NEW YORK COMMUNITY BANCORP INC
Form 10-Q
August 10, 2009
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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, 2009**

**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** | **(I.R.S. Employer** |

| | |
|---|---|
| **incorporation or organization)** | **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

345,206,434

Number of shares of common stock outstanding at August 4, 2009

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**NEW YORK COMMUNITY BANCORP, INC.**

**FORM 10-Q**

**Quarter Ended June 30, 2009**

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**NEW YORK COMMUNITY BANCORP, INC.**

**CONSOLIDATED STATEMENTS OF CONDITION**

(in thousands, except share data)

| | June 30, 2009 (unaudited) | December 31, 2008 |
|---|---|---|
| **Assets:** | | |
| Cash and cash equivalents | $ 162,764 | $ 203,216 |
| Securities available for sale: | | |
| Mortgage-related ($684,924 and $811,152 pledged, respectively) | 749,709 | 833,684 |
| Other securities ($9,339 and $78,847 pledged, respectively) | 99,404 | 176,818 |
| Total available-for-sale securities | 849,113 | 1,010,502 |
| Securities held to maturity: | | |
| Mortgage-related ($2,795,646 and $3,131,098 pledged, respectively) (fair value of $2,877,393 and $3,199,414, respectively) | 2,813,348 | 3,164,856 |
| Other securities ($1,442,076 and $1,359,912 pledged, respectively) (fair value of $1,878,197 and $1,628,387, respectively) | 1,976,425 | 1,726,135 |
| Total held-to-maturity securities | 4,789,773 | 4,890,991 |
| Total securities | 5,638,886 | 5,901,493 |
| Loans, net of deferred loan fees and costs | 22,777,163 | 22,192,212 |
| Less: Allowance for loan losses | (98,082) | (94,368) |
| Loans, net | 22,679,081 | 22,097,844 |
| Federal Home Loan Bank of New York ( FHLB-NY ) stock, at cost | 439,063 | 400,979 |
| Premises and equipment, net | 211,137 | 217,762 |
| Goodwill | 2,436,401 | 2,436,401 |
| Core deposit intangibles, net | 76,617 | 87,780 |
| Bank-owned life insurance | 702,123 | 691,429 |
| Other assets | 514,051 | 430,002 |
| Total assets | $ 32,860,123 | $ 32,466,906 |
| **Liabilities and Stockholders Equity:** | | |
| Deposits: | | |
| NOW and money market accounts | $ 4,424,433 | $ 3,818,952 |
| Savings accounts | 2,756,674 | 2,632,078 |
| Certificates of deposit | 6,046,646 | 6,796,971 |
| Non-interest-bearing accounts | 1,126,328 | 1,127,647 |
| Total deposits | 14,354,081 | 14,375,648 |
| Borrowed funds: | | |
| FHLB-NY advances | 8,430,528 | 7,708,064 |
| Repurchase agreements | 4,225,000 | 4,485,000 |
| Federal funds purchased | 250,000 | 150,000 |
| Junior subordinated debentures | 483,987 | 484,216 |

| | | |
|---|---|---|
| Other borrowings | 669,488 | 669,430 |
| Total borrowed funds | 14,059,003 | 13,496,710 |
| Other liabilities | 236,373 | 375,302 |
| Total liabilities | 28,649,457 | 28,247,660 |
| 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; 345,208,226 and 344,985,111 shares issued, respectively; 345,208,174 and 344,985,111 shares outstanding, respectively) | 3,452 | 3,450 |
| Paid-in capital in excess of par | 4,187,864 | 4,181,599 |
| Retained earnings | 97,125 | 123,511 |
| Treasury stock (52 and 0 shares at the respective dates) | (1) | |
| Unallocated common stock held by Employee Stock Ownership Plan ( ESOP ) | (1,473) | (1,995) |
| Accumulated other comprehensive loss, net of tax ( AOCL ): | | |
| Net unrealized loss on securities and non-credit portion of other-than-temporary impairment ( OTTI ) losses, net of tax | (24,185) | (32,506) |
| Net unrealized loss on securities transferred from available for sale to held to maturity, net of tax | (4,323) | (4,706) |
| Net unrealized loss on pension and post-retirement obligations, net of tax | (47,793) | (50,107) |
| Total accumulated other comprehensive loss, net of tax | (76,301) | (87,319) |
| Total stockholders equity | 4,210,666 | 4,219,246 |
| Total liabilities and stockholders equity | $ 32,860,123 | $ 32,466,906 |

See accompanying notes to the unaudited consolidated financial statements.

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**NEW YORK COMMUNITY BANCORP, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

(in thousands, except per share data)

(unaudited)

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| **Interest Income:** | | | | |
| Mortgage and other loans | $ 321,640 | $ 310,396 | $ 643,357 | $ 623,384 |
| Securities and money market investments | 80,056 | 82,904 | 158,445 | 172,240 |
| Total interest income | 401,696 | 393,300 | 801,802 | 795,624 |
| **Interest Expense:** | | | | |
| NOW and money market accounts | 7,314 | 13,144 | 14,877 | 27,312 |
| Savings accounts | 3,565 | 5,869 | 7,781 | 11,874 |
| Certificates of deposit | 44,617 | 65,799 | 97,340 | 142,373 |
| Borrowed funds | 128,615 | 177,938 | 257,304 | 322,056 |
| Total interest expense | 184,111 | 262,750 | 377,302 | 503,615 |
| Net interest income | 217,585 | 130,550 | 424,500 | 292,009 |
| Provision for loan losses | 12,000 | 1,700 | 18,000 | 1,700 |
| Net interest income after provision for loan losses | 205,585 | 128,850 | 406,500 | 290,309 |
| **Non-interest (Loss) Income:** | | | | |
| Total loss on OTTI of securities | (51,073) | (49,595) | (51,073) | (49,595) |
| Less: Non-credit portion of OTTI recorded in other comprehensive income (before taxes) | 11,345 | | 11,345 | |
| Net loss on OTTI recognized in earnings | (39,728) | (49,595) | (39,728) | (49,595) |
| Fee income | 9,282 | 10,210 | 18,573 | 20,794 |
| Bank-owned life insurance | 6,728 | 7,134 | 13,568 | 13,879 |
| Net gain on sale of securities | | 568 | | 568 |
| Gain on debt repurchases | | | | 926 |
| Other | 6,007 | 9,024 | 12,052 | 19,266 |
| Total non-interest (loss) income | (17,711) | (22,659) | 4,465 | 5,838 |
| **Non-interest Expense:** | | | | |
| Operating expenses: | | | | |
| Compensation and benefits | 45,045 | 43,340 | 87,467 | 86,406 |
| Occupancy and equipment | 17,907 | 17,212 | 36,643 | 34,922 |
| General and administrative | 38,975 | 21,948 | 61,728 | 39,990 |

| | | | | |
|---|---|---|---|---|
| Total operating expenses | 101,927 | 82,500 | 185,838 | 161,318 |
| Debt repositioning charge | | 285,369 | | 285,369 |
| Amortization of core deposit intangibles | 5,476 | 5,821 | 11,163 | 11,853 |
| Total non-interest expense | 107,403 | 373,690 | 197,001 | 458,540 |
| Income (loss) before income taxes | 80,471 | (267,499) | 213,964 | (162,393) |
| Income tax expense (benefit) | 24,023 | (112,716) | 68,827 | (79,981) |
| **Net Income (Loss)** | $ 56,448 | $ (154,783) | $ 145,137 | $ (82,412) |
| Other comprehensive income (loss), net of tax: | | | | |
| Change in net unrealized gain (loss) on securities and non-credit portion of OTTI for the period | 1,264 | 15,519 | 9,294 | 3,967 |
| Change in pension and post-retirement obligations | 1,111 | 50 | 2,314 | 151 |
| Total comprehensive income (loss), net of tax | $ 58,823 | $ (139,214) | $ 156,745 | $ (78,294) |
| **Basic earnings (loss) per share** | $ 0.16 | $ (0.47) | $ 0.42 | $ (0.25) |
| **Diluted earnings (loss) per share** | $ 0.16 | $ (0.47) | $ 0.42 | $ (0.25) |

See accompanying notes to the unaudited 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, 2009 |
|---|---|
| **Common Stock (Par Value: $0.01):** | |
| Balance at beginning of year | $ 3,450 |
| Shares issued for restricted stock awards (223,115 shares) | 2 |
| Balance at end of period | 3,452 |
| **Paid-in Capital in Excess of Par:** | |
| Balance at beginning of year | 4,181,599 |
| Allocation of ESOP stock | 1,354 |
| Issuances of restricted stock, net of forfeitures | (1,235) |
| Compensation expense related to restricted stock awards | 4,803 |
| Exercise of stock options | 22 |
| Tax effect of stock plans | 1,321 |
| Balance at end of period | 4,187,864 |
| **Retained Earnings:** | |
| Balance at beginning of year | 123,511 |
| Net income | 145,137 |
| Dividends paid on common stock ($0.50 per share) | (172,113) |
| Adjustment for the cumulative effect of applying FASB Staff Position FAS 115-2 ( FSP FAS 115-2 ), net of tax | 590 |
| Balance at end of period | 97,125 |
| **Treasury Stock:** | |
| Balance at beginning of year | |
| Purchase of common stock (109,807 shares) | (1,262) |
| Exercise of stock options (2,320 shares) | 28 |
| Shares issued for restricted stock awards (107,435 shares) | 1,233 |
| Balance at end of period | (1) |
| **Unallocated Common Stock Held by ESOP:** | |
| Balance at beginning of year | (1,995) |
| Earned portion of ESOP | 522 |
| Balance at end of period | (1,473) |
| **Accumulated Other Comprehensive Loss, net of tax:** | |
| Balance at beginning of year | (87,319) |

| | | |
|---|---|---|
| Change in net unrealized loss on securities available for sale, net of tax of $5,520 | | (8,391) |
| Adjustment for the cumulative effect of applying FSP FAS 115-2, net of tax of $377 | | (590) |
| Reclassification adjustment for OTTI losses recognized in earnings, net of tax of $(15,506) | | 24,222 |
| Non-credit portion of OTTI losses recognized in other comprehensive income, net of tax of $4,425 | | (6,920) |
| Amortization of net unrealized loss on securities transferred from available for sale to held to maturity, net of tax of $(252) | | 383 |
| Change in pension and post-retirement obligations, net of tax of $(1,479) | | 2,314 |
| Balance at end of period | | (76,301) |
| Total stockholders equity | $ | 4,210,666 |

See accompanying notes to the unaudited 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, 2009 | Six Months Ended June 30, 2008 |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Net income (loss) | $ 145,137 | $ (82,412) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | |
| Provision for loan losses | 18,000 | 1,700 |
| Depreciation and amortization | 10,016 | 9,958 |
| Accretion of discounts, net | (3,943) | (4,785) |
| Net change in net deferred loan origination costs and fees | (932) | 4,633 |
| Amortization of core deposit intangibles | 11,163 | 11,853 |
| Net gain on sale of securities | | (568) |
| Net gain on sale of loans | (285) | (152) |
| Stock plan-related compensation | 6,679 | 6,887 |
| Loss on OTTI of securities recognized in earnings | 39,728 | 49,595 |
| Changes in assets and liabilities: | | |
| Increase in deferred tax asset, net | (16,138) | (18,927) |
| Increase in other assets | (85,622) | (112,954) |
| Decrease in other liabilities | (135,111) | (42,629) |
| Origination of loans held for sale | (50,619) | (25,335) |
| Proceeds from sale of loans originated for sale | 43,032 | 23,480 |
| **Net cash used in operating activities** | (18,895) | (179,656) |
| **Cash Flows from Investing Activities:** | | |
| Proceeds from repayment of securities held to maturity | 1,900,150 | 1,449,965 |
| Proceeds from repayment of securities available for sale | 150,050 | 162,914 |
| Proceeds from sale of securities available for sale | | 11,438 |
| Purchase of securities held to maturity | (1,808,546) | (1,469,186) |
| Purchase of securities available for sale | | (12,320) |
| Net (purchase) redemption of FHLB-NY stock | (38,084) | 2,821 |
| Net increase in loans | (590,433) | (612,594) |
| Purchase of loans | | (45,500) |
| Proceeds from sale of loans | | 25,035 |
| Purchase of premises and equipment, net | (3,391) | (5,547) |
| **Net cash used in investing activities** | (390,254) | (492,974) |
| **Cash Flows from Financing Activities:** | | |
| Net (decrease) increase in deposits | (21,567) | 223,503 |
| Net increase in short-term borrowings | 512,500 | 1,021,100 |
| Net increase (decrease) in long-term borrowings | 49,793 | (817,004) |
| Tax effect of stock plans | 1,321 | 2,270 |
| Proceeds from issuance of common stock | | 339,152 |
| Cash dividends paid on common stock | (172,113) | (162,026) |
| Treasury stock purchases | (1,262) | (2,160) |

| | | | | |
|---|---|---|---|---|
| Net cash received from stock option exercises | | 25 | | 12,177 |
| **Net cash provided by financing activities** | | 368,697 | | 617,012 |
| Net decrease in cash and cash equivalents | | (40,452) | | (55,618) |
| Cash and cash equivalents at beginning of period | | 203,216 | | 335,743 |
| Cash and cash equivalents at end of period | $ | 162,764 | $ | 280,125 |
| Supplemental information: | | | | |
| Cash paid for interest | $ | 380,345 | $ | 523,463 |
| Cash paid for income taxes | | 162,382 | | 22,074 |
| Non-cash investing activities: | | | | |
| Mortgage loans securitized and transferred to mortgage-related securities held to maturity, net | $ | | $ | 71,307 |
| Transfer to other real estate owned from loans | | 561 | | |

See accompanying notes to the unaudited consolidated financial statements.

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NEW YORK COMMUNITY BANCORP, INC.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of New York Community Bancorp, Inc. and subsidiaries (the Company ), including its two principal banking subsidiaries, New York Community Bank (the Community Bank ) and New York Commercial Bank (the Commercial Bank ). The unaudited consolidated financial statements reflect all normal recurring adjustments that, in the opinion of management, are necessary to present a fair statement of the results for the periods presented. There are no other adjustments reflected in the accompanying consolidated financial statements. The results of operations for the three and six months ended June 30, 2009 are not necessarily indicative of the results of operations that may be expected for all of 2009.

Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ( GAAP ) have been condensed or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC ).

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 balances and transactions have been eliminated. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company s 2008 Annual Report on Form 10-K.

Certain reclassifications have been made to the prior-period consolidated financial statements to conform to the June 30, 2009 presentation.

Note 2. Stock-based Compensation

At June 30, 2009, the Company had 6,021,509 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 ). Under the 2006 Stock Incentive Plan, the Company granted 365,000 shares of restricted stock in the six months ended June 30, 2009, with an average fair value of $11.79 per share on the date of grant and a vesting period of five years. The six-month amount includes 335,000 shares that were granted in the second quarter with an average fair value of $11.73 per share on the date of grant. Compensation and benefits expense related to restricted stock grants is recognized on a straight-line basis over the vesting period, and totaled $2.3 million and $2.1 million, respectively, in the three months ended June 30, 2009 and 2008, and $4.8 million and $3.7 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, 2009 is presented in the following table:

| | For the Six Months Ended June 30, 2009 | |
|---|---|---|
| | Number of Shares | Weighted Average Grant Date Fair Value |
| Unvested at January 1, 2009 | 2,346,345 | $ 14.95 |
| Granted | 365,000 | 11.79 |
| Vested | (475,100) | 16.94 |
| Forfeited | (31,850) | 13.40 |
| Unvested at June 30, 2009 | 2,204,395 | 14.02 |

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As of June 30, 2009, unrecognized compensation cost relating to unvested restricted stock totaled $27.8 million. This amount will be recognized over a remaining weighted average period of 3.9 years.

In addition, the Company had eleven stock option plans at June 30, 2009: the 1993 and 1997 New York Community Bancorp, Inc. Stock Option Plans; the 1993 and 1996 Haven Bancorp, Inc. Stock Option Plans; the 1998 Richmond County Financial Corp. Stock Compensation Plan; the T R Financial Corp. 1993 Incentive Stock Option Plan; the Roslyn Bancorp, Inc. 1997 and 2001 Stock-based Incentive Plans; the 1998 Long Island Financial Corp. Stock Option Plan; and the 2003 and 2004 Synergy Financial Group, Inc. Stock Option Plans (all eleven 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.

In connection with its adoption of Statement of Financial Accounting Standards ( SFAS ) No. 123R, Share-based Payment, on January 1, 2006, and using the modified prospective approach, the Company recognizes 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. However, as there were no unvested options at any time during the six months ended June 30, 2009 or the year ended December 31, 2008, the Company did not record any compensation and benefits expense relating to stock options during these periods.

Generally, 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, 2009, there were 13,438,645 stock options outstanding. The number of shares available for future issuance under the Stock Option Plans was 800 at June 30, 2009.

The status of the Company s Stock Option Plans at June 30, 2009 and the changes that occurred during the six months ended at that date are summarized in the following table:

| | For the Six Months Ended June 30, 2009 | |
|---|---|---|
| | **Number of Stock Options** | **Weighted Average Exercise Price** |
| Stock options outstanding and exercisable at January 1, 2009 | 13,702,712 | $ 15.50 |
| Exercised | (2,320) | 10.78 |
| Forfeited | (261,747) | 15.15 |
| Stock options outstanding and exercisable at June 30, 2009 | 13,438,645 | 15.51 |

Total stock options outstanding and exercisable at June 30, 2009 had a weighted average remaining contractual life of 2.71 years, a weighted average exercise price of $15.51 per share, and an aggregate intrinsic value of $1.2 million. The intrinsic values of options exercised during the six months ended June 30, 2009 and 2008 were $464.00 and $7.1 million, respectively.

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Note 3. Securities

The following tables summarize the Company s portfolio of securities available for sale at June 30, 2009 and December 31, 2008:

| | June 30, 2009 | | | |
|---|---|---|---|---|
| **(in thousands)** | **Amortized Cost** | **Gross Unrealized Gain** | **Gross Unrealized Loss** | **Fair Value** |
| Mortgage-related Securities: | | | | |
| GSE[1] certificates | $ 162,769 | $ 7,130 | $ | $ 169,899 |
| GSE CMOs[2] | 463,035 | 13,801 | 515 | 476,321 |
| Private label CMOs | 112,493 | | 9,004 | 103,489 |
| Total mortgage-related securities | $ 738,297 | $ 20,931 | $ 9,519 | $ 749,709 |
| Other Securities: | | | | |
| Corporate bonds | $ 15,813 | $ 18 | $ 3,490 | $ 12,341 |
| State, county, and municipal | 6,529 | 1 | 209 | 6,321 |
| Capital trust notes | 44,083 | 109 | 12,084 | 32,108 |
| Preferred stock | 31,400 | 148 | 14,752 | 16,796 |
| Common stock | 42,413 | 581 | 11,156 | 31,838 |
| Total other securities | $ 140,238 | $ 857 | $ 41,691 | $ 99,404 |
| Total securities available for sale[3] | $ 878,535 | $ 21,788 | $ 51,210 | $ 849,113 |

(1) Government-sponsored enterprises
(2) Collateralized mortgage obligations
(3) As of June 30, 2009, the non-credit portion of OTTI recorded in AOCL was $471,000 pre-tax.

| | December 31, 2008 | | | |
|---|---|---|---|---|
| **(in thousands)** | **Amortized Cost** | **Gross Unrealized Gain** | **Gross Unrealized Loss** | **Fair Value** |
| Mortgage-related Securities: | | | | |
| GSE certificates | $ 180,132 | $ 5,160 | $ | $ 185,292 |
| GSE CMOs | 519,389 | 9,727 | 154 | 528,962 |
| Private label CMOs | 139,332 | | 19,902 | 119,430 |
| Total mortgage-related securities | $ 838,853 | $ 14,887 | $ 20,056 | $ 833,684 |
| Other Securities: | | | | |
| GSE debentures | $ 59,478 | $ 2,481 | $ | $ 61,959 |
| Corporate bonds | 30,814 | | 12,064 | 18,750 |
| State, county, and municipal | 6,528 | | 387 | 6,141 |
| Capital trust notes | 44,337 | | 14,471 | 29,866 |
| Preferred stock | 31,400 | 150 | 14,010 | 17,540 |
| Common stock | 53,343 | 151 | 10,932 | 42,562 |
| Total other securities | $ 225,900 | $ 2,782 | $ 51,864 | $ 176,818 |

| | | | | |
|---|---|---|---|---|
| Total securities available for sale | $ 1,064,753 | $ 17,669 | $ 71,920 | $ 1,010,502 |

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The following tables summarize the Company s portfolio of securities held to maturity at June 30, 2009 and December 31, 2008:

| (in thousands) | June 30, 2009 Amortized Cost | Carrying Amount | Gross Unrealized Gain | Gross Unrealized Loss | Fair Value |
|---|---|---|---|---|---|
| Mortgage-related Securities: | | | | | |
| GSE certificates | $ 259,335 | $ 259,335 | $ 15,383 | $ | $ 274,718 |
| GSE CMOs | 2,547,200 | 2,547,200 | 65,296 | 16,634 | 2,595,862 |
| Other mortgage-related securities | 6,813 | 6,813 | | | 6,813 |
| Total mortgage-related securities | $ 2,813,348 | $ 2,813,348 | $ 80,679 | $ 16,634 | $ 2,877,393 |
| Other Securities: | | | | | |
| GSE debentures | $ 1,657,589 | $ 1,657,589 | $ 5 | $ 20,863 | $ 1,636,731 |
| Corporate bonds | 111,089 | 111,089 | 3,194 | 4,936 | 109,347 |
| Capital trust notes | 218,620 | 207,747 | 1,391 | 77,019 | 132,119 |
| Total other securities | $ 1,987,298 | $ 1,976,425 | $ 4,590 | $ 102,818 | $ 1,878,197 |
| Total securities held to maturity(1) | $ 4,800,646 | $ 4,789,773 | $ 85,269 | $ 119,452 | $ 4,755,590 |

(1) Held-to-maturity securities are reported at a carrying amount equal to amortized cost less the non-credit portion of OTTI recorded in AOCL as a result of adopting FSP FAS 115-2. As of June 30, 2009, the non-credit portion recorded in AOCL was $10.9 million (before taxes).

| (in thousands) | December 31, 2008 Amortized Cost | Gross Unrealized Gain | Gross Unrealized Loss | Fair Value |
|---|---|---|---|---|
| Mortgage-related Securities: | | | | |
| GSE certificates | $ 282,441 | $ 12,515 | $ | $ 294,956 |
| GSE CMOs | 2,875,878 | 40,944 | 18,901 | 2,897,921 |
| Other mortgage-related securities | 6,537 | | | 6,537 |
| Total mortgage-related securities | $ 3,164,856 | $ 53,459 | $ 18,901 | $ 3,199,414 |
| Other Securities: | | | | |
| GSE debentures | $ 1,372,593 | $ 3,574 | $ | $ 1,376,167 |
| Corporate bonds | 133,165 | 153 | 26,561 | 106,757 |
| Capital trust notes | 220,377 | | 74,914 | 145,463 |
| Total other securities | $ 1,726,135 | $ 3,727 | $ 101,475 | $ 1,628,387 |
| Total securities held to maturity | $ 4,890,991 | $ 57,186 | $ 120,376 | $ 4,827,801 |

Total pre-tax OTTI for the quarter ended June 30, 2009 was $51.1 million and the net OTTI that was recognized in earnings was $39.7 million. This OTTI related to credit loss was attributable to capital trust notes and was determined through a present-value analysis of expected cash flows on the securities. The significant inputs that the Company used to determine these expected cash flows were the anticipated magnitude and timing of interest payment deferrals, if any, and the underlying creditworthiness of the individual issuers whose debt acts as collateral for these single issue and pooled trust preferred securities.

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The following table presents a rollforward of the credit loss component of OTTI on debt securities for which a non-credit component of OTTI was recognized in other comprehensive income. The beginning balance represents the credit loss component for debt securities for which OTTI occurred prior to April 1, 2009. OTTI recognized in earnings after that date for credit-impaired debt securities is presented as additions 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). Changes in the credit loss component of credit-impaired debt securities were as follows:

| (in thousands) | | For the Three Months Ended June 30, 2009 |
|---|---|---|
| Beginning balance as of April 1, 2009 | $ | 103,350 |
| Add: Initial other-than-temporary credit losses | | 38,509 |
| Additional other-than-temporary credit losses | | 1,219 |
| Less: Realized losses for securities sold | | |
| Securities intended or required to be sold | | |
| Increases in expected cash flows on debt securities | | |
| Ending balance as of June 30, 2009 | $ | 143,078 |

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The following table presents held-to-maturity and available-for-sale securities having a continuous unrealized loss position for less than twelve months or for twelve months or longer as of June 30, 2009:

| **At June 30, 2009** | **Less than Twelve Months** | | **Twelve Months or Longer** | | **Total** | |
|---|---|---|---|---|---|---|
| **(in thousands)** | **Fair Value** | **Unrealized Loss** | **Fair Value** | **Unrealized Loss** | **Fair Value** | **Unrealized Loss** |
| Held-to-Maturity Debt Securities: | | | | | | |
| GSE debentures | $ 1,586,731 | $ 20,863 | $ | $ | $ 1,586,731 | $ 20,863 |
| GSE CMOs | 304,595 | 4,130 | 236,397 | 12,504 | 540,992 | 16,634 |
| Corporate bonds | 12,973 | 72 | 35,744 | 4,864 | 48,717 | 4,936 |
| Capital trust notes | 42,027 | 16,740 | 72,562 | 60,279 | 114,589 | 77,019 |
| Total held-to-maturity debt securities | $ 1,946,326 | $ 41,805 | $ 344,703 | $ 77,647 | $ 2,291,029 | $ 119,452 |
| Available-for-Sale Securities: | | | | | | |
| Debt Securities: | | | | | | |
| GSE CMOs | $ 34,521 | $ 515 | $ | $ | $ 34,521 | $ 515 |
| Private label CMOs | 44,161 | 7,793 | 59,328 | 1,211 | 103,489 | 9,004 |
| Corporate bonds | 8,611 | 1,389 | 2,655 | 2,101 | 11,266 | 3,490 |
| State, county, and municipal | 1,195 | 97 | 5,000 | 112 | 6,195 | 209 |
| Capital trust notes | 15,999 | 4,147 | 12,801 | 7,937 | 28,800 | 12,084 |
| Total available-for-sale debt securities | $ 104,487 | $ 13,941 | $ 79,784 | $ 11,361 | $ 184,271 | $ 25,302 |
| Equity securities | 13,767 | 9,183 | 21,795 | 16,725 | 35,562 | 25,908 |
| Total available-for-sale securities | $ 118,254 | $ 23,124 | $ 101,579 | $ 28,086 | $ 219,833 | $ 51,210 |

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The following table presents held-to-maturity and available-for-sale securities having a continuous unrealized loss position for less than twelve months or for twelve months or longer as of December 31, 2008:

| **At December 31, 2008** | **Less than Twelve Months** | | **Twelve Months or Longer** | | **Total** | |
|---|---|---|---|---|---|---|
| **(in thousands)** | **Fair Value** | **Unrealized Loss** | **Fair Value** | **Unrealized Loss** | **Fair Value** | **Unrealized Loss** |
| Held-to-Maturity Debt Securities: | | | | | | |
| GSE CMOs | $ 10,223 | $ 279 | $ 637,364 | $ 18,622 | $ 647,587 | $ 18,901 |
| Corporate bonds | 71,224 | 20,080 | 5,350 | 6,481 | 76,574 | 26,561 |
| Capital trust notes | 69,478 | 15,405 | 75,985 | 59,509 | 145,463 | 74,914 |
| Total held-to-maturity debt securities | $ 150,925 | $ 35,764 | $ 718,699 | $ 84,612 | $ 869,624 | $ 120,376 |
| Available-for-Sale Securities: | | | | | | |
| Debt Securities: | | | | | | |
| GSE CMOs | $ | $ | $ 39,603 | $ 154 | $ 39,603 | $ 154 |
| Private label CMOs | | | 119,430 | 19,902 | 119,430 | 19,902 |
| Corporate bonds | 9,500 | 1,575 | 9,250 | 10,489 | 18,750 | 12,064 |
| State, county, and municipal | 1,137 | 276 | 5,004 | 111 | 6,141 | 387 |
| Capital trust notes | 19,781 | 12,015 | 6,885 | 2,456 | 26,666 | 14,471 |
| Total available-for-sale debt securities | $ 30,418 | $ 13,866 | $ 180,172 | $ 33,112 | $ 210,590 | $ 46,978 |
| Equity securities | 15,950 | 11,850 | 20,376 | 13,092 | 36,326 | 24,942 |
| Total available-for-sale securities | $ 46,368 | $ 25,716 | $ 200,548 | $ 46,204 | $ 246,916 | $ 71,920 |

In April 2009, the Financial Accounting Standards Board (the FASB ) amended the OTTI model for debt securities. The impairment model for equity securities was not affected. Under the new guidance, an OTTI loss 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 basis. 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 of a credit loss, 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. The guidance also requires additional disclosures regarding the calculation of credit losses as well as factors considered in reaching a conclusion that an investment is not other-than-temporarily impaired. The Company adopted the new guidance effective April 1, 2009. The Company recorded a $967,000 pre-tax transition adjustment for the non-credit portion of OTTI on securities held at April 1, 2009 that were previously considered 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 available-for-sale securities, the Company recognizes an impairment loss equal to the full difference between the amortized cost basis and 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 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 lives of the underlying collateral to assess whether credit losses exist and, where applicable under Emerging Issues Task Force ( EITF ) Issue 99-20, 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, 2009, the Company does not intend to sell the securities with an unrealized loss position in AOCL, and it is not more likely than not that the Company will be required to sell these securities before recovery of their amortized cost basis. The Company believes that the securities with an unrealized loss in AOCL are not other-than-temporarily impaired as of June 30, 2009.

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 which 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 Operations and Comprehensive Income (Loss).

The unrealized losses on the Company s GSE CMOs 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 U.S. GSEs. Accordingly, it is expected that the 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, 2009.

The Company s unrealized losses on corporate bonds and capital trust notes relate to investments in various financial institutions. The unrealized losses were primarily caused by market interest rate volatility and a significant widening of interest rate spreads across market sectors relating to continued illiquidity and uncertainty in the

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financial markets. Each of these securities was purchased based on an individual assessment of the financial institutions issuing such securities. This assessment included, but was not limited to, a review of credit ratings (if any), as well as an underwriting process designed to determine the financial institutions creditworthiness.

The Company reviews quarterly financial information as well as other information that is released by each financial institution to determine the continued creditworthiness of the securities issued by them. 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 not that the Company will be required to sell the investments before 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, 2009. It is possible that these securities will perform worse than is currently expected, which could lead to adverse changes in cash flows on these securities and potential OTTI losses in the future. Events that may occur in the future at the financial institutions that issued these securities may trigger material unrecoverable declines in fair values for the Company s investments and therefore may result in future potential OTTI losses. Such events include, but are not limited to, government intervention, deteriorating asset quality, and significantly higher loan loss provisions, net operating losses, and further illiquidity in the financial markets.

The unrealized losses on the Company s private label CMOs were primarily caused by market interest rate volatility and a significant widening of interest rate spreads across market sectors relating to the continued illiquidity and uncertainty in the financial markets, rather than to credit risk. 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 like 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, 2009. 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 on these securities and future OTTI losses. 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, 2009, the equity securities portfolio consisted of perpetual preferred and common stock, and mutual funds. 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 there has been no evidence of deterioration in the creditworthiness of the issuer. If deterioration occurs, an equity security impairment model is used. The unrealized losses on the Company s equity securities were primarily caused by market volatility and a significant widening of 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, 2009.

Nonetheless, it is possible that these equity securities will perform worse than currently expected, which could lead to adverse changes in their fair value or the failure of the securities to fully recover in value as presently forecasted by management, causing the Company to record OTTI or other losses in future periods. Events that could trigger material declines in the fair values of these securities in the future 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 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.

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The following tables summarize the carrying value and estimated fair value of held-to-maturity securities and the amortized cost and estimated fair value of available-for-sale debt securities at June 30, 2009 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 end of the estimated average life 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 Value | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (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 | $ | % | $ | % | $ | % | $ 14,037 | 9.44% | $ 13,939 |
| Due from one to five years | | | | | | | 32,764 | 6.34 | 31,742 |
| Due from five to ten years | | | 1,657,589 | 4.45 | | | 23,029 | 5.20 | 1,660,456 |
| Due after ten years | 2,813,348 | 5.17 | | | | | 249,006 | 6.92 | 3,049,453 |
| Total debt securities held to maturity | $ 2,813,348 | 5.17% | $ 1,657,589 | 4.45% | $ | % | $ 318,836 | 6.85% | $ 4,755,590 |

| | Amortized Cost | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (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 |
| Available-for-Sale Securities:[3] | | | | | | | | | |
| Due within one year | $ | % | $ | % | $ | % | $ | % | $ |
| Due from one to five years | 2,571 | 5.14 | | | 495 | 5.51 | 11,056 | 8.00 | 12,828 |
| Due from five to ten years | 15,077 | 6.96 | | | 2,427 | 6.47 | 4,757 | 2.69 | 20,279 |
| Due after ten years | 720,649 | 5.27 | | | 3,607 | 6.67 | 44,083 | 5.24 | 767,372 |
| Total debt securities available for sale | $ 738,297 | 5.30% | $ | % | $ 6,529 | 6.51% | $ 59,896 | 5.55% | $ 800,479 |

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

(2) Includes corporate bonds and capital trust notes. Included in capital trust notes are $20.9 million and $623,000 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.

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Note 4. Loans, net

The following table provides a summary of the Company s loan portfolio at the dates indicated:

| | June 30, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| (dollars in thousands) | Amount | Percent of Total | Amount | Percent of Total |
| Mortgage loans: | | | | |
| Multi-family | $ 16,226,085 | 71.22% | $ 15,728,264 | 70.85% |
| Commercial real estate | 4,775,287 | 20.96 | 4,553,550 | 20.51 |
| Acquisition, development, and construction | 727,534 | 3.19 | 778,364 | 3.51 |
| 1-4 family | 240,451 | 1.05 | 266,307 | 1.20 |
| Total mortgage loans | 21,969,357 | 96.42 | 21,326,485 | 96.07 |
| Net deferred loan origination fees | (6,455) | | (6,940) | |
| Mortgage loans, net | 21,962,902 | | 21,319,545 | |
| Other loans: | | | | |
| Commercial and industrial | 672,258 | | 713,099 | |
| Consumer | 141,295 | | 158,907 | |
| Lease financing, net | 1,033 | | 1,433 | |
| Total other loans | 814,586 | 3.58 | 873,439 | 3.93 |
| Net deferred loan origination fees | (325) | | (772) | |
| Total other loans, net | 814,261 | | 872,667 | |
| Less: Allowance for loan losses | 98,082 | | 94,368 | |
| Loans, net | $ 22,679,081 | 100.00% | $ 22,097,844 | 100.00% |

The following table provides a summary of activity in the allowance for loan losses at the dates indicated:

| (in thousands) | At or For the Six Months Ended June 30, 2009 | At or For the Year Ended December 31, 2008 |
|---|---|---|
| Balance at beginning of period | $ 94,368 | $ 92,794 |
| Provision for loan losses | 18,000 | 7,700 |
| Charge-offs | (14,296) | (6,168) |
| Recoveries | 10 | 42 |
| Balance at end of period | $ 98,082 | $ 94,368 |

As of June 30, 2009, the Company had $5.4 million of loans classified as troubled debt restructurings, as defined in SFAS No. 15, Accounting by Debtors and Creditors for Troubled Debt Restructurings. There were no loans classified as troubled debt restructurings as of December 31, 2008.

Note 5. Borrowed Funds

The following table provides a summary of the Company s borrowed funds at the dates indicated:

| **(in thousands)** | **June 30, 2009** | **December 31, 2008** |
|---|---|---|
| Wholesale borrowings: | | |
| FHLB-NY advances | $ 8,430,528 | $ 7,708,064 |
| Repurchase agreements | 4,225,000 | 4,485,000 |
| Federal funds purchased | 250,000 | 150,000 |
| Total wholesale borrowings | 12,905,528 | 12,343,064 |
| Junior subordinated debentures | 483,987 | 484,216 |
| Senior debt | 601,688 | 601,630 |
| Preferred stock of subsidiaries | 67,800 | 67,800 |
| Total borrowed funds | $ 14,059,003 | $ 13,496,710 |

At June 30, 2009, the Company had $484.0 million of outstanding junior subordinated deferrable interest debentures ( junior subordinated debentures ) held by nine statutory business trusts (the Trusts ) that issued

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guaranteed capital securities. The capital securities qualified as Tier 1 capital of the Company at that date. The Trusts are accounted for as unconsolidated subsidiaries in accordance with FASB Interpretation No. 46R, Consolidation of Variable Interest Entities (Revised December 2003). The proceeds of each issuance were invested in a series of junior subordinated debentures of the Company. 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, 2009:

| Issuer | Interest Rate of Capital Securities and Debentures(1) | 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(2) |
| Queens County Capital Trust I | 11.045 | 10,309 | 10,000 | July 26, 2000 | July 19, 2030 | July 19, 2010 |
| Queens Statutory Trust I | 10.600 | 15,464 | 15,000 | September 7, 2000 | September 7, 2030 | September 7, 2010 |
| New York Community Capital Trust V | 6.000 | 192,020 | 183,515 | November 4, 2002 | November 1, 2051 | November 4, 2007(3) |
| New York Community Capital Trust X | 2.229 | 123,712 | 120,000 | December 14, 2006 | December 15, 2036 | December 15, 2011 |
| LIF Statutory Trust I | 10.600 | 7,862 | 7,630 | September 7, 2000 | September 7, 2030 | September 7, 2010 |
| PennFed Capital Trust II | 10.180 | 13,348 | 12,976 | March 28, 2001 | June 8, 2031 | June 8, 2011 |
| PennFed Capital Trust III | 3.879 | 30,928 | 30,000 | June 2, 2003 | June 15, 2033 | June 15, 2008(2) |
| New York Community Capital Trust XI | 2.248 | 67,011 | 65,000 | April 16, 2007 | June 30, 2037 | June 30, 2012 |
| | | $ 483,987 | $ 466,671 | | | |

(1) Excludes the effect of purchase accounting adjustments.
(2) Callable at anytime subsequent to this date.
(3) Callable subject to certain conditions as described in the prospectus filed with the SEC on November 4, 2002.

On July 29, 2009, the Company announced the commencement of an offer to exchange shares of its common stock for any and all of the 5,498,544 outstanding units of its Bifurcated Option Note Unit SecuritiES[SM] (the BONUSES units ). The BONUSES units were issued on November 4, 2002 by the Company and are listed on the New York Stock Exchange under the symbol NYB.PrU. Each unit consists of a trust preferred security issued by New York Community Capital Trust V and a warrant to purchase shares of the Company s common stock.

All holders of BONUSES units are eligible to participate in the exchange offer, the terms and conditions of which are set forth in an Offer to Exchange and a related Letter of Transmittal that were sent to current holders of the BONUSES units and filed on July 29, 2009 with the SEC on a Schedule TO. Any BONUSES unit that is not exchanged will remain outstanding. Any BONUSES unit that is validly tendered and accepted for exchange in the Exchange Offer will be retired and cancelled.

The Exchange Ratio to be used to determine the number of shares of the Company s common stock to be exchanged for each BONUSES unit will be calculated at 4:30 p.m., New York City time, on the second trading day immediately preceding the expiration date for the Exchange Offer, as such date may be extended (the Pricing Date ). As more fully described in the Offer to Exchange and Letter of Transmittal, the minimum Exchange Ratio will be 2.4953 common shares for each BONUSES unit that is validly tendered and accepted, and the maximum Exchange Ratio will be 4.4953 common shares. The Exchange Ratio will be rounded to the nearest fourth decimal place.

The Exchange Offer is expected to expire at 11:59 p.m., New York City time, on August 25, 2009, unless extended by the Company, and the settlement date is expected to be three days following the expiration date.

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Note 6. 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, | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| **(in thousands)** | **Pension Benefits** | **Post-retirement Benefits** | **Pension Benefits** | **Post-retirement Benefits** |
| Components of net periodic expense (credit): | | | | |
| Interest cost | $ 1,611 | $ 228 | $ 1,604 | $ 234 |
| Service cost | | 1 | | 2 |
| Expected return on plan assets | (2,576) | | (3,752) | |
| Unrecognized past service liability | 50 | (62) | 50 | (62) |
| Amortization of unrecognized loss | 1,746 | 75 | 49 | 34 |
| Net periodic expense (credit) | $ 831 | $ 242 | $ (2,049) | $ 208 |

| | For the Six Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| **(in thousands)** | **Pension Benefits** | **Post-retirement Benefits** | **Pension Benefits** | **Post-retirement Benefits** |
| Components of net periodic expense (credit): | | | | |
| Interest cost | $ 3,222 | $ 455 | $ 3,208 | $ 468 |
| Service cost | | 2 | | 4 |
| Expected return on plan assets | (5,151) | | (7,504) | |
| Unrecognized past service liability | 100 | (124) | 100 | (124) |
| Amortization of unrecognized loss | 3,492 | 151 | 98 | 68 |
| Net periodic expense (credit) | $ 1,663 | $ 484 | $ (4,098) | $ 416 |

As discussed in the notes to the consolidated financial statements presented in the Company s 2008 Annual Report on

Form 10-K, the Company expects to contribute to its pension and post-retirement plans in 2009.

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Note 7. Computation of Earnings (Loss) per Share [(1)]

The following table presents the Company s computation of basic and diluted earnings (loss) per share for the periods indicated:

| (in thousands, except share and per share data) | Three Months Ended June 30, 2009 | Three Months Ended June 30, 2008 | Six Months Ended June 30, 2009 | Six Months Ended June 30, 2008 |
|---|---|---|---|---|
| Net income (loss) | $ 56,448 | $ (154,783) | $ 145,137 | $ (82,412) |
| Less: Dividends paid on participating securities | (463) | (342) | (945) | (315) |
| Earnings (loss) applicable to common stock | $ 55,985 | $ (155,125) | $ 144,192 | $ (82,727) |
| Weighted average common shares outstanding | 343,549,598 | 331,271,217 | 343,435,986 | 326,995,127 |
| Basic earnings (loss) per common share | $ 0.16 | $ (0.47) | $ 0.42 | $ (0.25) |
| Earnings (loss) applicable to common stock | $ 55,985 | $ (155,125) | $ 144,192 | $ (82,727) |
| Weighted average common shares outstanding | 343,549,598 | 331,271,217 | 343,435,986 | 326,995,127 |
| Potential dilutive common shares[(2)] | 75,745 | N.A. | 76,798 | N.A. |
| Total shares for diluted earnings per share computation | 343,625,343 | 331,271,217 | 343,512,784 | 326,995,127 |
| Diluted earnings (loss) per common share and common share equivalents | $ 0.16 | $ (0.47) | $ 0.42 | $ (0.25) |

(1) In June 2008, the FASB issued FSP EITF 03-6-1, Determining Whether Instruments Granted In Share-Based Payment Transactions Are Participating Securities, which clarifies that 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 earnings per share. 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 will have earnings allocated to them.

(2) Options to purchase 13.1 million and 13.1 million shares, respectively, of the Company s common stock that were outstanding in the three and six months ended June 30, 2009, and options to purchase 14.3 million shares of the Company s common stock that were outstanding in the three and six months ended June 30, 2008, were not included in the respective computation of diluted earnings per share because their inclusion would have had an antidilutive effect.

Note 8. Fair Value Measurement

On January 1, 2008, the Company adopted SFAS No. 157, Fair Value Measurements, which, among other things, defines fair value; establishes a consistent framework for measuring fair value; and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. SFAS No. 157 clarifies that fair value is an exit price, representing the amount that would be received when selling an asset, or paid when transferring a liability, in an orderly transaction between market participants. Fair value is thus a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, SFAS No. 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are significant unobservable inputs that reflect a company s own assumptions about the assumptions that market participants use in pricing an asset or liability.

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A financial instrument s categorization within this valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table presents, by SFAS No. 157 valuation hierarchy, assets that were measured at fair value on a recurring basis as of June 30, 2009, and that were included in the Company s Consolidated Statement of Condition at that date:

| | Fair Value Measurements at June 30, 2009 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** |
| Mortgage-related Securities: | | | | |
| GSE certificates | $ | $ 169,899 | $ | $ 169,899 |
| GSE CMOs | | 476,321 | | 476,321 |
| Private label CMOs | | 103,489 | | 103,489 |
| Total mortgage-related securities | | 749,709 | | 749,709 |
| Other Securities: | | | | |
| Corporate bonds | | 12,341 | | 12,341 |
| State, county, and municipal | | 6,321 | | 6,321 |
| Capital trust notes | | 12,628 | 19,480 | 32,108 |
| Preferred stock | | 16,796 | | 16,796 |
| Common stock | 31,838 | | | 31,838 |
| Total other securities | 31,838 | 48,086 | 19,480 | 99,404 |
| Total securities available for sale | $ 31,838 | $ 797,795 | $ 19,480 | $ 849,113 |

Instruments for which unobservable inputs are significant to their fair value measurement (i.e., Level 3) include certain less liquid securities. Level 3 assets accounted for 0.06% of the Company s total assets at June 30, 2009.

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 also 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.

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, both of which are classified within Level 3, the determination of fair value may require benchmarking to similar instruments or 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 security. 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.

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Each of the methods described above may produce a fair value estimate that may not be indicative of net realizable value or reflective of future fair values. Furthermore, 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 value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**Changes in Level 3 Fair Value Measurements**

The tables below include a rollforward of the balance sheet amounts for the six-month periods ended June 30, 2009 and 2008 (including the change in fair value) for financial instruments classified in Level 3 of the valuation hierarchy.

| (dollars in thousands) | Fair Value January 1, 2009 | Total Realized/Unrealized Gains/(Losses) Recorded in Income | Comprehensive Income | Purchases, Issuances, and Settlements, net | Transfers in/out of Level 3 | Fair Value June 30, 2009 | Change in Unrealized Gains and (Losses) Related to Instruments Held at June 30, 2009 |
|---|---|---|---|---|---|---|---|
| Available-for-sale debt securities: | | | | | | | |
| Capital securities | $ 14,590 | $ (1,220) | $ 4,288 | $ (253) | $ 2,075 | $ 19,480 | $ 3,744 |

| (dollars in thousands) | Fair Value January 1, 2008 | Total Realized/Unrealized Gains/(Losses) Recorded in Income | Comprehensive Income | Purchases, Issuances, and Settlements, net | Transfers in/out of Level 3 | Fair Value June 30, 2008 | Change in Unrealized Gains and (Losses) Related to Instruments Held at June 30, 2008 |
|---|---|---|---|---|---|---|---|
| Available-for-sale debt securities: | | | | | | | |
| Capital securities | $ 65,952 | $ (37,163) | $ 8,447 | $ (588) | $ | $ 36,648 | $ (28,716) |

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). For the Company, such assets include goodwill, core deposit intangibles, other real estate owned, other long-lived assets, loans held for sale, certain impaired loans, and mortgage servicing rights, all of which are generally classified within Level 3 of the valuation hierarchy. With the exception of a $477.0 million fair value adjustment relating to primarily collateral-dependent impaired loans (which was taken into consideration in computing the required balance for the allowance for loan losses for the period ended June 30, 2009), no amounts were recorded in the Consolidated Statement of Operations and Comprehensive Income (Loss) for the six months ended June 30, 2009 due to fair value adjustments on such assets. The fair values of collateral-dependent impaired loans are determined using various valuation techniques, including consideration of appraised values and other pertinent real estate market data.

Other Fair Value Disclosures

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 applicable 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 the instrument.

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The following table summarizes the carrying values and estimated fair values of the Company s on-balance-sheet financial instruments at June 30, 2009 and December 31, 2008:

| | June 30, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| (in thousands) | Carrying Value | Estimated Fair Value | Carrying Value | Estimated Fair Value |
| Financial Assets: | | | | |
| Cash and cash equivalents | $ 162,764 | $ 162,764 | $ 203,216 | $ 203,216 |
| Securities held to maturity | 4,789,773 | 4,755,590 | 4,890,991 | 4,827,801 |
| Securities available for sale | 849,113 | 849,113 | 1,010,502 | 1,010,502 |
| FHLB-NY stock | 439,063 | 439,063 | 400,979 | 400,979 |
| Loans, net | 22,679,081 | 22,809,306 | 22,097,844 | 22,891,568 |
| Financial Liabilities: | | | | |
| Deposits | $ 14,354,081 | $ 14,415,985 | $ 14,375,648 | $ 14,445,003 |
| Borrowed funds | 14,059,003 | 15,196,231 | 13,496,710 | 15,165,647 |

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, 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 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 also incorporate transaction details, such as maturity and cash flow assumptions.

Federal Home Loan Bank of New York Stock

The fair value of FHLB-NY 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 approximate the carrying amounts, which are at cost.

The methods used to estimate fair value are highly 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.

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

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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 on either bid quotations received from securities dealers or on the discounted value of contractual cash flows with interest rates currently in effect for borrowed funds with similar maturities and structure.

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 not material at June 30, 2009 and December 31, 2008.

Note 9. Impact of Recent Accounting Pronouncements

In July 2009, the FASB released the FASB Accounting Standards Codification (the Codification ) as the single source of authoritative nongovernmental U.S. generally accepted accounting principles. The Codification is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards documents are superseded, as described in SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a Replacement of SFAS No. 162. All other accounting literature not included in the Codification is non-authoritative.

In June 2009, the FASB issued SFAS No. 166, Accounting for Transfers of Financial Assets, and No. 167, Amendments to FASB Interpretation No. 46(R). SFAS No. 166 is a revision to SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, and will require more information about transfers of financial assets, including securitization transactions, and where companies have continuing exposure to the risks related to transferred financial assets. SFAS No. 166 eliminates the concept of a qualifying special-purpose entity, changes the requirements for derecognizing financial assets, and requires additional disclosures. SFAS No. 167 is a revision to FASB Interpretation No. 46(R*),* Consolidation of Variable Interest Entities*,* and changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity s purpose and design and a company s ability to direct the activities of the entity that most significantly impact the entity s economic performance. These statements will be effective as of the beginning of the first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The Company does not expect the adoption of SFAS Nos. 166 and 167 to have a material impact on its consolidated financial condition or results of operations.

In June 2009, the FASB issued SFAS No. 165, Subsequent Events. SFAS No. 165 is intended to establish general standards of accounting for, and disclosing, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date that is, whether that date represents the date the financial statements were issued or were available to be issued.

In particular, SFAS No. 165 sets forth:

- The period after the balance sheet date during which the management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements;

- The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and

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The disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

In April 2009, the FASB issued three final FSPs that provide additional application guidance and enhance disclosures regarding fair value measurements and impairments of securities. FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly, provides guidelines for making fair value measurements more consistent with the principles presented in SFAS No. 157. FSP FAS No. 107-1 and Accounting Principles Board ( APB ) 28-1, Interim Disclosures about Fair Value of Financial Instruments enhance consistency in financial reporting by increasing the frequency of fair value disclosures. FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments provide additional guidance with respect to accounting for, and presenting, impairment losses on securities.

FSP FAS 157-4 addresses the determination of fair values when there is no active market or where the price inputs being used represent distressed sales. It reaffirms the objective of fair value measurement as set forth in SFAS No. 157, i.e., to reflect how much an asset would be sold for in an orderly transaction (the exit price, as opposed to a distressed or forced transaction) at the date of the financial statements and under current market conditions. It specifically reaffirms the need to use judgment in ascertaining if a formerly active market has become inactive and in determining fair values when markets have become inactive.

FSP FAS 107-1 and APB 28-1 relate to fair value disclosures for financial instruments held by public companies. Prior to issuing this FSP, fair values for such instruments were disclosed only once a year. The FSP now requires quarterly disclosures that provide qualitative and quantitative information about fair value estimates for those financial instruments.

FSP FAS 115-2 and FAS 124-2, which relate to other-than-temporary impairment, are intended to bring greater consistency to the timing of impairment recognition, and to provide greater clarity to investors about the credit and non-credit components of impaired debt securities that are not intended or expected to be sold. The measure of impairment in comprehensive income remains fair value. The FSP also requires increased and more timely disclosure regarding expected cash flows, credit losses, and the aging of securities with unrealized losses. A cumulative-effect adjustment is required to be recorded at the adoption date of the FSPs with respect to certain previously recognized OTTI.

Each of the aforementioned FSPs is effective for interim and annual periods ending after June 15, 2009 and was adopted by the Company on April 1, 2009. The Company s adoption of FSP 157-4 had an immaterial effect on its fair value estimates. The effect of adopting FSP FAS 115-2 is disclosed in Note 3. The additional disclosures required by FSP FAS 107-1 and APB 28-1 are provided in Note 8.

In June 2008, the FASB issued FSP EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities, which clarifies that unvested stock-based compensation awards containing non-forfeitable rights to dividends are considered participating securities and therefore are included in the two-class method calculation of earnings per share. 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. Since certain of these dividends are non-forfeitable, the unvested awards are considered participating securities and will have earnings allocated to them. The adoption of FSP EITF 03-6-1 on January 1, 2009 had an immaterial effect on the Company s earnings per share for the three and six months ended June 30, 2009 and 2008.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of SFAS No. 133. SFAS No. 161 requires enhanced disclosures about derivative instruments and hedged items that are accounted for under SFAS No. 133 and related interpretations. SFAS No. 161 is effective for interim and annual financial statements for periods beginning after November 15, 2008, with early adoption permitted. The Company s adoption of SFAS No. 161 on January 1, 2009 did not have an impact on its financial statement disclosures as the Company does not currently engage in such activities.

In December 2007, the FASB issued SFAS No. 141R, Business Combinations (revised 2007). SFAS No. 141R requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose the information necessary to evaluate and understand the nature and financial effect of the business combination. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first fiscal year that commences after December 15, 2008. The Company will apply SFAS No. 141R to any business combinations that may occur after the effective date, and believes that the standard could have a material impact on its accounting for such transactions.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements. SFAS No. 160 improves the relevance, comparability, and transparency of financial information provided to investors by requiring all entities to report noncontrolling (minority) interests in subsidiaries in the same way, i.e., as equity in the consolidated financial statements. In addition, SFAS No. 160 eliminates the diversity that existed in accounting for transactions between an entity and noncontrolling interests by requiring that they be treated as equity transactions. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. The Company s adoption of SFAS No. 160 on January 1, 2009 did not have a material impact on its financial condition or results of operations.

Note 10. Subsequent Events

In accordance with SFAS No. 165, the Company has evaluated whether any subsequent events that require recognition or disclosure in the accompanying financial statements and notes thereto have taken place through the date these financial statements were issued (August 10, 2009). The Company has determined that there are no such subsequent events, other than the Exchange Offer described in Note 5.

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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 and trends, either nationally or in some or all of the areas in which we and our customers conduct our respective businesses;
- Conditions in the securities and real estate markets or the banking industry;
- Changes in interest rates, which may affect our net income, prepayment penalty income, and other future cash flows, or the market value of our assets, including our investment securities;
- 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;
- Changes in our customer base or in the financial or operating performances of our customers businesses;
- Changes in the demand for our deposit, loan, and investment products and other financial services in the markets we serve;

Changes in deposit flows and wholesale borrowing facilities;

Changes in our credit ratings or in our ability to access the capital markets;

Changes in our estimates of future reserves based upon the periodic review thereof under relevant regulatory and accounting requirements;

Changes in our capital management policies, including those regarding business combinations, dividends, and share repurchases, among others;

Our ability to retain key members of management;

Changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action, including, but not limited to, those pertaining to banking, securities, taxation, rent regulation and housing, environmental protection, and insurance; and the ability to comply with such changes in a timely manner;

Changes in accounting principles, policies, practices, or guidelines;

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Changes in the monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board of Governors;

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;

Operational issues stemming from, and/or capital spending necessitated by, the potential need to adapt to industry changes in information technology systems, on which we are highly dependent;

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

Any interruption in customer service due to circumstances beyond our control;

Potential exposure to unknown or contingent liabilities of companies we have acquired or target for acquisition;

The outcome of pending or threatened litigation, or of other matters before regulatory agencies, or of matters resulting from regulatory exams, whether currently existing or commencing in the future;

Environmental conditions that exist or may exist on properties owned by, leased by, or mortgaged to the Company;

War or terrorist activities; and

Other economic, competitive, governmental, regulatory, and geopolitical factors affecting our operations, pricing, and services.

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

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

Readers are cautioned not to place undue reliance on the forward-looking statements contained herein, which speak only as of the date of this report. Except as required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.

**Reconciliations of Stockholders Equity and Tangible Stockholders Equity, Total Assets and Tangible Assets, and the Related Measures**

Although tangible stockholders equity, adjusted tangible stockholders equity, tangible assets, and adjusted tangible assets are not measures that are calculated in accordance with generally accepted accounting principles ( GAAP ), our management uses these non-GAAP measures in its analysis of our performance. We believe that these non-GAAP measures are important indications of our ability to grow both organically and through business combinations and, with respect to tangible stockholders equity and adjusted tangible stockholders equity, our ability to pay dividends and to engage in various capital management strategies.

We calculate tangible stockholders equity by subtracting from stockholders equity the sum of our goodwill and core deposit intangibles ( CDI ), and calculate tangible assets by subtracting the same sum from our total assets. To calculate our ratio of tangible stockholders equity to tangible assets, we divide our tangible stockholders equity by our tangible assets, both of which include an amount for accumulated other comprehensive loss, net of tax ( AOCL ). AOCL consists of after-tax net unrealized losses on securities; certain other-than-temporary impairment ( OTTI ) losses on securities; and pension and post-retirement obligations, and is recorded in our Consolidated Statements of Condition. We also calculate our ratio of tangible stockholders equity to tangible assets excluding AOCL, as its components are impacted by changes in market conditions, including interest rates, which fluctuate. This ratio is referred to below and earlier in this report as the ratio of adjusted tangible stockholders equity to adjusted tangible assets.

Neither tangible stockholders equity, adjusted tangible stockholders equity, tangible assets, adjusted tangible assets, nor the related tangible and adjusted tangible capital measures should be considered in isolation or as a substitute for stockholders

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equity or any other capital measure prepared in accordance with GAAP. Moreover, the manner in which we calculate these non-GAAP capital measures may differ from that of other companies reporting measures of capital with similar names.

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Reconciliations of our stockholders equity, tangible stockholders equity, and adjusted tangible stockholders equity; our total assets, tangible assets, and adjusted tangible assets; and the related capital measures at June 30, 2009 and December 31, 2008 follow:

| (dollars in thousands) | June 30, 2009 | December 31, 2008 |
|---|---|---|
| Total stockholders equity | $ 4,210,666 | $ 4,219,246 |
| Less: Goodwill | (2,436,401) | (2,436,401) |
| Core deposit intangibles | (76,617) | (87,780) |

Tangible stockholders&