, even if the loan is contractually past due.

The Company recorded an $8.7 million provision for losses on covered loans during the three months ended June 30, 2011. This provision was largely due to credit deterioration in the C&I loan portfolio acquired in the Desert Hills transaction, and in the portfolios of home equity lines of credit acquired in the acquisitions of both Desert Hills and AmTrust. The provision for covered loans was largely offset by FDIC indemnification income of $7.6 million that was recorded in non-interest income for the three months ended June 30, 2011.

Note 5: 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 June 30, 2011:			
Individually evaluated for impairment	$ 8,605	$	$ 8,605
Collectively evaluated for impairment	111,695	14,171	125,866
Loans acquired with deteriorated credit quality	7,386	13,225	20,611
Total	$ 127,686	$ 27,396	$ 155,082

(in thousands)	Mortgage	Other	Total
Allowance for Loan Losses at December 31, 2010:			
Individually evaluated for impairment	$ 15,877	$ 130	$ 16,007
Collectively evaluated for impairment	124,957	17,978	142,935
Loans acquired with deteriorated credit quality	4,873	7,030	11,903
Total	$ 145,707	$ 25,138	$ 170,845

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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 June 30, 2011:			
Individually evaluated for impairment	$ 485,055	$ 6,568	$ 491,623
Collectively evaluated for impairment	23,366,381	638,612	24,004,993
Loans acquired with deteriorated credit quality	3,622,087	386,200	4,008,287
Total	$ 27,473,523	$ 1,031,380	$ 28,504,903

(in thousands)	Mortgage	Other	Total
Loans Receivable at December 31, 2010:			
Individually evaluated for impairment	$ 747,869	$ 12,929	$ 760,798
Collectively evaluated for impairment	22,239,584	714,293	22,953,877
Loans acquired with deteriorated credit quality	3,874,449	423,420	4,297,869
Total	$ 26,861,902	$ 1,150,642	$ 28,012,544

Non-Covered Loans

The following table summarizes activity in the allowance for losses on non-covered loans for the six months ended June 30, 2011:

(in thousands)	Mortgage	Other	Total
Beginning balance at December 31, 2010	$ 140,834	$ 18,108	$ 158,942
Charge-offs	(60,051)	(8,211)	(68,262)
Recoveries	772	2,019	2,791
Provision for loan losses	38,745	2,255	41,000
Ending balance at June 30, 2011	$ 120,300	$ 14,171	$ 134,471

Non-accrual loans amounted to $503.0 million and $624.4 million, respectively, at June 30, 2011 and December 31, 2010. There were no loans over 90 days past due and still accruing interest at either of these dates.

The following table presents additional information regarding the Company s impaired loans at or for the six months ended June 30, 2011:

(in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Impaired loans with no related allowance:					
Multi-family	$ 325,905	$ 355,025	$	$ 386,521	$ 3,596
Commercial real estate	79,773	84,700		99,930	1,099
Acquisition, development, and construction	37,477	40,407		51,465	
One-to-four family	3,985	4,080		3,798	8
Commercial and industrial	6,568	11,657		8,743	139
Total impaired loans with no related allowance	$ 453,708	$ 495,869	$	$ 550,457	$ 4,842

Impaired loans with an allowance recorded:

Multi-family	$ 4,916	$ 5,163	$ 2,636	$ 27,534	$
Commercial real estate	7,999	7,999	64	16,849	
Acquisition, development, and construction	25,000	25,000	5,905	30,178	
One-to-four family				187	
Commercial and industrial				1,005	
Total impaired loans with an allowance recorded	$ 37,915	$ 38,162	$ 8,605	$ 75,753	$
Total Impaired Loans:					
Multi-family	$ 330,821	$ 360,188	$ 2,636	$ 414,055	$ 3,596
Commercial real estate	87,772	92,699	64	116,779	1,099
Acquisition, development, and construction	62,477	65,407	5,905	81,643	
One-to-four family	3,985	4,080		3,985	8
Commercial and industrial	6,568	11,657		9,748	139
Total impaired loans	$ 491,623	$ 534,031	$ 8,605	$ 626,210	$ 4,842

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The following table presents additional information regarding the Company s impaired loans at December 31, 2010:

(in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance
Loans with no related allowance:			
Multi-family	$ 447,137	$ 464,011	$
Commercial real estate	120,087	122,486	
Acquisition, development, and construction	65,453	71,541	
One-to-four family	3,611	3,707	
Commercial and industrial	10,919	15,197	
Total impaired loans with no related allowance	$ 647,207	$ 676,942	$
Loans with an allowance recorded:			
Multi-family	$ 50,153	$ 52,209	$ 6,756
Commercial real estate	25,700	25,894	1,555
Acquisition, development, and construction	35,355	37,634	7,553
One-to-four family	373	373	13
Commercial and industrial	2,010	2,010	130
Total impaired loans with an allowance recorded	$ 113,591	$ 118,120	$ 16,007
Total Impaired Loans:			
Multi-family	$ 497,290	$ 516,220	$ 6,756
Commercial real estate	145,787	148,380	1,555
Acquisition, development, and construction	100,808	109,175	7,553
One-to-four family	3,984	4,080	13
Commercial and industrial	12,929	17,207	130
Total impaired loans	$ 760,798	$ 795,062	$ 16,007

The interest income recorded on these loans was not materially different from cash-basis interest income.

Covered Loans

Under the loss sharing agreements with the FDIC, covered loans are reported exclusive of the FDIC loss share receivable. The covered loans acquired in the AmTrust and Desert Hills acquisitions are, and will continue to be, reviewed for collectability based on the expectations of cash flows from these loans. As a result, if there is a decrease in expected cash flows due to an increase in estimated credit losses compared to the estimates made at the respective acquisition dates, the decrease in the present value of expected cash flows will be recorded as a provision for losses on covered loans charged to earnings, and an allowance for losses on covered loans will be established. A related credit to non-interest income and an increase in the FDIC loss share receivable will be recognized at the same time, and will be measured based on the loss sharing agreement percentages.

The following table summarizes activity in the allowance for losses on covered loans for the six months ended June 30, 2011 and the twelve months ended December 31, 2010:

(in thousands)	June 30, 2011	December 31, 2010
Balance, beginning of period	$ 11,903	$
Provision for loan losses	8,708	11,903

Balance, end of period	$ 20,611	$ 11,903

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Note 6: Borrowed Funds

The following table summarizes the Company s borrowed funds at June 30, 2011 and December 31, 2010:

(in thousands)	June 30, 2011	December 31, 2010
FHLB advances	$ 7,856,912	$ 8,375,659
Repurchase agreements	4,125,000	4,125,000
Junior subordinated debentures	426,846	426,992
Senior notes	601,926	601,865
Preferred stock of subsidiaries	6,600	6,600
Total borrowed funds	$ 13,017,284	$ 13,536,116

At June 30, 2011, the Company had $426.8 million of outstanding junior subordinated deferrable interest debentures (junior subordinated debentures) held by nine statutory business trusts (the Trusts) that issued guaranteed capital securities. The capital securities qualified as Tier 1 capital of the Company at that date. However, with the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) in July 2010, the qualification of capital securities as Tier 1 capital is expected to be phased out over a three-year period beginning January 1, 2013 and ending January 1, 2016.

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 table provides a summary of the outstanding capital securities issued by each trust and the carrying amounts of the junior subordinated debentures issued by the Company to each trust as of June 30, 2011:

Issuer	Interest Rate of Capital Securities and Debentures	Junior Subordinated Debenture Carrying Amount	Capital Securities Amount Outstanding	Date of Original Issue	Stated Maturity	First Optional Redemption Date
		(dollars in thousands)				
Haven Capital Trust II	10.250%	$ 23,333	$ 22,550	May 26, 1999	June 30, 2029	June 30, 2009 (1)
Queens County Capital Trust I	11.045	10,309	10,000	July 26, 2000	July 19, 2030	July 19, 2010 (2)
Queens Statutory Trust I	10.600	15,464	15,000	September 7, 2000	September 7, 2030	September 7, 2010 (1)
New York Community Capital Trust V	6.000	143,710	137,359	November 4, 2002	November 1, 2051	November 4, 2007 (2)
New York Community Capital Trust X	1.847	123,712	120,000	December 14, 2006	December 15, 2036	December 15, 2011 (3)
LIF Statutory Trust I	10.600	7,732	7,500	September 7, 2000	September 7, 2030	September 7, 2010 (1)
PennFed Capital Trust II	10.180	12,372	12,000	March 28, 2001	June 8, 2031	June 8, 2011 (1)
PennFed Capital Trust III	3.497	30,928	30,000	June 2, 2003	June 15, 2033	June 15, 2008 (3)
New York Community Capital Trust XI	1.896	59,286	57,500	April 16, 2007	June 30, 2037	June 30, 2012 (3)
		$ 426,846	$ 411,909			

(1) Callable at a premium from this date forward.
(2) Callable subject to certain conditions as described in the prospectus filed with the SEC on November 4, 2002.
(3) Callable from this date forward.

Senior notes totaled $608.5 million at June 30, 2011, comparable to the balance at December 31, 2010. Included in the respective amounts were $602.0 million of fixed rate senior notes that were issued under the FDIC s Temporary Liquidity Guarantee Program in December 2008. Of this amount, $512.0 million are due at December 16, 2011 and $90.0 million are due at June 22, 2012.

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Note 7: Mortgage Servicing Rights

The Company had mortgage servicing rights (MSRs) of $127.7 million at June 30, 2011. The Company has two classes of MSRs (residential and securitized) for which it separately manages the economic risk.

Residential MSRs are carried at fair value, with changes in fair value recorded as a component of non-interest income in each period. The Company uses various derivative instruments to mitigate the income statement-effect of changes in fair value due to changes in valuation inputs and assumptions regarding its residential MSRs. MSRs do not trade in an active open market with readily observable prices. Accordingly, the Company utilizes a valuation model that calculates the present value of estimated future cash flows. The model incorporates various assumptions, including estimates of prepayment speeds, discount rates, refinance rates, servicing costs, and ancillary income. The Company reassesses and periodically adjusts the underlying inputs and assumptions in the model to reflect market conditions and assumptions that a market participant would consider in valuing the MSR asset.

The value of MSRs is significantly affected by mortgage interest rates available in the marketplace, which influence mortgage loan prepayment speeds. In general, during periods of declining interest rates, the value of MSRs declines due to a rise in prepayments attributable to increased mortgage refinancing activity. Conversely, during periods of rising interest rates, the value of MSRs generally increases due to reduced mortgage refinancing activity.

Securitized MSRs are carried at the lower of the initial carrying value, adjusted for amortization or fair value, and are amortized in proportion to, and over the period of, estimated net servicing income. Such MSRs are periodically evaluated for impairment based on the difference between the carrying amount and current fair value. If it is determined that impairment exists, the resultant loss is charged against earnings.

The following table sets forth the changes in residential and securitized MSRs for the six months ended June 30, 2011 and the year ended December 31, 2010:

	For the Six Months Ended June 30, 2011		For the Year Ended December 31, 2010	
(in thousands)	Residential	Securitized	Residential	Securitized
Carrying value, beginning of year	$ 106,186	$ 1,192	$ 8,617	$ 1,965
Additions	37,319		100,767	
Change in fair value	(16,734)		(3,198)	
Amortization		(306)		(773)
Carrying value, end of period	$ 126,771	$ 886	$ 106,186	$ 1,192

Note 8. Pension and Other Post-Retirement Benefits

The following table sets forth certain disclosures for the Company s pension and post-retirement plans for the periods indicated:

	For the Three Months Ended June 30,			
	2011		2010	
(in thousands)	Pension Benefits	Post-Retirement Benefits	Pension Benefits	Post-Retirement Benefits
Components of net periodic (credit) expense:				
Interest cost	$ 1,491	$ 180	$ 1,515	$ 198
Service cost		1		1
Expected return on plan assets	(3,133)		(2,866)	
Unrecognized past service liability		(62)	49	(62)
Amortization of unrecognized loss	1,190	103	1,286	78
Net periodic (credit) expense	$ (452)	$ 222	$ (16)	$ 215

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	For the Six Months Ended June 30,			
	2011		2010	
(in thousands)	Pension Benefits	Post-Retirement Benefits	Pension Benefits	Post-Retirement Benefits
Components of net periodic (credit) expense:				
Interest cost	$ 2,982	$ 360	$ 3,028	$ 397
Service cost		3		2
Expected return on plan assets	(6,265)		(5,731)	
Unrecognized past service liability		(125)	98	(125)
Amortization of unrecognized loss	2,379	205	2,572	157
Net periodic (credit) expense	$ (904)	$ 443	$ (33)	$ 431

As discussed in the notes to the consolidated financial statements presented in the Company s 2010 Annual Report on Form 10-K, the Company expects to contribute $1.4 million to its post-retirement plan to pay premiums and claims for the fiscal year ending December 31, 2011. The Company does not expect to contribute to its pension plan in 2011.

Note 9: Stock-Based Compensation

At June 30, 2011, the Company had 3,017,958 shares available for grant as options, restricted stock, or other forms of related rights under the New York Community Bancorp, Inc. 2006 Stock Incentive Plan (the 2006 Stock Incentive Plan), which was approved by the Company s shareholders at its Annual Meeting on June 7, 2006 and reapproved at its Annual Meeting on June 2, 2011. Under the 2006 Stock Incentive Plan, the Company granted 1,643,000 shares of restricted stock in the six months ended June 30, 2011, with an average fair value of $18.40 per share on the date of grant and a vesting period of five years. There were no shares granted in the second quarter of this year. Compensation and benefits expense related to restricted stock grants is recognized on a straight-line basis over the vesting period, and totaled $4.3 million and $2.8 million, respectively, in the three months ended June 30, 2011 and 2010, and $7.9 million and $5.7 million, respectively, in the six months ended at those dates.

A summary of activity with regard to restricted stock awards in the six months ended June 30, 2011 is presented in the following table:

	For the Six Months Ended June 30, 2011	
	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at beginning of year	2,636,700	$ 14.17
Granted	1,643,000	18.40
Vested	(400,400)	15.16
Cancelled	(45,400)	16.63
Unvested at end of period	3,833,900	15.85

As of June 30, 2011, unrecognized compensation cost relating to unvested restricted stock totaled $54.1 million. This amount will be recognized over a remaining weighted average period of 3.6 years.

In addition, the Company had eight stock option plans at June 30, 2011: the 1993 and 1997 New York Community Bancorp, Inc. Stock Option Plans; the 1993 Haven Bancorp, Inc. Stock Option Plan; the 1998 Richmond County Financial Corp. Stock Compensation Plan; the 2001 Roslyn Bancorp, Inc. Stock-based Incentive Plan; the 1998 Long Island Financial Corp. Stock Option Plan; and the 2003 and 2004 Synergy Financial Group Stock Option Plans (all eight plans collectively referred to as the Stock Option Plans). All stock options granted under the Stock Option Plans expire ten years from the date of grant.

The Company uses the modified prospective approach to recognize compensation costs related to share-based payments at fair value on the date of grant, and recognizes such costs in the financial statements over the vesting period during which the employee provides service in exchange for the award. As there were no unvested options at any time during the six months ended June 30, 2011 or the year ended December 31, 2010, the Company did not record any compensation and benefits expense relating to stock options during those periods.

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Currently, the Company issues new shares of common stock to satisfy the exercise of options. The Company may also use common stock held in Treasury to satisfy the exercise of options. In such event, the difference between the average cost of Treasury shares and the exercise price is recorded as an adjustment to retained earnings or paid-in capital on the date of exercise. At June 30, 2011, there were 9,920,890 stock options outstanding. The number of shares available for future issuance under the Stock Option Plans was 10,400 at June 30, 2011.

The status of the Stock Option Plans at June 30, 2011 and changes that occurred during the six months ended at that date are summarized below:

	For the Six Months Ended June 30, 2011	
	Number of Stock Options	**Weighted Average Exercise Price**
Stock options outstanding, beginning of year	12,443,676	$ 15.75
Exercised	(349,923)	12.54
Expired/forfeited	(2,172,863)	18.24
Stock options outstanding, end of period	9,920,890	15.32
Options exercisable, end of period	9,920,890	15.32

The intrinsic value of stock options outstanding and exercisable at June 30, 2011 was $5.5 million. The intrinsic values of options exercised during the six months ended June 30, 2011 and 2010 were $1.9 million and $1.5 million, respectively.

Note 10: Fair Value Measurements

The FASB has issued guidance that, among other things, defined fair value, established a consistent framework for measuring fair value, and expanded disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. The standard clarified 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 is determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the standard established 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.

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The following tables present assets and liabilities that were measured at fair value on a recurring basis as of June 30, 2011 and December 31, 2010, and that were included in the Company s Consolidated Statements of Condition at those dates:

	Fair Value Measurements at June 30, 2011 Using				
(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**
Mortgage-Related Securities Available for Sale:					
GSE certificates	$	$ 49,084	$	$	$ 49,084
GSE CMOs					
Private label CMOs		33,551			33,551
Total mortgage-related securities	$	$ 82,635	$	$	$ 82,635
Other Securities Available for Sale:					
GSE debentures	$	$ 608	$	$	$ 608
Corporate bonds					
U. S. Treasury obligations					
State, county, and municipal		1,362			1,362
Capital trust notes		19,214	18,132		37,346
Preferred stock		455			455
Common stock	39,866				39,866
Total other securities	$ 39,866	$ 21,639	$ 18,132	$	$ 79,637
Total securities available for sale	$ 39,866	$ 104,274	$ 18,132	$	$ 162,272
Other Assets:					
Loans held for sale	$	$ 491,724	$	$	$ 491,724
Mortgage servicing rights			126,771		126,771
Derivative assets	2,870	1,372	700		4,942
Liabilities:					
Derivative liabilities	$	$ 3,870	$	$	$ 3,870

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	Fair Value Measurements at December 31, 2010 Using				
(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
Mortgage-Related Securities Available for Sale:					
GSE certificates	$	$ 211,515	$	$	$ 211,515
GSE CMOs		222,303			222,303
Private label CMOs		51,362			51,362
Total mortgage-related securities	$	$ 485,180	$	$	$ 485,180
Other Securities Available for Sale:					
GSE debentures	$	$ 620	$	$	$ 620
Corporate bonds		4,250			4,250
U. S. Treasury obligations	58,553				58,553
State, county, and municipal		1,334			1,334
Capital trust notes		16,134	25,870		42,004
Preferred stock		14,468	6,271		20,739
Common stock	40,276				40,276
Total other securities	$ 98,829	$ 36,806	$ 32,141	$	$ 167,776
Total securities available for sale	$ 98,829	$ 521,986	$ 32,141	$	$ 652,956
Other Assets:					
Loans held for sale	$	$ 1,203,844	$	$	$ 1,203,844
Mortgage servicing rights			106,186		106,186
Derivative assets	152	14,067	53		14,272
Liabilities:					
Derivative liabilities	$ (210)	$ (3,908)	$	$	$ (4,118)

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 to 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 value of available-for-sale 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 the 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, 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 securities and corporate debt.

The Company carries loans held for sale originated by the Residential Mortgage Banking segment at fair value, in accordance with ASC 825, Financial Instruments. The fair value of held-for-sale loans is primarily based on quoted market prices for securities backed by similar types of loans. The changes in fair value of these assets are largely driven by changes in interest rates subsequent to loan funding and changes in the fair value of servicing associated with the mortgage loans held for sale. Loans held for sale are classified within Level 2 of the valuation hierarchy.

In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. In valuing collateralized debt obligations (CDOs), which include pooled trust preferred securities and income notes, and certain single-issue capital trust notes, each of which are classified within Level 3, the determination of fair value may require benchmarking to similar instruments or

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analyzing default and recovery rates. Therefore, CDOs and certain single-issue capital trust notes are valued using a model based on the specific collateral composition and cash flow structure of the securities. Key inputs to the model consist of market spread data for each credit rating, collateral type, and other relevant contractual features. In instances where quoted price information is available, that price is considered when arriving at the security s fair value. Where there is limited activity or less transparency around the inputs to the valuation of preferred stock, the valuation is based on a discounted cash flow model.

MSRs do not trade in an active open market with readily observable prices. Accordingly, the Company utilizes a valuation model that calculates the present value of estimated future cash flows. The model incorporates various assumptions, including estimates of prepayment speeds, discount rates, refinance rates, servicing costs, and ancillary income. The Company reassesses and periodically adjusts the underlying inputs and assumptions in the model to reflect market conditions and assumptions that a market participant would consider in valuing the MSR asset. MSR fair value measurements use significant unobservable inputs and, accordingly, are classified within Level 3.

Exchange-traded derivatives valued using quoted prices are classified within Level 1 of the valuation hierarchy. The majority of the Company s derivative positions are valued using internally developed models that use as their basis readily observable market parameters. These are parameters that are actively quoted and can be validated by external sources, including industry pricing services. Where the types of derivative products have been in existence for some time, the Company uses models that are widely accepted in the financial services industry. These models reflect the contractual terms of the derivatives, including the period to maturity, and market-based parameters such as interest rates, volatility, and the credit quality of the counterparty. Further, many of these models do not contain a high level of subjectivity, as the methodologies used in the models do not require significant judgment, and inputs to the models are readily observable from actively quoted markets, as is the case for plain vanilla interest rate swaps and option contracts. Such instruments are generally classified within Level 2 of the valuation hierarchy. Derivatives that are valued based on models with significant unobservable market parameters, and that are normally traded less actively, have trade activity that is one-way, and/or are traded in less-developed markets, are classified within Level 3 of the valuation hierarchy.

For interest rate lock commitments (IRLCs) for residential mortgage loans that the Company intends to sell, the fair value is based on internally developed models. The key model inputs primarily include the sum of the value of the forward commitment based on the loans expected settlement dates and the projected value of the MSRs, loan level price adjustment factors, and historical IRLC fall-out factors. Such derivatives are classified within Level 3.

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 the reporting date.

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Changes in Level 3 Fair Value Measurements

The following tables include a roll-forward of the balance sheet amounts for the three months ended June 30, 2011 and 2010 (including the change in fair value) for financial instruments classified in Level 3 of the valuation hierarchy:

(in thousands)	Fair Value January 1, 2011	Total Realized/Unrealized Gains/(Losses) Recorded in (Loss) Income	Comprehensive (Loss) Income	Issuances	Transfers out of Level 3	Fair Value at June 30, 2011	Change in Unrealized Gains and (Losses) Related to Instruments Held at June 30, 2011
Available-for-sale capital securities and preferred stock	$ 32,141	$ (6,160)	$ (5,759)	$	$ (2,090)	$ 18,132	$ (11,919)
Mortgage servicing rights	106,186	(16,734)		37,319		126,771	(16,734)
Derivatives, net	53	647				700	647

(in thousands)	Fair Value January 1, 2010	Total Realized/Unrealized Gains/(Losses) Recorded in Income	Comprehensive (Loss) Income	Issuances	Transfers into Level 3	Fair Value at June 30, 2010	Change in Unrealized Gains and (Losses) Related to Instruments Held at June 30, 2010
Available-for-sale capital securities and preferred stock	$ 31,232	$ (878)	$ 1,923	$	$	$ 32,277	$ 1,045
Mortgage servicing rights	8,617	(6,597)		28,206		30,226	(6,597)
Derivatives, net	32	19,707				19,739	19,707

The Company s policy is to recognize transfers in and transfers out of Levels 1, 2, and 3 as of the end of the reporting period. For the three months ended June 30, 2011, the Company transferred certain trust preferred securities out of Level 3 as a result of increased observable market activity for these securities. In addition, during the three months ended June 30, 2011, OTTI was recognized on certain preferred stock that had been classified as Level 3. There were no gains or losses recognized as a result of the transfer of securities during the three months ended June 30, 2011. There were no transfers of securities between Levels 1 and 2 for the three months ended June 30, 2011 or 2010.

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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 and liabilities that were measured at fair value on a non-recurring basis as of June 30, 2011 and December 31, 2010, and that were included in the Company s Consolidated Statements of Condition at those dates:

	Fair Value Measurements at June 30, 2011 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	$	$	$ 104,444	$ 104,444
Other assets[(1)]		16,618		16,618
	$	$ 16,618	$ 104,444	$ 121,062

(1) Represents the fair value of OREO that was measured at fair value subsequent to its initial classification as OREO.

	Fair Value Measurements at December 31, 2010 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
Loans held for sale	$	$ 3,233	$	$ 3,233
Certain impaired loans			237,975	237,975
	$	$ 3,233	$ 237,975	$ 241,208

The fair values of collateral-dependent impaired loans are determined using various valuation techniques, including consideration of appraised values and other pertinent real estate market data.

Other Fair Value Disclosures

Certain FASB guidance requires the disclosure of fair value information about the Company s on- and off-balance-sheet financial instruments. Quoted market prices, when available, 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 table summarizes the carrying values and estimated fair values of the Company s financial instruments at June 30, 2011 and December 31, 2010:

	June 30, 2011		December 31, 2010	
(in thousands)	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value

Financial Assets:				
Cash and cash equivalents	$ 710,113	$ 710,113	$ 1,927,542	$ 1,927,542
Securities held to maturity	5,506,643	5,562,091	4,135,935	4,157,322
Securities available for sale	162,272	162,272	652,956	652,956
FHLB stock	424,737	424,737	446,014	446,014
Loans, net	28,838,867	29,324,967	29,041,595	29,454,199
Mortgage servicing rights	127,657	127,657	107,378	107,378
Derivatives	4,942	4,942	14,272	14,272
Financial Liabilities:				
Deposits	$ 21,797,711	$ 21,834,893	$ 21,809,051	$ 21,846,984
Borrowed funds	13,017,284	14,318,917	13,536,116	14,801,131
Derivatives	3,870	3,870	4,118	4,118

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The methods and significant assumptions used to estimate fair values for the Company s financial instruments are as follows:

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 Held to Maturity and Available for Sale

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 maturity and cash flow assumptions.

Federal Home Loan Bank Stock

The fair value of FHLB stock approximates the carrying amount, which is at cost.

Loans

The loan portfolio is segregated into various components for valuation purposes in order to group loans based on their significant financial characteristics, such as loan type (mortgages or other) and payment status (performing or non-performing). The estimated fair values of mortgage and other loans are computed by discounting the anticipated cash flows from the respective portfolios. The discount rates reflect current market rates for loans with similar terms to borrowers of similar credit quality. The estimated fair values of non-performing mortgage and other loans are based on recent collateral appraisals.

The methods used to estimate the fair value of loans are extremely sensitive to the assumptions and estimates used. While management has attempted to use assumptions and estimates that best reflect the Company s loan portfolio and current market conditions, a greater degree of subjectivity is inherent in these values than in those determined in active markets. Accordingly, readers are cautioned in using this information for purposes of evaluating the financial condition and/or value of the Company in and of itself or in comparison with any other company.

In addition, these methods of estimating fair value do not incorporate the exit-price concept of fair value described in ASC 820-10, Fair Value Measurements and Disclosures.

Loans Held for Sale

Fair value is based on independent quoted market prices, where available, and adjusted as necessary for such items as servicing value, guaranty fee premiums, and credit spread adjustments.

Mortgage Servicing Rights

MSRs do not trade in an active market with readily observable prices. Accordingly, the Company utilizes a valuation model that calculates the present value of estimated future cash flows. The model incorporates various assumptions, including estimates of prepayment speeds, discount rates, refinance rates, servicing costs, and ancillary income. The Company reassesses and periodically adjusts the underlying inputs and assumptions in the model to reflect market conditions and assumptions that a market participant would consider in valuing the MSR asset.

Derivative Financial Instruments

For exchange-traded futures and exchange-traded options, the fair value is based on observable quoted market prices in an active market. For forward commitments to buy and sell loans and mortgage-backed securities, the fair value is based on observable market prices for similar securities in an active market. For IRLCs for one-to-four family mortgage loans that the Company intends to sell, the fair value is based on internally developed models. The

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key model inputs primarily include the sum of the value of the forward commitment based on the loans expected settlement dates, the value of MSRs arrived at by an independent MSR broker, government agency price adjustment factors, and historical IRLC fall-out factors.

Deposits

The fair values of deposit liabilities with no stated maturity (i.e., NOW and money market accounts, savings accounts, and non-interest-bearing accounts) are equal to the carrying amounts payable on demand. The fair values of certificates of deposit (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 significant 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 June 30, 2011 and December 31, 2010.

Note 11: Derivative Financial Instruments

The Company s derivative financial instruments consist of financial forward and futures contracts, IRLCs, swaps, and options. These derivatives relate to mortgage banking operations, MSRs, and other risk management activities, and seek to mitigate or reduce the Company s exposure to losses from adverse changes in interest rates. These activities will vary in scope based on the level and volatility of interest rates, the type of assets held, and other changing market conditions.

The Company held derivatives not designated as hedges with a notional amount of $2.8 billion at June 30, 2011. Changes in the fair value of these derivatives are reflected in current-period earnings.

The following table sets forth information regarding the Company s derivative financial instruments at June 30, 2011:

	June 30, 2011		
	Notional	Unrealized[1]	
(in thousands)	**Amount**	**Gain**	**Loss**
Treasury options	$ 530,000	$	$ 3,491
Eurodollar futures	200,000	66	
Forward commitments to sell loans/mortgage-backed securities	1,039,070		2,306
Forward commitments to buy loans/mortgage-backed securities	545,000		191
Interest rate lock commitments	521,350	700	
Total derivatives	$ 2,835,420	$ 766	$ 5,988

(1) Derivatives in a net gain position are recorded as other assets and derivatives in a net loss position are recorded as other liabilities in the Consolidated Statements of Condition.

The Company uses various financial instruments, including derivatives, in connection with its strategies to reduce price risk resulting from changes in interest rates. Derivative instruments may include IRLCs entered into with borrowers or correspondents/brokers to acquire conforming fixed and adjustable rate residential mortgage loans that will be held for sale. Other derivative instruments include Treasury options and Eurodollar futures. Gains or losses due to changes in the fair value of derivatives are recognized in current-period earnings.

The Company enters into forward contracts to sell fixed rate mortgage-backed securities to protect against changes in the prices of conforming fixed rate loans held for sale. Forward contracts are entered into with securities

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dealers in an amount related to the portion of IRLCs that is expected to close. The value of these forward sales contracts moves inversely with the value of the loans in response to changes in interest rates.

To manage the price risk associated with fixed rate non-conforming mortgage loans, the Company generally enters into forward contracts on mortgage-backed securities or forward commitments to sell loans to approved investors. Short positions in Eurodollar futures contracts are used to manage price risk on adjustable rate mortgage loans held for sale.

The Company also purchases put and call options to manage the risk associated with variations in the amount of IRLCs that ultimately close.

In addition, the Company mitigates a portion of the risk associated with changes in the value of MSRs. The general strategy for hedging the value of servicing assets is to purchase hedge instruments that gain value when interest rates fall, thereby offsetting the corresponding decline in the value of the MSRs. The Company purchases call options on Treasury futures and enters into forward contracts to purchase fixed rate mortgage-backed securities to offset the risk of declines in the value of MSRs.

The following table sets forth the effect of derivative instruments on the Consolidated Statements of Income and Comprehensive Income for the periods indicated:

	Gain (Loss) Included in Mortgage Banking Income			
	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands)	**2011**	**2010**	**2011**	**2010**
Treasury options	$ 4,390	$ 1,900	$ 7,202	$ 1,678
Eurodollar futures	(1,718)	(576)	(1,310)	(1,127)
Forward commitments to buy/sell loans/mortgage-backed securities	1,832	(5,645)	(16,032)	(7,974)
Total gain (loss)	$ 4,504	$ (4,321)	$ (10,140)	$ (7,423)

Note 12: Segment Reporting

The Company s operations are divided into two reportable business segments: Banking Operations and Residential Mortgage Banking. These operating segments have been identified based on the Company s organizational structure. The segments require unique technology and marketing strategies and offer different products and services. While the Company is managed as an integrated organization, individual executive managers are held accountable for the operations of these business segments.

The Company measures and presents information for internal reporting purposes in a variety of ways. The internal reporting system presently used by management in the planning and measurement of operating activities, and to which most managers are held accountable, is based on organizational structure.

Unlike financial accounting, there is no comprehensive authoritative body of guidance for management accounting equivalent to GAAP. The performance of the segments is not comparable with the Company s consolidated results or with similar information presented by any other financial institution. Additionally, because of the interrelationships of the various segments, the information presented is not indicative of how the segments would perform if they operated as independent entities.

The management accounting process uses various estimates and allocation methodologies to measure the performance of the operating segments. To determine financial performance for each segment, the Company allocates capital, funding charges and credits, certain non-interest expenses, and income tax provisions to each segment, as applicable. Allocation methodologies are subject to periodic adjustment as the internal management accounting system is revised. Furthermore, business or product lines within the segments may change. In addition, because the development and application of these methodologies is a dynamic process, the financial results presented may be periodically revised.

The Company s overall objective is to maximize shareholder value by, among other things, optimizing return on equity and managing risk. Capital is assigned to each segment on an economic basis, using management s assessment of the inherent risks associated with the segment. Capital allocations are made to cover the following risk categories: credit risk, liquidity risk, interest rate risk, option risk, basis risk, market risk, and operational risk.

The Company allocates expenses to the reportable segments based on various methodologies, including volume and amount of loans and the number of full-time equivalent employees. A portion of operating expenses is not allocated, but is retained in corporate accounts. Such expenses include parent company costs that would not be incurred if the segments were stand-alone businesses, and other one-time items not aligned with the business segments. Income taxes are allocated to the various segments based on taxable income and statutory rates applicable to the segment.

Banking Operations Segment

Banking Operations serves individual and business customers by offering and servicing a variety of loan and deposit products and other financial services.

Residential Mortgage Banking Segment

The Residential Mortgage Banking segment originates, sells, and services one-to-four family mortgage loans. Mortgage loan products include fixed- and adjustable-rate conventional and jumbo loans for the purpose of purchasing or refinancing residential properties. The Residential Mortgage Banking segment earns interest on loans held in the warehouse and fee income from the origination of loans, and recognizes gains or losses from the sale of mortgage loans.

The following table provides a summary of the Company s segment results for the three months ended June 30, 2011, on an internally managed accounting basis.

	For the Three Months Ended June 30, 2011		
(in thousands)	**Banking Operations**	**Residential Mortgage Banking**	**Total Company**
Non-interest revenue third party[1]	$ 46,047	$ 12,841	$ 58,888
Non-interest revenue inter-segment	(4,777)	4,777	
Total non-interest revenue	41,270	17,618	58,888
Net interest income	298,689	3,255	301,944
Total net revenue	339,959	20,873	360,832
Provision for loan losses	23,708		23,708
Non-interest expense[2]	137,099	17,945	155,044
Income before income tax expense	179,152	2,928	182,080
Income tax expense	61,423	1,198	62,621
Net income	$ 117,729	$ 1,730	$ 119,459
Identifiable segment assets (period-end)	$ 39,933,758	$ 668,867	$ 40,602,625

(1) Includes ancillary fee income and leasing revenue.
(2) Includes both direct and indirect expenses.

The following table provides a summary of the Company s segment results for the six months ended June 30, 2011, on an internally managed accounting basis.

	For the Six Months Ended June 30, 2011		
(in thousands)	Banking Operations	Residential Mortgage Banking	Total Company
Non-interest revenue third party[(1)]	$ 84,384	$ 33,114	$ 117,498
Non-interest revenue inter-segment	(9,545)	9,545	
Total non-interest revenue	74,839	42,659	117,498
Net interest income	596,541	8,655	605,196
Total net revenue	671,380	51,314	722,694
Provision for loan losses	49,708		49,708
Non-interest expense[(2)]	265,899	35,847	301,746
Income before income tax expense	355,773	15,467	371,240
Income tax expense	122,277	6,328	128,605
Net income	$ 233,496	$ 9,139	$ 242,635
Identifiable segment assets (period-end)	$ 39,933,758	$ 668,867	$ 40,602,625

(1) Includes ancillary fee income and leasing revenue.
(2) Includes both direct and indirect expenses.

The following table provides a summary of the Company s segment results for the three months ended June 30, 2010, on an internally managed accounting basis.

	For the Three Months Ended June 30, 2010		
(in thousands)	Banking Operations	Residential Mortgage Banking	Total Company
Non-interest revenue third party[(1)]	$ 31,996	$ 40,520	$ 72,516
Non-interest revenue inter-segment	(3,450)	3,450	
Total non-interest revenue	28,546	43,970	72,516
Net interest income	290,396	3,805	294,201
Total net revenue	318,942	47,775	366,717
Provision for loan losses	22,000		22,000
Non-interest expense[(2)]	124,389	16,982	141,371
Income before income tax expense	172,553	30,793	203,346
Income tax expense	59,965	11,954	71,919
Net income	$ 112,588	$ 18,839	$ 131,427

Identifiable segment assets (period-end)	$ 41,037,122	$ 968,794	$ 42,005,916

(1) Includes ancillary fee income and leasing revenue.
(2) Includes both direct and indirect expenses.

The following table provides a summary of the Company s segment results for the six months ended June 30, 2010, on an internally managed accounting basis.

	For the Six Months Ended June 30, 2010		
(in thousands)	**Banking Operations**	**Residential Mortgage Banking**	**Total Company**
Non-interest revenue third party[1]	$ 57,451	$ 70,109	$ 127,560
Non-interest revenue inter-segment	(7,042)	7,042	
Total non-interest revenue	50,409	77,151	127,560
Net interest income	581,880	6,905	588,785
Total net revenue	632,289	84,056	716,345
Provision for loan losses	42,000		42,000
Non-interest expense[2]	244,648	33,470	278,118
Income before income tax expense	345,641	50,586	396,227
Income tax expense	121,014	19,637	140,651
Net income	$ 224,627	$ 30,949	$ 255,576
Identifiable segment assets (period-end)	$ 41,037,122	$ 968,794	$ 42,000,916

(1) Includes ancillary fee income and leasing revenue.
(2) Includes both direct and indirect expenses.

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Note 13. Impact of Recent Accounting Pronouncements

In June 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-05, Presentation of Comprehensive Income. Under ASU 2011-05, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income, either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders equity. ASU 2011-05 does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. ASU 2011-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. ASU 2011-05 should be applied retroactively. Early adoption is permitted, because compliance with the amendments is already permitted. The amendments do not require any transition disclosures.

In May 2011, the FASB issued ASU No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (IFRS). The amendments in ASU 2011-04 generally represent clarifications of Topic 820 (Fair Value), but also include some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. ASU 2011-04 results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and IFRS. The amendments in ASU 2011-04 are to be applied prospectively and are effective during interim and annual periods beginning after December 15, 2011. Early application is not permitted.

In April 2011, the FASB issued ASU No. 2011-03, Transfers and Servicing (Topic 860): Reconsideration of Effective Control for Repurchase Agreements. ASU 2011-03 is intended to improve financial reporting of repurchase agreements and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. The amendments in ASU 2011-03 remove from the assessment of effective control: (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee; and (2) the collateral maintenance implementation guidance related to that criterion. Other criteria applicable to the assessment of effective control are not changed by the amendments in ASU 2011-03. Those criteria indicate that the transferor is deemed to have maintained effective control over the financial assets transferred (and thus must account for the transaction as a secured borrowing) for agreements that both entitle and obligate the transferor to repurchase or redeem the financial assets before their maturity if all of the following conditions are met: (1) the financial assets to be repurchased or redeemed are the same or substantially the same as those transferred; (2) the agreement is to repurchase or redeem them before maturity, at a fixed or determinable price; and (3) the agreement is entered into contemporaneously with, or in contemplation of, the transfer. ASU 2011-03 is effective for the first interim or annual period beginning on or after December 15, 2011. ASU 2011-03 should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. Early adoption is not permitted. The adoption of ASU No. 2011-03 is not expected to have a material effect on the Company s consolidated statement of condition or results of operations.

In April 2011, the FASB also issued ASU No. 2011-02, A Creditor s Determination of Whether a Restructuring Is a Troubled Debt Restructuring. ASU 2011-02 clarifies which loan modifications constitute TDRs and is intended to assist creditors in determining whether a modification of the terms of a receivable meets the criteria to be considered a TDR, both for purposes of recording an impairment loss and for disclosure of TDRs. In addition, ASU 2011-02 requires the disclosure of certain information relating to TDRs as required by ASU 2010-20, Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses. These disclosures were previously deferred by ASU 2011-01, Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20. The new guidance is effective for interim and annual periods beginning on or after June 15, 2011, and applies retroactively to restructurings occurring on or after the beginning of the fiscal year of adoption. The adoption of ASU 2011-02 is not expected to have a material effect on the Company s consolidated statement of condition or results of operations.

In July 2010, the FASB issued ASU No. 2010-20 to improve the disclosures that an entity provides about the credit quality of its financing receivables and the related allowance for credit losses. As a result of these

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amendments, an entity is required to disaggregate, by portfolio segment or class, certain existing disclosures, and to provide certain new disclosures about its financing receivables and related allowance for credit losses. The disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. The amendments in ASU No. 2010-20 encourage, but do not require, comparative disclosures for earlier reporting periods that ended before initial adoption. However, an entity should provide comparative disclosures for those reporting periods ending after initial adoption. For further details on the Company s credit quality disclosures, please refer to Note 4, Loans and Note 5, Allowance for Loan Losses.

NEW YORK COMMUNITY BANCORP, INC.

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

For the purpose of this Quarterly Report on Form 10-Q, 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 and New York Commercial Bank (the Community Bank and the Commercial Bank, respectively, and collectively, the Banks).

Forward-Looking Statements and Associated Risk Factors

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 o such as will, would, should, could, may, or similar expressions. Our ability to predict results or the actual effects of our plans or strategies is inherently uncertain. Accordingly, actual results may differ materially from anticipated results.

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 interest rates, which may affect our net income, prepayment penalty income, mortgage banking income, and other future cash flows, or the market value of our assets, including our investment securities;
- 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;
- changes in our credit ratings or in our ability to access the capital markets;
- changes in our customer base or in the financial or operating performances of our customers businesses;
- changes in real estate values, which could impact the quality of the assets securing the loans in our portfolio;

changes in the quality or composition of our loan or securities portfolios;

changes in competitive pressures among financial institutions or from non-financial institutions;

the ability to successfully integrate any assets, liabilities, customers, systems, and management personnel of any banks we may acquire into our operations, and our ability to realize related revenue synergies and cost savings within expected time frames;

our use of derivatives to mitigate our interest rate exposure;

our ability to retain key members of management;

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;

any interruption or breach of security resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems;