

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2023

OR

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

Commission file number: **001-16577**

NEW YORK COMMUNITY BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

06-1377322

(I.R.S. Employer Identification No.)

102 Duffy Avenue, Hicksville, New York

(Address of principal executive offices)

11801

(Zip Code)

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

Large Accelerated Filer Accelerated Filer Smaller Reporting Company
Non-Accelerated Filer Emerging growth company

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

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

The number of shares of the registrant's common stock outstanding as of August 7, 2023 was 722,475,292 shares.

NEW YORK COMMUNITY BANCORP, INC.
FORM 10-Q
FOR THE QUARTER ENDED June 30, 2023
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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

The following list of abbreviations and acronyms are provided as a tool for the reader and may be used throughout this Report, including the Consolidated Financial Statements and Notes:

Term	Definition	Term	Definition
ACL	Allowance for Credit Losses	FHLB	Federal Home Loan Bank
ADC	Acquisition, development, and construction loan	FHLB-NY	Federal Home Loan Bank of New York
ALCO	Asset and Liability Management Committee	FOAL	Fallout-Adjusted Locks
AOCL	Accumulated other comprehensive loss	FOMC	Federal Open Market Committee
ASC	Accounting Standards Codification	FRB	Federal Reserve Board
ASU	Accounting Standards Update	FRB-NY	Federal Reserve Bank of New York
BaaS	Banking as a Service	Freddie Mac	Federal Home Loan Mortgage Corporation
BOLI	Bank-owned life insurance	FTEs	Full-time equivalent employees
BP	Basis point(s)	GAAP	U.S. generally accepted accounting principles
C&I	Commercial and industrial loan	GLBA	The Gramm Leach Bliley Act
CDs	Certificates of deposit	GNMA	Government National Mortgage Association
CECL	Current Expected Credit Loss	GSE	Government-sponsored enterprises
CFPB	Consumer Financial Protection Bureau	HPI	Housing Price Index
CMOs	Collateralized mortgage obligations	LGG	Loans with government guarantees
CMT	Constant maturity treasury rate	LHFS	Loans Held-for-Sale
CPI	Consumer Price Index	LIBOR	London Interbank Offered Rate
CPR	Constant prepayment rate	LTV	Loan-to-value ratio
CRA	Community Reinvestment Act	MBS	Mortgage-backed securities
CRE	Commercial real estate loan	MRSs	Mortgage servicing rights
DIF	Deposit Insurance Fund	NIM	Net interest margin
DFA	Dodd-Frank Wall Street Reform and Consumer Protection Act	NOL	Net operating loss
DSCR	Debt service coverage ratio	NPAs	Non-performing assets
EAR	Earnings at Risk	NPLs	Non-performing loans
EPS	Earnings per common share	NPV	Net Portfolio Value
ERM	Enterprise Risk Management	NYSE	New York Stock Exchange
ESOP	Employee Stock Ownership Plan	OCC	Office of the Comptroller of the Currency
EVE	Economic Value of Equity at Risk	OREO	Other real estate owned
Fannie Mae	Federal National Mortgage Association	PAA	Purchase accounting adjustments
FASB	Financial Accounting Standards Board	ROU	Right of use asset
FCA	the United Kingdom's Financial Conduct Authority	SBA	Small Business Administration
FDI Act	Federal Deposit Insurance Act	Signature	Signature Bridge Bank, N.A.
FDIC	Federal Deposit Insurance Corporation	SEC	U.S. Securities and Exchange Commission
FHA	Federal Housing Administration	SOFR	Secured Overnight Financing Rate
FHFA	Federal Housing Finance Agency	TDR	Troubled debt restructurings

GLOSSARY

BARGAIN PURCHASE GAIN

The amount by which the fair value of assets purchased exceeds the fair value of liabilities assumed and consideration given.

BASIS POINT

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

BOOK VALUE PER COMMON SHARE

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

BROKERED DEPOSITS

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

CHARGE-OFF

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

COMMERCIAL REAL ESTATE LOAN

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

COST OF FUNDS

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

CRE CONCENTRATION RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DERIVATIVE

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

EFFICIENCY RATIO

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

GOODWILL

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

GOVERNMENT-SPONSORED ENTERPRISES

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

GSE OBLIGATIONS

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

INTEREST RATE SENSITIVITY

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

INTEREST RATE SPREAD

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

LOAN-TO-VALUE RATIO

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

MULTI-FAMILY LOAN

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

NET INTEREST INCOME

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

NET INTEREST MARGIN

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

NON-ACCRUAL LOAN

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

NON-PERFORMING LOANS AND ASSETS

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

OREO AND OTHER REPOSSESSED ASSETS

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

RENT-REGULATED APARTMENTS

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

TROUBLED DEBT MODIFICATION

A loan for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties.

WHOLESALE BORROWINGS

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

YIELD

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

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 subsidiary, Flagstar Bank, N.A. (the “Bank”).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING LANGUAGE

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

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

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

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

- general economic conditions, including higher inflation and its impacts, either nationally or in some or all of the areas in which we and our customers conduct our respective businesses;
- conditions in the securities markets and real estate markets or the banking industry;
- changes in real estate values, which could impact the quality of the assets securing the loans in our portfolio;
- changes in interest rates, which may affect our net income, prepayment penalty income, and other future cash flows, or the market value of our assets, including our investment securities;
- any uncertainty relating to the LIBOR transition process;
- changes in the quality or composition of our loan or securities portfolios;
- changes in our capital management policies, including those regarding business combinations, dividends, and share repurchases, among others;
- heightened regulatory focus on commercial real estate loan concentrations;
- changes in competitive pressures among financial institutions or from non-financial institutions;
- changes in deposit flows and wholesale borrowing facilities;
- changes in the demand for deposit, loan, and investment products and other financial services in the markets we serve;
- our timely development of new lines of business and competitive products or services in a changing environment, and the acceptance of such products or services by our customers;
- our ability to obtain timely shareholder and regulatory approvals of any merger transactions or corporate restructurings we may propose.;
- our ability to successfully integrate any assets, liabilities, customers, systems, and management personnel we may acquire into our operations, and our ability to realize related revenue synergies and cost savings within expected time frames, including our recent acquisition of Flagstar Bancorp, Inc. and the purchase and assumption of certain assets and liabilities of Signature Bridge Bank;
- changes in the estimated fair value of the assets that we recorded in connection with the purchase and assumption of certain assets and liabilities of Signature Bridge Bank;
- potential exposure to unknown or contingent liabilities of companies we have acquired, may acquire, or target for acquisition, including our recent acquisition of Flagstar Bancorp, Inc. and the purchase and assumption of certain assets and liabilities of Signature Bridge Bank;
- the success of our previously announced investment in, and partnership with, Figure Technologies, Inc., a FinTech company focusing on payment and lending via blockchain technology;
- the ability to invest effectively in new information technology systems and platforms;
- changes in future allowance for credit losses requirements under relevant accounting and regulatory requirements;
- the ability to pay future dividends at currently expected rates;

- the ability to hire and retain key personnel;
- the ability to attract new customers and retain existing ones in the manner anticipated;
- changes in our customer base or in the financial or operating performances of our customers' businesses;
- any interruption in customer service due to circumstances beyond our control;
- the outcome of pending or threatened litigation, or of matters before regulatory agencies, whether currently existing or commencing in the future, including with respect to any litigation or regulatory actions related to the business practices of acquired companies, including our recent acquisition of Flagstar Bancorp, Inc. and the purchase and assumption of certain assets and liabilities of Signature Bridge Bank;
- environmental conditions that exist or may exist on properties owned by, leased by, or mortgaged to the Company;
- cybersecurity incidents, including any interruption or breach of security resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems;
- operational issues stemming from, and/or capital spending necessitated by, the potential need to adapt to industry changes in information technology systems, on which we are highly dependent;
- the ability to keep pace with, and implement on a timely basis, technological changes;
- changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action, and other changes pertaining to banking, securities, taxation, rent regulation and housing (the New York Housing Stability and Tenant Protection Act of 2019), financial accounting and reporting, environmental protection, insurance, and the ability to comply with such changes in a timely manner;
- changes in the monetary and fiscal policies of the U.S. Government, including policies of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System;
- changes in accounting principles, policies, practices, and guidelines;
- changes in regulatory expectations relating to predictive models we use in connection with stress testing and other forecasting or in the assumptions on which such modeling and forecasting are predicated;
- changes to federal, state, and local income tax laws;
- changes in our credit ratings or in our ability to access the capital markets;
- increases in our FDIC insurance premium;
- legislative and regulatory initiatives related to climate change;
- the potential impact to the Company from climate change, including higher regulatory compliance, increased expenses, operational changes, and reputational risks;
- unforeseen or catastrophic events including natural disasters, war, terrorist activities, and the emergence of a pandemic;
- the impacts related to or resulting from Russia's military action in Ukraine, including the broader impacts to financial markets and the global macroeconomic and geopolitical environment;
- the effects of the COVID-19, pandemic; and
- other economic, competitive, governmental, regulatory, technological, and geopolitical factors affecting our operations, pricing, and services.

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

Furthermore, on an ongoing basis, we evaluate opportunities to expand through mergers and acquisitions and opportunities for strategic combinations with other banking organizations. Our evaluation of such opportunities involves discussions with other parties, due diligence, and negotiations. As a result, we may decide to enter into definitive arrangements regarding such opportunities at any time.

In addition to the risks and challenges described above, these types of transactions involve a number of other risks and challenges, including:

- the ability to successfully integrate branches and operations and to implement appropriate internal controls and regulatory functions relating to such activities;
- the ability to limit the outflow of deposits, and to successfully retain and manage any loans;
- the ability to attract new deposits, and to generate new interest-earning assets, in geographic areas that have not been previously served;
- our ability to effectively manage liquidity, including our success in deploying any liquidity arising from a transaction into assets bearing sufficiently high yields without incurring unacceptable credit or interest rate risk;
- the ability to obtain cost savings and control incremental non-interest expense;
- the ability to retain and attract appropriate personnel;
- the ability to generate acceptable levels of net interest income and non-interest income, including fee income, from acquired operations;
- the diversion of management's attention from existing operations;
- the ability to address an increase in working capital requirements; and

- limitations on the ability to successfully reposition our post-merger balance sheet when deemed appropriate.

See Item 1A, Risk Factors, in our Form 10-K for the year ended December 31, 2022, our Form 10-Q for the quarter ended March 31, 2023 and this Form 10-Q for a further discussion of important risk factors that could cause actual results to differ materially from our forward-looking statements.

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

PART I. FINANCIAL INFORMATION

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

EXECUTIVE SUMMARY

At June 30, 2023, total assets were \$118.8 billion, up \$28.7 billion compared to December 31, 2022. Total deposits were \$88.5 billion at June 30, 2023, up \$29.8 billion from December 31, 2022. These year-to-date increases were primarily due to our March 20, 2023, assumption of a substantial amount of the deposits and certain identified liabilities and the acquisition of certain assets and lines of business of Signature Bridge Bank, from the FDIC, as receiver for Signature Bridge Bank (the "Signature Transaction"). See Note 3 "Business Combinations" to the Consolidated Financial Statements for further information regarding the Signature Transaction.

For the three months ended June 30, 2023, net income was \$413 million as compared to \$2.0 billion for the three months ended March 31, 2023. Net income available to common stockholders for the three months ended June 30, 2023 was \$405 million, compared to \$2.0 billion for the three months ended March 31, 2023. Diluted EPS totaled \$0.55 for the three months ended June 30, 2023 compared to \$2.87 for the three months ended March 31, 2023.

Second quarter 2023 and first quarter 2023 net income and diluted EPS were impacted by a bargain purchase gain of \$141 million and \$2.0 billion, respectively arising from the purchase and assumption of certain assets and liabilities in the Signature Transaction. Also included in net income for the three months ended June 30, 2023 and March 31, 2023, were merger related and restructuring expenses of \$109 million and \$67 million, respectively, related to both the Signature Transaction and the Flagstar acquisition. In addition, first quarter 2023 results were impacted by an initial provision for credit losses totaling \$132 million for the loans acquired in the Signature Transaction.

Loan Portfolio

At June 30, 2023, total C&I loans were \$23.9 billion compared to \$12.3 billion at December 31, 2022. The majority of the increase is attributable to the \$10.0 billion of C&I loans acquired in the Signature Transaction along with growth in the mortgage warehouse portfolio. On a linked quarter basis, mortgage warehouse loans rose \$638 million or 12 percent due to using our market position in this vertical to capitalize on several competitors exiting the market.

The multi-family loan portfolio was \$37.8 billion at June 30, 2023, down slightly compared to \$38.1 billion at December 31, 2022. The slight decline during this period was due to a combination of higher interest rates and our increasing ability to diversify our loan portfolio as a result of our recent acquisition. At June 30, 2023, multi-family loans represented 45 percent of total loans, compared to 55 percent at December 31, 2022, further demonstrating the reduction of our concentration in this asset class.

Commercial loans (commercial real estate and acquisition, development and construction) increased \$2.6 billion at June 30, 2023 to \$13.1 billion compared to \$10.5 billion at December 31, 2022 largely attributable to the Signature Transaction.

One-to-four family residential loans totaled \$5.9 billion at June 30, 2023, representing seven percent of total loans compared to \$5.8 billion or eight percent of total loans at December 31, 2022. Other loans totaled \$2.6 billion at June 30, 2023 compared to \$2.3 billion at December 31, 2022. The other loan portfolio consists mostly of consumer loans.

Loans held-for-sale at June 30, 2023 totaled \$2.2 billion, up from \$1.1 billion at December 31, 2022.

Deposit Base

Deposits at June 30, 2023 totaled \$88.5 billion up \$29.8 billion compared to \$58.7 billion at December 31, 2022 driven primarily by an increase to \$5.9 billion of custodial deposits related to the Signature transaction.

Our deposit base includes \$37.8 billion of uninsured deposits at June 30, 2023 a net increase of \$18.2 billion as compared to December 31, 2022 due to the Signature Transaction. This represents 42.7 percent of our total deposits. These amounts were determined based on the same methodologies and assumptions used for regulatory reporting purposes and exclude internal accounts. We also have \$37.7 billion of total ready liquidity (cash and cash equivalents, unpledged securities, Fed Funds access and FHLB borrowing capacity). Our total ready liquidity approximately matches the balance of our uninsured deposits.

Net Interest Income

For the three months ended June 30, 2023, net interest income totaled \$900 million, up \$345 million or 62 percent compared to the three months ended March 31, 2023. The current quarter's results include a full-quarter's contribution from the Signature Transaction, compared to only a partial month Signature contribution in the first quarter of this year.

For the three months ended June 30, 2023, the NIM was 3.21 percent up 61 basis points compared to the three months ended March 31, 2023. The linked-quarter improvement was due to the Signature Transaction which drove higher levels of average interest-earnings assets, specifically loans held for investment and average cash and cash equivalent balances, including custodial deposits related to the Signature Transaction. In addition, we continued to benefit from the higher interest rate environment, which positively impacted the yields on our assets partially offset by a higher cost of funds and higher average interest-bearing liabilities. Average interest-earning assets increased \$25.6 billion or 30 percent to \$112.3 billion, while the average yield rose 54 basis points to 5.34 percent. Average interest-bearing liabilities grew \$7.2 billion or 10.28 percent to \$77.4 billion, while the average cost of funds increased 33 basis points to 3.10 percent.

Asset Quality

Our asset quality metrics remained strong during the second quarter of 2023 despite increases in NPLs and NPAs attributable to certain loans acquired in the Signature Transaction and Flagstar acquisition. At June 30, 2023, NPAs to total assets equaled 0.21 percent compared to 0.14 percent at March 31, 2023 while NPLs to total loans equaled 0.28 percent compared to 0.20 percent at December 31, 2022. Repossessed assets of \$13 million were relatively unchanged compared to the \$13 million recorded in the prior quarter.

Recent Events

Declaration of Dividend on Common Shares

On July 25, 2023, the Company's Board of Directors declared a quarterly cash dividend of \$0.17 per share on the Company's common stock. The dividend is payable on August 17, 2023 to common stockholders of record as of August 7, 2023.

RESULTS OF OPERATIONS

Net Interest Income

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

The cost of our deposits and borrowed funds is largely based on short-term rates of interest, the level of which is partially impacted by the actions of the FOMC.

While the target federal funds rate generally impacts the cost of our short-term borrowings and deposits, the yields on our held-for-investment loans and other interest-earning assets are not as sensitive to intermediate-term market interest rates.

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

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

Comparison to Prior Quarter

Net interest income for the three months ended June 30, 2023 was \$900 million, up \$345 million or 62 percent compared to the three months ended March 31, 2023. This quarter's results include a full-quarter's contribution from the Signature Transaction compared to only a partial month contribution in the first quarter of this year which is the primary cause of most of the linked-quarter differences explained below.

- Interest income on mortgage and other loans, net, totaled \$1.2 billion, up \$294 million compared to first quarter of this year. This increase was driven by a \$13.0 billion or 18.42 percent increase in average loan balances to \$83.8 billion. This is primarily due to the full quarter activity related to the Signature Transaction. Additionally, we had a 63 basis points increase in the average loan yield to 5.55 percent from 4.92 percent in the prior quarter due primarily to the rising interest rate environment.
- Interest income on securities was positively impacted by a 32 basis points increase in the average yield to 4.18 percent from 3.86 percent along with a \$1.1 billion or 9.85 percent decrease in the average securities balance to \$9.8 billion.
- Interest income on cash and cash equivalents increased \$177 million driven by a seven basis points increase in the average yield to 5.03 percent driven by higher short-term market rates, coupled with an increase in the average balance of \$14.0 billion driven by the Signature Transaction.
- Interest expense on average interest-bearing deposits increased \$158 million to \$441 million during the three months ended June 30, 2023, driven by a 58 basis point increase in the average cost of interest-bearing deposits due to rising interest rates and competition for deposits. Additionally, our average interest earning deposits grew \$11.3 billion, or 23.69 percent, to \$59.2 billion. The balance growth reflects the December acquisition of Flagstar and the March Signature Transaction.
- Interest expense on borrowed funds decreased \$39 million or 20 percent to \$157 million driven by a nine basis point decrease in rates in addition to a \$4.1 billion or 18.5 percent decrease in the average balance to \$18.2 billion, partially due to our shift to lower cost deposits.

Comparison to Prior Year to Date

For the six months ended June 30, 2023, net interest income totaled \$1.5 billion, up \$764 million or 111 percent compared to the six months ended June 30, 2022. The year-to-date results include a six month contribution from the Flagstar acquisition and three months plus a partial-month contribution from the Signature Transaction which were not part of the Company in the first half of 2022.

- Interest income on mortgages and other loans, net was driven by a \$31.0 billion or 66.7 percent increase in average loan balances to \$77.5 billion. This is primarily driven by the December 2022 acquisition of Flagstar and the March 2023 Signature Transaction. Additionally, we had a 173 basis point increase in the average loan yield to 5.25 percent in the current year quarter due primarily to the rising interest rate environment.

- Interest income on securities was positively impacted by a 175 basis point increase in the average yield to 4.01 percent from 2.26 percent along with a \$3.7 billion or 56.1 percent increase in the average securities balance to \$10.3 billion primarily driven by the six month contribution from the Flagstar acquisition.
- Interest-earning cash and cash equivalents reflected a 438 basis point increase in the average yield to 5.02 percent driven by higher short-term market rates and an increase in the average balance of \$8.9 billion driven by the Signature Transaction.
- Interest expense on average interest-bearing deposits increased \$651 million to \$724 million during the six months ended June 30, 2023, driven by a 227 basis point increase in the average cost of interest-bearing deposits due to rising interest rates. Average interest earning deposits grew \$20.7 billion, or 62.8 percent, to \$53.6 billion. The balance growth primarily reflects the December acquisition of Flagstar and the March Signature Transaction.
- Interest expense on borrowed funds increased \$215 million or 156 percent to \$353 million driven by a 176 basis point increase in rates in addition to a \$4.5 billion or 28.3 percent increase in the average balance to \$20.3 billion primarily driven by the December acquisition of Flagstar.

Net Interest Margin

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

(dollars in millions)	Three Months Ended,					
	June 30, 2023			March 31, 2023		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
ASSETS:						
Interest-earning assets:						
Mortgage and other loans and leases, net ⁽¹⁾	\$ 83,810	\$ 1,161	5.55 %	\$ 70,774	\$ 867	4.92 %
Securities ⁽²⁾⁽³⁾	9,781	102	4.18 %	10,850	104	3.86 %
Reverse repurchase agreements	429	6	5.85 %	785	11	5.53 %
Interest-earning cash and cash equivalents	18,279	229	5.03 %	4,257	52	4.96 %
Total interest-earning assets	\$ 112,299	\$ 1,498	5.34 %	\$ 86,666	\$ 1,034	4.80 %
Non-interest-earning assets	8,974			7,864		
Total assets	\$ 121,273			\$ 94,530		
LIABILITIES AND STOCKHOLDERS' EQUITY:						
Interest-bearing deposits:						
Interest-bearing checking and money market accounts	\$ 30,647	\$ 232	3.05 %	\$ 23,098	\$ 157	2.76 %
Savings accounts	10,015	40	1.61 %	11,093	39	1.44 %
Certificates of deposit	18,587	169	3.61 %	13,712	87	2.57 %
Total interest-bearing deposits	\$ 59,249	\$ 441	2.98 %	\$ 47,903	\$ 283	2.40 %
Short term borrowed funds	6,807	75	4.46 %	9,036	103	4.61 %
Other borrowed funds	11,393	82	2.88 %	13,290	93	2.85 %
Total Borrowed funds	\$ 18,200	\$ 157	3.47 %	\$ 22,326	\$ 196	3.56 %
Total interest-bearing liabilities	\$ 77,449	\$ 598	3.10 %	\$ 70,229	\$ 479	2.77 %
Non-interest-bearing deposits	24,613			13,189		
Other liabilities	8,320			1,939		
Total liabilities	\$ 110,383			\$ 85,357		
Stockholders' equity	10,890			9,173		
Total liabilities and stockholders' equity	\$ 121,273			\$ 94,530		
Net interest income/interest rate spread		\$ 900	2.24 %		\$ 555	2.03 %
Net interest margin			3.21 %			2.60 %
Ratio of interest-earning assets to interest-bearing liabilities			1.45 x			1.23 x

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

(dollars in millions)	Six Months Ended,					
	June 30, 2023			June 30, 2022		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
ASSETS:						
Interest-earning assets:						
Mortgage and other loans and leases, net ⁽¹⁾	\$ 77,481	\$ 2,028	5.25 %	\$ 46,479	\$ 817	3.52 %
Securities ⁽²⁾⁽³⁾	10,313	206	4.01 %	6,607	75	2.26 %
Reverse repurchase agreements	606	17	5.64 %	320	2	1.56 %
Interest-earning cash and cash equivalents	11,300	281	5.02 %	2,395	8	0.64 %
Total interest-earning assets	\$ 99,700	\$ 2,532	5.10 %	\$ 55,801	\$ 902	3.24 %
Non-interest-earning assets	8,271			5,145		
Total assets	\$ 107,971			\$ 60,946		
LIABILITIES AND STOCKHOLDERS' EQUITY:						
Interest-bearing deposits:						
Interest-bearing checking and money market accounts	\$ 26,894	\$ 389	2.91 %	\$ 15,629	\$ 32	0.42 %
Savings accounts	10,551	79	1.52 %	9,218	18	0.38 %
Certificates of deposit	16,159	256	3.19 %	8,086	23	0.58 %
Total interest-bearing deposits	\$ 53,604	\$ 724	2.72 %	\$ 32,933	\$ 73	0.45 %
Short term borrowed funds	7,915	178	4.54 %	2,132	7	0.66 %
Other borrowed funds	12,336	175	2.86 %	13,650	131	1.93 %
Total Borrowed funds	\$ 20,251	\$ 353	3.52 %	\$ 15,782	\$ 138	1.76 %
Total interest-bearing liabilities	\$ 73,855	\$ 1,077	2.94 %	\$ 48,715	\$ 211	0.87 %
Non-interest-bearing deposits	18,933			4,483		
Other liabilities	5,145			775		
Total liabilities	\$ 97,933			\$ 53,973		
Stockholders' equity	10,038			6,973		
Total liabilities and stockholders' equity	\$ 107,971			\$ 60,946		
Net interest income/interest rate spread		\$ 1,455	2.16 %		\$ 691	2.37 %
Net interest margin			2.94 %			2.48 %
Ratio of interest-earning assets to interest-bearing liabilities			1.35 x			1.15 x

(1) Amounts are net of net deferred loan origination costs/(fees) and the allowances for loan losses and includes loans held for sale and non-performing loans.

(2) Amounts are at amortized cost.

(3) Includes FHLB stock and FRB stock.

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

<i>(in millions)</i>	Three Months Ended,			Six Months Ended,		
	June 30, 2023 compared to March 31, 2023			June 30, 2023 compared to June 30, 2022		
	Increase/(Decrease) Due to:			Increase/(Decrease) Due to:		
	Volume	Rate	Net	Volume	Rate	Net
INTEREST-EARNING ASSETS:						
Mortgage and other loans and leases, net	\$ 181	\$ 113	\$ 294	\$ 814	\$ 397	\$ 1211
Securities	(11)	9	(2)	74	57	131
Reverse repurchase agreements	(5)	—	(5)	8	7	15
Interest Earning Cash & Cash Equivalent	176	1	177	224	49	273
Total interest-earnings assets	\$ 341	\$ 123	\$ 464	\$ 1120	\$ 510	\$ 1630
INTEREST-BEARING LIABILITIES:						
Interest-bearing checking and money market accounts	\$ 58	\$ 17	\$ 75	\$ 164	\$ 193	\$ 357
Savings accounts	(4)	5	1	10	51	61
Certificates of deposit	44	38	82	129	104	233
Short Term Borrowed Funds	85	73	158	131	40	171
Other Borrowed Funds	(25)	(3)	(28)	(19)	63	44
Total interest-bearing liabilities	158	130	288	415	451	866
Change in net interest income	\$ 183	\$ (7)	\$ 176	\$ 705	\$ 59	\$ 764

Comparison to Prior Quarter

The Company's net interest margin for the three months ended June 30, 2023, was 3.21 percent up 61 basis points compared to the three months ended March 31, 2023. The increase was driven by both a higher level of average earnings assets due to the Signature Transaction being included for the entire quarter compared to only a partial month during the first quarter of this year, along with higher yields on those assets. This was partially offset by a higher cost of funds and higher average interest-bearing liabilities reflecting a full quarter impact of the Signature Transaction.

Average interest-earning assets increased \$25.6 billion or 29.58 percent to \$112.3 billion, while the average yield rose 54 basis points to 5.34 percent. Average interest-bearing liabilities grew \$7.2 billion or 10.28 percent to \$77.4 billion, while the average cost of funds increased 33 basis points to 3.10 percent.

Comparison to Prior Year to Date

The Company's net interest margin for the six months ended June 30, 2023, was 2.94 percent compared to 2.48 percent for the six months ended June 30, 2022. The increase was driven by both a higher level of average earnings assets due to the Flagstar acquisition and Signature Transaction, along with significantly higher yields on those assets reflecting the higher interest rate environment. This was partially offset by a higher cost of funds and higher average interest-bearing liabilities.

Average interest-earnings assets increased \$43.9 billion or 78.67 percent to \$99.7 billion, while the average yield increased 186 basis points to 5.10 percent. Average interest-bearing liabilities increased \$25.1 billion or 51.61 percent to \$73.9 billion, while the average cost of funds increased 207 basis points to 2.94 percent.

Provision for Credit Losses

Comparison to Prior Quarter

The three months ended June 30, 2023 provision for credit losses totaled \$49 million including increases of \$13 million related to specific reserves for new non-accrual loans and the remainder driven by changes in the macroeconomic forecast. The three months ended March 31, 2023 provision for credit losses was \$170 million including a \$132 million initial provision for credit losses related to the initial ACL measurement of non-PCD acquired loans from the Signature Transaction and a \$20 million provision for credit losses on legacy Signature Bank debt securities held by the Company prior to the transaction. The remaining difference was primarily driven by loan growth and changes in the macroeconomic forecast.

Comparison to Prior Year to Date

The six months ended June 30, 2023 provision for credit losses was \$219 million compared to \$7 million for the six months ended June 30, 2022. The 2023 provision includes a \$132 million initial provision for credit losses related to the initial ACL measurement of non-PCD acquired loans from the Signature Transaction, a \$20 million provision for credit losses on Signature debt securities held by the Company. The remaining difference was primarily driven by loan growth, specific reserves for new nonaccrual loans and changes in the macroeconomic forecast.

For additional information about our methodologies for recording recoveries of, and provisions for, credit losses, please refer to Critical Accounting Policies in our Form 10-K for the year ended December 31, 2022, which is available on our website, under the Investor Relations section, or on the website of the Securities and Exchange Commission, at sec.gov.

Non-Interest Income

We generate non-interest income through a variety of sources, including—among others—fee income (in the form of retail deposit fees and charges on loans); income from our investment in BOLI; net return on our MSR asset; net gain on loan sales and securitizations; and “other” sources, including the revenues produced through the sale of third-party investment products and loan subservicing.

The following table summarizes our non-interest income for the respective periods:

(in millions)	Three Months Ended,		Six Months Ended,	
	June 30, 2023	March 31, 2023	June 30, 2023	June 30, 2022
Bargain purchase gain	\$ 141	\$ 2,001	\$ 2,142	\$ —
Fee income	48	27	75	12
Net return on mortgage servicing rights	25	22	47	—
Net gain on loan sales and securitizations	25	20	45	—
Other	14	11	25	7
Bank-owned life insurance	11	10	21	14
Net Loan administration income	39	7	46	—
Net (loss) gain on securities	(1)	—	(1)	(1)
Total non-interest income	\$ 302	\$ 2,098	\$ 2,400	\$ 32

Comparison to Prior Quarter

For the three months ended June 30, 2023, non-interest income totaled \$302 million as compared to \$2.1 billion in the first quarter. The second quarter includes a bargain purchase gain of \$141 million as compared to \$2.0 billion in the first quarter related to the Signature transaction. Second-quarter 2023 non-interest income includes a full-quarter's contribution from Signature compared to a partial month in the first quarter. This benefited fee income and loan administration income which includes a \$42 million benefit for income related to servicing loans on behalf of the FDIC receivership. Loan admin income otherwise decreased due to SOFR-referenced costs related to custodial deposits which are net settled as part of certain servicing contracts.

Second quarter 2023 non-interest income includes a gain on loan sales of \$25 million compared to \$20 million during the first quarter, with a gain on sale margin of 56 basis points compared to 76 basis points last quarter. The net return on mortgage servicing rights was \$25 million or 9.7 percent for the second quarter compared to \$22 million or 8.5 percent for the first quarter. Net loan administration income totaled \$39 million for the three months ended June 30, 2023 compared to \$7 million for the three months ended March 31, 2023 driven by subservicing income related to the Signature transaction.

Comparison to Prior Year to Date

Non-interest income increased \$2.4 billion for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 primarily due to the bargain purchase gain of \$2.1 billion related to the Signature Transaction. Increases in non-interest income were also driven by the inclusion of the Flagstar acquisition and Signature Transaction including a \$63 million increase in fee income, net return on mortgage servicing rights of \$47 million, gain on loan sales of \$45 million and loan administration income of \$46 million.

Non-Interest Expense

Comparison to Prior Quarter

For the three months ended June 30, 2023, non-interest expenses totaled \$661 million, up \$185 million, or 39 percent compared to the three months ended March 31, 2023. Total operating expenses for the three months ended June 30, 2023 were \$515 million, up \$123 million compared to \$392 million for the first quarter 2023. The increase was primarily driven by the second quarter 2023 including a full quarter of Signature expenses, including costs to retain key business personnel, compared to only a partial month during first-quarter 2023.

Comparison to Prior Year to Date

Non-interest expense increased \$858 million for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. Total operating expenses for the six months ended June 30, 2023 were up \$639 million compared to the six months ended June 30, 2022. Both increases were primarily due the inclusion of Flagstar and Signature activity.

Income Tax Expense

Comparison to Prior Quarter

For the three months ended June 30, 2023, the Company reported a provision for income taxes of \$79 million compared \$1 million for the three months ended March 31, 2023. Income tax expense for both the current quarter and for the first quarter 2023 was impacted the Signature Transaction and Flagstar acquisition, respectively. The effective tax rate was 16.2 percent for the second quarter 2023.

Comparison to Prior Year to Date

For the six months ended June 30, 2023, the Company reported a provision for income taxes of \$80 million, compared to \$111 million for the six months ended June 30, 2022. Income tax expense for the current year was impacted the Signature Transaction and Flagstar acquisition.

FINANCIAL CONDITION

Balance Sheet Summary

Total assets increased \$28.7 billion to \$118.8 billion as of June 30, 2023, compared to \$90.1 billion at December 31, 2022 due to the Flagstar acquisition which closed December 1, 2022, the Signature Transaction, which closed on March 20, 2023 and organic loan growth.

The Company acquired approximately \$25 billion of cash, approximately \$12 billion, of loans, net of purchase accounting adjustments ("PAA"), \$34 billion of deposits, net of PAA, and \$2 billion of other liabilities related to the Signature Transaction.

Total loans and leases held for investment were \$83.3 billion at June 30, 2023 compared to \$69.0 billion at December 31, 2022. The increase was driven by the aforementioned loans acquired from the Signature Transaction and organic loan growth.

The securities portfolio totaled \$7.8 billion at June 30, 2023, compared to \$9.1 billion at December 31, 2022. As of June 30, 2023, the Company has no held-to-maturity securities portfolio and all of the Company's securities were designated as "Available-for-Sale", unchanged from December 31, 2022.

Total deposits grew \$29.8 billion, or 51 percent to \$88.5 billion at June 30, 2023 compared to \$58.7 billion at December 31, 2022 primarily driven by the deposits assumed in the Signature Transaction. Included in the June 30, 2023 balance are \$5.9 billion in non-interest-bearing custodial deposits related to the Signature Transaction.

Wholesale borrowings at June 30, 2023 were \$15.4 billion compared to \$20.3 billion at December 31, 2022, reflecting the use of some of the cash acquired from the Signature transaction to reduce the level of FHLB-NY borrowings.

Loans held-for-investment

The following table summarizes the composition of our loan portfolio:

(dollars in millions)	June 30, 2023		December 31, 2022	
	Amount	Percent of Loans Held for Investment	Amount	Percent of Loans Held for Investment
Mortgage Loans:				
Multi-family	\$37,831	45.4 %	\$ 38,130	55.3 %
Commercial real estate	10,613	12.7 %	8,526	12.4 %
One-to-four family first mortgage	5,889	7.1 %	5,821	8.4 %
Acquisition, development, and construction	2,481	3.0 %	1,996	2.9 %
Total mortgage loans	\$ 56,814	68.2 %	\$ 54,473	78.9 %
Other Loans:				
Commercial and industrial	\$ 23,861	28.7 %	\$ 12,276	17.8 %
Other loans	2,603	3.1 %	2,252	3.3 %
Total other loans held for investment	\$ 26,464	31.8 %	\$ 14,528	21.1 %
Total loans and leases held for investment	\$ 83,278	100.0 %	\$ 69,001	100.0 %
Allowance for credit losses on loans and leases	(594)		(393)	
Total loans and leases held for investment, net	\$ 82,684		\$ 68,608	
Loans held for sale, at fair value	2,194		1,115	
Total loans and leases, net	\$ 84,878		\$ 69,723	

The following table summarizes our production of loans held for investment:

(dollars in millions)	Three Months Ended,		Six Months Ended,	
	June 30, 2023	March 31, 2023	June 30, 2023	June 30, 2022
	Amount	Amount	Amount	Amount
Mortgage Loan Originated for Investment:				
Multi-family	\$ 217	\$ 340	\$ 557	\$ 5,349
Commercial real estate	278	309	587	494
One-to-four family first mortgage	98	274	372	144
Acquisition, development, and construction	593	185	778	72
Total mortgage loans originated for investment	\$ 1,186	\$ 1,108	\$ 2,294	\$ 6,059
Other Loans Originated for Investment:				
Specialty finance	\$ 1,905	\$ 1,335	\$ 3,240	\$ 2,515
Commercial and industrial	1,581	497	2,078	218
Other	312	338	650	3
Total other loans originated for investment	\$ 3,797	\$ 2,170	\$ 5,967	\$ 2,736
Total loans originated for investment	\$ 4,983	\$ 3,278	\$ 8,261	\$ 8,795

Multi-Family Loans

The multi-family loans we produce are primarily secured by non-luxury residential apartment buildings in New York City that feature rent-regulated units and below-market rents.

The multi-family loan portfolio was \$37.8 billion at June 30, 2023, down slightly compared to \$38.1 billion at December 31, 2022 due to a combination of higher interest rates and our loan diversification strategy.

The majority of our multi-family loans were secured by rental apartment buildings.

At June 30, 2023, \$21.8 billion or 59 percent of the Company's total multi-family loan portfolio is secured by properties in New York State and, therefore, are subject to the new rent regulation laws. The weighted average LTV of the New York State rent regulated multi-family portfolio was 61 percent as of June 30, 2023, unchanged from December 31, 2022.

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

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

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

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

generally be expected to pay a prepayment penalty equal to three percentage points of the remaining principal balance. A twelve-year multi-family loan that prepays in year one or two would generally be expected to pay a penalty equal to five percentage points.

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

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

We believe our underwriting quality of multi-family lending is distinctive. This reflects the nature of the buildings securing our loans, our underwriting process and standards, and the generally conservative LTV ratios our multi-family loans feature at origination. Historically, a relatively small percentage of the multi-family loans that have transitioned to non-performing status have resulted in actual losses, even when the credit cycle has taken a downward turn.

We primarily underwrite our multi-family loans based on the current cash flows produced by the collateral property, with a reliance on the "income" approach to appraising the properties, rather than the "sales" approach. We also consider a variety of other factors, including the physical condition of the underlying property; the net operating income of the mortgaged premises prior to debt service; the DSCR, which is the ratio of the property's net operating income to its debt service; and the ratio of the loan amount to the appraised value (i.e., the LTV) of the property.

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

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

The following table presents a geographical analysis of the multi-family loans in our held-for-investment loan portfolio:

(dollars in millions)	At June 30, 2023	
	Multi-Family Loans	
	Amount	Percent of Total
New York City:		
Manhattan	\$ 7,175	19 %
Brooklyn	6,285	17 %
Bronx	3,630	10 %
Queens	2,852	8 %
Staten Island	135	— %
Total New York City	\$ 20,077	54 %
New Jersey	5,087	13 %
Long Island	548	1 %
Total Metro New York	\$ 25,712	68 %
Other New York State	1,194	3 %
Pennsylvania	3,738	10 %
Florida	1,686	4 %
Ohio	1,035	3 %
Arizona	440	1 %
All other states	4,026	11 %
Total	\$ 37,831	100 %

Commercial Real Estate

At June 30, 2023, CRE loans represented \$10.6 billion, or 12.7 percent, of total loans held for investment, reflecting a \$2.1 billion increase when compared to \$8.5 billion at December 31, 2022. Approximately \$1.9 billion was due to the Signature Transaction.

CRE loans represented \$278 million, or 5.6 percent, of the loans we originated in the second quarter 2023 as compared to \$309 million, or 9.4 percent in the first quarter 2023.

The CRE loans we produce are secured by income-producing properties such as office buildings, retail centers, mixed-use buildings, and multi-tenanted light industrial properties. At June 30, 2023, the largest concentration of CRE loans were secured by properties in the metro New York City area, refer to the Geographical Analysis table included below for additional details.

Approximately \$3.4 billion of the CRE portfolio are office properties with an average balance of approximately \$11 million and located primarily in the New York metro area. There are no non-performing loans or recent charge-offs with respect to this portfolio as of June 30, 2023.

The terms of more than half of our CRE loans are similar to the terms of our multi-family credits which primarily feature a fixed rate of interest for the first five years of the loan that is generally based on intermediate-term interest rates plus a spread. In addition to customary fixed rate terms, we now also offer floating rates advances indexed to CME Term SOFR. These products are generally offered in combination with interest rate cap or swaps that provide borrowers with additional optionality to manage their interest rate risk. Following the initial fixed rate period, the loan resets to an adjustable interest rate that is indexed to CME Term SOFR, plus a spread. Alternately, the borrower may opt for a fixed rate that is tied to the five-year fixed advance rate of the FHLB-NY plus a spread. The fixed-rate option also requires the payment of an amount equal to one percentage point of the then-outstanding loan balance. In either case, the minimum rate at repricing is equivalent to the rate in the initial five- or seven-year term.

Prepayment penalties apply to certain of our CRE loans, as they do our multi-family credits. Depending on the remaining term of the loan at the time of prepayment, the penalties normally range from five percentage points to one percentage point of

the then-current loan balance. If a loan extends past the fifth or seventh year and the borrower selects the fixed rate option, the prepayment penalties typically reset to a range of five points to one point over years six through ten or eight through twelve.

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

The following table presents a geographical analysis of the CRE loans in our held-for-investment loan portfolio:

<i>(dollars in millions)</i>	At June 30, 2023	
	Commercial Real Estate Loans	
	Amount	Percent of Total
New York	\$ 4,884	46 %
Michigan	1,186	11 %
New Jersey	654	6 %
Florida	543	5 %
Texas	337	3 %
Pennsylvania	324	3 %
Ohio	237	2 %
All other states	2,448	24 %
Total	\$ 10,613	100 %

Acquisition, Development, and Construction Loans

At June 30, 2023, our ADC loans represented \$2.5 billion or 3.0 percent, of total loans held for investment, reflecting an increase of \$485 million compared to December 31, 2022.

Because ADC loans are generally considered to have a higher degree of credit risk, especially during a downturn in the credit cycle, borrowers are required to provide a guarantee of repayment and completion. The risk of loss on an ADC loan is largely dependent upon the accuracy of the initial appraisal of the property's value upon completion of construction; the developer's experience; the estimated cost of construction, including interest; and the estimated time to complete and/or sell or lease such property.

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

C&I Loans

At June 30, 2023 C&I loans totaled \$23.9 billion or 28.7 percent of total loans held-for-investment. Included in this portfolio is \$6.0 billion in warehouse loans that allow mortgage lenders to fund the closing of residential mortgage loans.

The non-warehouse C&I loans we produce are primarily made to small and mid-size businesses and finance companies. Such loans are tailored to meet the specific needs of our borrowers, and include term loans, demand loans, revolving lines of credit, and, to a much lesser extent, loans that are partly guaranteed by the Small Business Administration.

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

Also included in our C&I portfolio is our national warehouse lending platform with relationship managers across the country. We offer warehouse lines of credit to other mortgage lenders which allow the lender to fund the closing of residential mortgage loans. Each extension, advance, or draw-down on the line is fully collateralized by residential mortgage loans and is paid off when the lender sells the loan to an outside investor or, in some instances, to the Bank.

Underlying mortgage loans are predominantly originated using the Agencies' underwriting standards. The guideline for debt to tangible net worth is 15 to 1. We have \$6.0 billion outstanding warehouse loans to other mortgage lenders and have relationships in place to lend up to \$11.6 billion at our discretion.

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

Specialty Finance

At June 30, 2023, specialty finance loans and leases totaled \$4.8 billion or 6 percent of total loans held for investment, up \$393 million or 9 percent compared to December 31, 2022.

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

The specialty finance loans and leases we fund fall into three categories: asset-based lending, dealer floor-plan lending, and equipment loan and lease financing. Each of these credits is secured with a perfected first security interest in, or outright ownership of, the underlying collateral, and structured as senior debt or as a non-cancelable lease. As of June 30, 2023, 81 percent of specialty finance loan commitments are structured as floating rate obligations which will benefit in a rising rate environment.

In the second quarter of 2023, the Company originated \$1.9 billion of specialty finance loans and leases, representing 38 percent of total originations compared to \$1.9 billion for the same period in 2022, representing 36 percent of total originations.

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

One-to-Four Family Loans

At June 30, 2023, one-to-four family loans represented \$5.9 billion, including \$947 million of LGG or 7.1 percent, of total loans held for investment. As of June 30, 2023, the repurchase liability on LGG loans was \$333 million. As of December 31, 2022 one-to-four family loans totaled \$5.8 billion. These loans include various types of conforming and non-conforming fixed and adjustable rate loans underwritten using Fannie Mae and Freddie Mac guidelines for the purpose of purchasing or refinancing owner occupied and second home properties. We typically hold certain mortgage loans in LHF1 that do not qualify for sale to the Agencies and that have an acceptable yield and risk profile. The LTV requirements on our residential first mortgage loans vary depending on occupancy, property type, loan amount, and FICO scores. Loans with LTVs exceeding 80 percent are required to obtain mortgage insurance. As of June 30, 2023, non-government guaranteed loans in this portfolio had an average current FICO score of 741 and an average LTV of 54.

Substantially all LGG are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs. Nonperforming repurchased loans in this portfolio earn interest at a rate based upon the 10-year U.S. Treasury note rate from the time the underlying loan becomes 60 days delinquent until the loan is conveyed to HUD (if foreclosure timelines are met), which is not paid by the FHA until claimed. The Bank has a unilateral option to repurchase loans sold to GNMA if the loan is due, but unpaid, for three consecutive months (typically referred to as 90 days past due) and can recover losses through a claims process from the guarantor. These loans are recorded in loans held for investment and the liability to repurchase the loans is recorded in other liabilities on the Consolidated Statements of Condition. Certain loans within our portfolio may be subject to indemnifications and insurance limits which expose us to limited credit risk. We have reserved for these risks within other assets and as a component of our ACL on residential first mortgages.

Other Loans

At June 30, 2023, other loans totaled \$2.6 billion and consisted primarily of home equity lines of credit, boat and recreational vehicle indirect lending, point of sale consumer loans and other consumer loans, including overdraft loans.

Our home equity portfolio includes HELOANs, second mortgage loans, and HELOCs. These loans are underwritten and priced in an effort to ensure credit quality and loan profitability. Our debt-to-income ratio on HELOANs and HELOCs is capped at 43 percent and 45 percent, respectively. We currently limit the maximum CLTV to 89.99 percent and FICO scores to a minimum of 700. Second mortgage loans and HELOANs are fixed rate loans and are available with terms up to 20 years. HELOC loans are primarily variable-rate loans that contain a 10-year interest only draw period followed by a 20-year amortizing period. As of June 30, 2023, loans in this portfolio had an average current FICO score of 751.

As of June 30, 2023, loans in our indirect portfolio had an average current FICO score of 747. Point of sale loans consist of unsecured consumer installment loans originated primarily for home improvement purposes through a third-party financial technology company who also provides us a level of credit loss protection.

Loans Held for Sale

Loans held-for-sale at June 30, 2023 totaled \$2.2 billion, up from \$1.1 billion at December 31, 2022. The Signature Transaction contributed \$360 million of Small Business Administration ("SBA") loans to this increase. We classify loans as held for sale when we originate or purchase loans that we intend to sell. We have elected the fair value option for nearly all of this portfolio, except the SBA loans. We estimate the fair value of mortgage loans based on quoted market prices for securities backed by similar types of loans, where available, or by discounting estimated cash flows using observable inputs inclusive of interest rates, prepayment speeds and loss assumptions for similar collateral.

Lending Authority

We maintain credit limits in compliance with regulatory requirements. Under regulatory guidance, the Bank may not make a loan or extend credit to a single or related group of borrowers in excess of 15 percent of Tier 1 plus Tier 2 capital and any portion of the ACL not included in Tier 2 capital. We have a tracking and reporting process to monitor lending concentration levels, and all new commercial real estate credit exposures to relationships that exceed \$200 million and all other commercial credit exposures to relationships that exceed \$100 million must be approved by the Board Credit Committee of the Board. Exceptions to these levels are made to strong borrowers on a case by case basis, with the approval of the Board Credit Committee of the Board. Relationships less than the aforementioned limits are approved by the joint authority of credit officers and lending officers. The Board Credit Committee has authority to direct changes in lending practices as they deem necessary or appropriate in order to address individual or aggregate risks and credit exposures in accordance with the Bank's strategic objectives and risk appetites.

At June 30, 2023 and December 31, 2022, the largest mortgage loan in our portfolio was a \$329 million multi-family loan, which is collateralized by properties located in Brooklyn, New York. As of the date of this report, the loan has been current since origination.

Asset Quality

All asset quality information excludes LGG that are insured by U.S government agencies.

The following table presents the Company's asset quality measures at the respective dates:

	June 30, 2023	December 31, 2022
Non-performing loans to total loans	0.28 %	0.20 %
Non-performing assets to total assets	0.21	0.17
Allowance for losses on loans to non-performing loans	255.40	278.87
Allowance for losses on loans to total loans held for investment	0.71	0.57

Delinquent and non-performing loans held for investment and Repossessed Assets

The following table presents our loans, 30 to 89 days past due by loan type and the changes in the respective balances:

<i>(dollars in millions)</i>	June 30, 2023	December 31, 2022	June 30, 2023 compared to December 31, 2022	
			Amount	Percent
Loans 30 to 89 Days Past Due:				
Multi-family	\$ 79	\$ 34	\$ 45	132 %
Commercial real estate	147	2	145	NM
One-to-four family first mortgage	17	21	(4)	(19)%
Acquisition, development, and construction	29	—	29	NM
Commercial and industrial	45	—	45	NM
Other loans	18	13	5	38 %
Total loans 30-89 days past due	<u>\$ 335</u>	<u>\$ 70</u>	265	379 %

A loan generally is classified as a “non-accrual” loan when it is 90 days or more past due or when it is deemed to be impaired because we no longer expect to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, we cease the accrual of interest owed, and previously accrued interest is reversed and charged against interest income. At June 30, 2023 and December 31, 2022, all of our non-performing loans were non-accrual loans. A loan is generally returned to accrual status when the loan is current and we have reasonable assurance that the loan will be fully collectible.

We monitor non-accrual loans both within and beyond our primary lending area in the same manner. Monitoring loans generally involves inspecting and re-appraising the collateral properties; holding discussions with the principals and managing agents of the borrowing entities and retain legal counsel, as applicable; requesting financial, operating, and rent roll information; confirming that hazard insurance is in place or force-placing such insurance; monitoring tax payment status, advancing funds as needed; and seeking approval from the courts to appoint a receiver, when necessary to protect the Bank’s interests, including to collect rents, manage property operations, and ensure maintenance of the collateral properties.

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

The following table presents our non-performing loans by loan type and the changes in the respective balances:

<i>(dollars in millions)</i>	June 30, 2023	December 31, 2022	Change from December 31, 2022 to June 30, 2023	
			Amount	Percent
Non-Performing Loans:				
Non-accrual mortgage loans:				
Multi-family	\$ 33	\$ 13	\$ 20	154 %
Commercial real estate	36	20	16	80 %
One-to-four family first mortgage	85	92	(7)	(8)%
Total non-accrual mortgage loans	\$ 154	\$ 125	29	23 %
Other non-accrual loans ⁽¹⁾	79	16	63	394 %
Total non-accrual loans	\$ 233	\$ 141	92	65 %
Loans 90 days or more past due and still accruing ⁽²⁾	—	—	—	NM
Total non-performing loans	\$ 233	\$ 141	92	65 %
Repossessed assets	13	12	1	8 %
Total non-performing assets	\$ 246	\$ 153	93	61 %

(1) Includes Commercial and Industrial, Home Equity, Consumer and other loans.

(2) Commercial real estate loans.

The following table sets forth the changes in non-accrual loans over the six months ended June 30, 2023:

<i>(in millions)</i>	
Balance at December 31, 2022	\$ 141
New non-accrual	121
Non-accrual acquired from acquisition	13
Charge-offs	(4)
Transferred to repossessed assets	(3)
Loan payoffs, including dispositions and principal pay-downs	(10)
Restored to performing status	(25)
Balance at June 30, 2023	\$ 233

At June 30, 2023 total non-accrual mortgage loans increased \$29 million to \$154 million, while other non-accrual loans increased \$63 million to \$79 million compared December 31, 2022. Included in the June 30, 2023 amount were non-accrual loans of \$44 million acquired in the Signature Transaction.

At June 30, 2023, NPAs to total assets equaled 0.21 percent compared to 0.14 percent at March 31, 2023 while NPLs to total loans equaled 0.28 percent compared to 0.20 percent at December 31, 2022. Repossessed assets of \$13 million were relatively unchanged compared to the \$13 million recorded in the prior quarter.

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

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

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

The condition of the collateral property is another critical factor. Multi-family buildings and CRE properties are inspected from rooftop to basement as a prerequisite to approval. Furthermore, independent appraisers, whose appraisals are carefully reviewed by our experienced in-house appraisal officers and staff, perform appraisals on collateral properties.

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

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

To further manage our credit risk, our lending policies limit the amount of credit granted to any one borrower, and typically require minimum DSCRs of 120 percent for multi-family loans and 130 percent for CRE loans. Although we typically lend up to 75 percent of the appraised value on multi-family buildings and up to 65 percent on commercial properties, the average LTVs of such credits at origination were below those amounts at June 30, 2023. Exceptions to these LTV limitations are minimal and are reviewed on a case-by-case basis.

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

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

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

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

Other C&I loans generally represent loans to commercial businesses which meet certain desired client characteristics and credit standards. The credit standards for commercial borrowers are based on numerous criteria, including historical and projected financial information, strength of management, acceptable collateral, and market conditions and trends in the borrower’s industry. These loans are generally variable rate loans in which the interest rate fluctuates with a specified index rate.

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

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

While we strive to originate loans that will perform fully, adverse economic and market conditions, among other factors, can negatively impact a borrower's ability to repay. Historically, our level of net charge-offs in our multifamily and specialty finance portfolios have been relatively low in downward credit cycles, even when the volume of non-performing loans has increased. For the six months ended June 30, 2023, our net recoveries were \$1 million as compared to net recoveries of \$5 million over the same period in 2022.

The allowance for credit losses on loans and leases increased \$201 million, equaling \$594 million at June 30, 2023 from \$393 million at December 31, 2022. The increase was primarily related to the initial allowance for credit losses of \$132 million for the acquired loans in the Signature Transaction, an increase of \$13 million in specific reserves primarily related to two loans that have moved to nonaccrual and an increase of \$56 million primarily related to our worsening forecast of macroeconomic conditions and origination volume since year-end. The allowance for credit losses on loans and leases represented 255 percent of non-performing loans at June 30, 2023, as compared to 279 percent at the prior year-end.

Based upon all relevant and available information at June 30, 2023, management believes that the allowance for credit losses on loans and leases represents a reasonable estimate based upon our judgment as that date.

The following table presents information on the Company's net charge-offs as compared to average loans outstanding:

<i>(dollars in millions)</i>	Six Months Ended,	
	June 30, 2023	June 30, 2022
Multi-family		
Net charge-offs (recoveries) during the period	\$ —	\$ —
Average amount outstanding	\$ 37,819	\$ 35,332
Net charge-offs (recoveries) as a percentage of average loans	—%	—%
Commercial real estate		
Net charge-offs (recoveries) during the period	\$ —	\$ —
Average amount outstanding	\$ 9,619	\$ 6,669
Net charge-offs (recoveries) as a percentage of average loans	—%	—%
One-to-Four Family first mortgage		
Net charge-offs (recoveries) during the period	\$ 3	\$ —
Average amount outstanding	\$ 5,881	\$ 146
Net charge-offs (recoveries) as a percentage of average loans	—%	—%
Acquisition, Development and Construction		
Net charge-offs (recoveries) during the period	\$ —	\$ —
Average amount outstanding	\$ 2,219	\$ 228
Net charge-offs (recoveries) as a percentage of average loans	—%	—%
Other Loans		
Net charge-offs (recoveries) during the period	\$ (4)	\$ (5)
Average amount outstanding	\$ 21,943	\$ 4,104
Net charge-offs (recoveries) as a percentage of average loans	(0.02)%	(0.12)%
Total loans		
Net charge-offs (recoveries) during the period	\$ (1)	\$ (5)
Average amount outstanding	\$ 77,481	\$ 46,479
Net charge-offs (recoveries) as a percentage of average loans	—%	-0.01%

Securities

Total securities were \$7.8 billion, or 7 percent, of total assets at June 30, 2023, compared to \$9.1 billion, or 10 percent of total assets at December 31, 2022. At June 30, 2023 and December 31, 2022, all of our securities were designated as "Available-for-Sale". At June 30, 2023, 15 percent of our portfolio are floating rate securities.

As of June 30, 2023, the net unrealized loss on securities available for sale, net of tax, was \$668 million as compared to \$626 million at December 31, 2022, reflecting the rising interest rate environment.

At June 30, 2023, available-for-sale securities had an estimated weighted average life of seven years. Included in the quarter-end amount were mortgage-related securities of \$5.0 billion and other debt securities of \$2.8 billion.

At the prior year-end, available-for-sale securities were \$9.1 billion, and had an estimated weighted average life of six years. Mortgage-related securities accounted for \$4.8 billion of the year-end balance, with other debt securities accounting for the remaining \$4.3 billion.

The following table summarizes the weighted average yields of debt securities for the maturities indicated at June 30, 2023:

	Mortgage- Related Securities	U.S. Government and GSE Obligations	State, County, and Municipal	Other Debt Securities ⁽²⁾
Available-for-Sale Debt Securities: ⁽¹⁾				
Due within one year	2.71 %	3.68 %	— %	4.76 %
Due from one to five years	3.33	4.83	—	6.39
Due from five to ten years	2.84	1.55	3.16	4.82
Due after ten years	3.72	3.16	—	5.63
Total debt securities available for sale	3.65	2.27	3.16	5.61

(1) The weighted average yields are calculated by multiplying each carrying value by its yield and dividing the sum of these results by the total carrying values and are not presented on a tax-equivalent basis.

(2) Includes corporate bonds, capital trust notes, foreign notes, and asset-backed securities.

Federal Reserve and Federal Home Loan Bank Stock

At June 30, 2023 the Company had \$605 million and \$329 million of FHLB-NY stock, at cost, and FHLB-Indianapolis stock, at cost, respectively. At December 31, 2022, the Company had \$762 million and \$329 million of FHLB-NY stock, at cost and FHLB-Indianapolis stock, at cost, respectively. The Company maintains an investment in FHLB-NY stock and, as a result of the Flagstar acquisition, FHLB-Indianapolis stock, partly in conjunction with its membership in the FHLB and partly related to its access to the FHLB funding it utilizes. In addition, the Company had Federal Reserve Bank stock, at cost, of \$203 million and \$176 million at June 30, 2023 and December 31, 2022, respectively.

Bank-Owned Life Insurance

BOLI is recorded at the total cash surrender value of the policies in the Consolidated Statements of Condition, and the income generated by the increase in the cash surrender value of the policies is recorded in "Non-interest income" in the Consolidated Statements of Income and Comprehensive Income. Reflecting an increase in the cash surrender value of the underlying policies, our investment in BOLI at June 30, 2023 rose \$6 million to \$1.6 billion compared to December 31, 2022.

Goodwill

We record goodwill in our consolidated statements of condition in connection with certain of our business combinations. Goodwill, which is tested at least annually for impairment, refers to the difference between the purchase price and the fair value of an acquired company's assets, net of the liabilities assumed. As of June 30, 2023 and December 31, 2022 goodwill was \$2.4 billion.

Sources of Funds

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

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

Deposits

Our ability to retain and attract deposits depends on numerous factors, including customer satisfaction, the rates of interest we pay, the types of products we offer, and the attractiveness of their terms. From time to time, we have chosen not to compete actively for deposits, depending on our access to deposits through acquisitions, the availability of lower-cost funding sources, the impact of competition on pricing, and the need to fund our loan demand. The vast majority of our deposits are retail in nature (i.e., they are deposits we have gathered through our branches or through business combinations).

Depending on their availability and pricing relative to other funding sources, we also include brokered deposits in our deposit mix. Brokered deposits accounted for \$9.3 billion of our deposits at June 30, 2023, compared to \$5.1 billion at December 31, 2022. Brokered money market accounts represented \$2.2 billion of total brokered deposits at June 30, 2023 and \$2.8 billion at December 31, 2022; brokered interest-bearing checking accounts represented \$1.0 billion and \$1.0 billion, respectively. At June 30, 2023, we had \$6.0 billion of brokered CDs, compared to \$1.3 billion at December 31, 2022.

Our uninsured deposits are the portion of deposit accounts that exceed the FDIC insurance limit (currently \$250,000). These amounts were estimated based on the same methodologies and assumptions used for regulatory reporting purposes and excludes internal accounts. At June 30, 2023 our deposit base includes \$37.8 billion of uninsured deposits a net increase of \$18.2 billion as compared to December 31, 2022 due to the Signature Transaction. This represents 43 percent of our total deposits. We also have \$37.7 billion of total ready liquidity (cash and cash equivalents, unpledged securities, Fed Funds access and FHLB borrowing capacity). Our total ready liquidity approximately matches the balance of our uninsured deposits.

The following table indicates the amount of time deposits, by account, that are in excess of the FDIC insurance limit (currently \$250,000) by time remaining until maturity:

<i>(in millions)</i>	June 30, 2023	December 31, 2022
Portion of U.S. time deposits in excess of insurance limit	\$ 4,847	\$ 3,749
Time deposits otherwise uninsured with a maturity of:		
3 months or less	1,601	969
Over 3 months through 6 months	1,239	604
Over 6 months through 12 months	1,260	1,269
Over 12 months	747	907
Total time deposits otherwise uninsured	\$ 4,847	\$ 3,749

Borrowed Funds

The majority of our borrowed funds are wholesale borrowings (FHLB-NY and FHLB-Indianapolis advances) and, to a lesser extent, junior subordinated debentures and subordinated notes. At June 30, 2023, total borrowed funds decreased \$4.9 billion to \$16.4 billion compared to the balance at December 31, 2022 primarily driven by the paydown of wholesale borrowings with cash received in the Signature Transaction.

Wholesale Borrowings

Wholesale borrowings at June 30, 2023 were \$15.4 billion compared to \$20.3 billion at December 31, 2022.

FHLB-NY and FHLB-Indianapolis advances accounted for \$15.4 billion and \$20.3 billion at June 30, 2023 and December 31, 2022, respectively. Pursuant to blanket collateral agreements with the Bank, our FHLB-NY, FHLB-Indianapolis advances and overnight advances are secured by pledges of certain eligible collateral in the form of loans and securities. At June 30, 2023 and December 31, 2022, \$5.4 billion and \$6.8 billion of our wholesale borrowings had callable features, respectively.

We had no federal funds outstanding at June 30, 2023 and December 31, 2022, respectively.

Junior Subordinated Debentures

Junior subordinated debentures totaled \$577 million at June 30, 2023 compared to \$575 million at December 31, 2022.

Subordinated Notes

At June 30, 2023, the balance of subordinated notes was \$435 million, including \$135 million assumed from the Flagstar acquisition.

See Note 11, "Borrowed Funds," in Item 8, "Financial Statements and Supplementary Data" for a further discussion of our wholesale borrowings, our junior subordinated debentures and subordinated debt.

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

Liquidity

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

We monitor our liquidity daily to ensure that sufficient funds are available to meet our financial obligations. Our most liquid assets are cash and cash equivalents, which totaled \$15.8 billion and \$2.0 billion, at June 30, 2023 and December 31, 2022, respectively. The \$13.8 billion increase in cash and cash equivalents includes custodial deposits related to the Signature Transaction.

Our \$37.7 billion of total ready liquidity (cash and cash equivalents, unpledged securities, and FHLB borrowing capacity), approximately matching the balance of our uninsured deposits.

Additional liquidity stems from deposits and from our use of wholesale funding sources, including wholesale borrowings and brokered deposits. In addition, we have access to the Bank's approved lines of credit with various counterparties, including the FHLB-NY. The availability of these wholesale funding sources is generally based on the amount of mortgage loan collateral available under a blanket lien we have pledged to the respective institutions and, to a lesser extent, the amount of available securities that may be pledged to collateralize our borrowings. At June 30, 2023 our available borrowing capacity with the FHLB-NY was \$15.4 billion. In addition, the Bank had available-for-sale securities of \$7.8 billion, of which, \$6.5 billion is unpledged.

Furthermore, the Bank has agreements with the FRB-NY that enable it to access the discount window as a further means of enhancing our liquidity. In connection with these agreements, the Bank has pledged certain loans and securities to collateralize any funds we may borrow. The maximum amount the Bank could borrow from the FRB-NY was \$1.0 billion. There were no borrowings against these lines of credit at June 30, 2023.

CDs due to mature or reprice in one year or less from June 30, 2023 totaled \$16.9 billion, representing 93 percent of total CDs at that date. Our ability to attract and retain retail deposits, including CDs, depends on numerous factors, including, among others, the convenience of our branches and our other banking channels; our customers' satisfaction with the service they receive; the rates of interest we offer; the types of products we feature; and the attractiveness of their terms.

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

The Parent Company is a separate legal entity from the Bank and must provide for its own liquidity. At June 30, 2023 the Parent Company held cash and cash equivalents of \$131 million. In addition to operating expenses and any share repurchases, the Parent Company is responsible for paying any dividends declared to our stockholders. As a Delaware corporation, the Parent Company is able to pay dividends either from surplus or, in case there is no surplus, from net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

Various legal restrictions limit the extent to which the Company's subsidiary bank can supply funds to the Parent Company and its non-bank subsidiaries. The Bank would require the approval of the OCC if the dividends it declares in any calendar year were to exceed the total of its respective net profits for that year combined with its respective retained net profits for the preceding two calendar years, less any required transfer to paid-in capital. The term "net profits" is defined as net income for a given period less any dividends paid during that period. As a result of our acquisition of Flagstar, we are also

required to seek regulatory approval from the OCC for the payment of any dividend to the Parent Company through at least the period ending November 1, 2024. In connection with receiving regulatory approval from the OCC for the Signature Transaction, the Bank has committed that (i) for a period of two years from the date of the Signature Transaction, it will not declare or pay any dividend without receiving a prior written determination of no supervisory objection from the OCC and (ii) it will not declare or pay dividends on the amount of retained earnings that represents any net bargain purchase gain that is subject to a conditional period that may be imposed by the OCC. In the six months ended June 30, 2023, dividends of \$280 million were paid by the Bank to the Parent Company. At June 30, 2023, the Bank had \$479 million available for additional dividends, excluding bargain purchase gain from retained earnings.

At June 30, 2023, we believe the Company has sufficient liquidity and capital resources to meet its cash flow obligations over the next 12 months and for the foreseeable future.

Contractual Obligations and Commitments

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

For example, we offer CDs with contractual terms to our customers, and borrow funds under contract from the FHLB-NY. These contractual obligations are reflected in the Consolidated Statements of Condition under “Deposits” and “Borrowed funds,” respectively. At June 30, 2023, we had CDs of \$18.2 billion and long-term debt (defined as borrowed funds with an original maturity one year or more) of \$10.9 billion.

We also are obligated under certain non-cancelable operating leases on the buildings and land we use in operating our branch network and in performing our back-office responsibilities. These obligations are included in the Consolidated Statements of Condition and totaled \$536 million at June 30, 2023 an increase of \$414 million compared to \$122 million at December 31, 2022 driven by the Signature Transaction.

At June 30, 2023, we also had commitments to extend credit in the form of mortgage and other loan originations, as well as commercial, performance stand-by, and financial stand-by letters of credit. These commitments consist of agreements to extend credit, as long as there is no violation of any condition established in the contract under which the loan is made. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee.

The following table summarizes the Company’s commitments to originate loans and letters of credit:

<i>(in millions)</i>	June 30, 2023	December 31, 2022
Multi-family and commercial real estate	\$ 96	\$ 216
One-to-four family including interest rate locks	2,497	2,066
Acquisition, development, and construction	4,281	3,539
Warehouse loan commitments	5,479	8,042
Other loan commitments	11,484	7,964
Total loan commitments	\$ 23,837	\$ 21,827
Commercial, performance stand-by, and financial stand-by letters of credit	941	541
Total commitments	\$ 24,778	\$ 22,368

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

Based upon our current liquidity position, and ready liquidity of \$37.7 billion, we expect that our funding will be sufficient to fulfill these cash obligations and commitments when they are due both in the short term and long term.

For the three months ended June 30, 2023, we did not engage in any off-balance sheet transactions that we expect to have a material effect on our financial condition, results of operations or cash flows.

At June 30, 2023, we had no commitments to purchase securities.

Regulatory Capital

The Bank is subject to regulation, examination, and supervision by the OCC and the Federal Reserve (the “Regulators”). The Bank is also governed by numerous federal and state laws and regulations, including the FDIC Improvement Act of 1991, which established five categories of capital adequacy ranging from “well capitalized” to “critically undercapitalized.” Such classifications are used by the FDIC to determine various matters, including prompt corrective action and each institution’s FDIC deposit insurance premium assessments. Capital amounts and classifications are also subject to the Regulators’ qualitative judgments about the components of capital and risk weightings, among other factors.

The quantitative measures established to ensure capital adequacy require that banks maintain minimum amounts and ratios of leverage capital to average assets and of common equity tier 1 capital, tier 1 capital, and total capital to risk-weighted assets (as such measures are defined in the regulations). At June 30, 2023, our capital measures continued to exceed the minimum federal requirements for a bank holding company and for a bank. The following table sets forth our common equity tier 1, tier 1 risk-based, total risk-based, and leverage capital amounts and ratios on a consolidated basis and for the Bank on a stand-alone basis, as well as the respective minimum regulatory capital requirements, at that date:

The following tables present the actual capital amounts and ratios for the Company:

	Risk-Based Capital								Leverage Capital	
	Common Equity Tier 1		Tier 1		Total		Leverage Capital		Amount	Ratio
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio		
June 30, 2023										
<i>(dollars in millions)</i>										
Total capital	\$ 8,269	9.59 %	\$ 8,772	10.17 %	\$ 10,304	11.95 %	\$ 8,772	7.37 %		
Minimum for capital adequacy purposes	3,881	4.50	5,175	6.00	6,900	8.00	4,762	4.00		
Excess	\$ 4,388	5.09 %	\$ 3,597	4.17 %	\$ 3,404	3.95 %	\$ 4,010	3.37 %		
December 31, 2022										
Total capital	\$ 6,335	9.06 %	\$ 6,838	9.78 %	\$ 8,154	11.66 %	\$ 6,838	9.70 %		
Minimum for capital adequacy purposes	3,146	4.50	4,195	6.00	5,593	8.00	2,819	4.00		
Excess	\$ 3,189	4.56 %	\$ 2,643	3.78 %	\$ 2,561	3.66 %	\$ 4,019	5.70 %		

The following tables present the actual capital amounts and ratios for the Bank:

	Risk-Based Capital								Leverage Capital	
	Common Equity Tier 1		Tier 1		Total		Leverage Capital		Amount	Ratio
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio		
June 30, 2023										
<i>(dollars in millions)</i>										
Total capital	\$ 9,587	11.12 %	\$ 9,587	11.12 %	\$ 10,128	11.75 %	\$ 9,587	8.06 %		
Minimum for capital adequacy purposes	3,878	4.50	5,171	6.00	6,895	8.00	4,759	4.00		
Excess	\$ 5,709	6.62 %	\$ 4,416	5.12 %	\$ 3,233	3.75 %	\$ 4,828	4.06 %		
December 31, 2022										
Total capital	\$ 7,653	10.96 %	\$ 7,653	10.96 %	\$ 7,982	11.43 %	\$ 7,653	10.87 %		
Minimum for capital adequacy purposes	3,142	4.50	4,189	6.00	5,585	8.00	2,817	4.00		
Excess	\$ 4,511	6.46 %	\$ 3,464	4.96 %	\$ 2,397	3.43 %	\$ 4,836	6.87 %		

At June 30, 2023, our total risk-based capital ratio exceeded the minimum requirement for capital adequacy purposes by 395 basis points and the fully phased-in capital conservation buffer by 145 basis points.

The Bank also exceeded the minimum capital requirements to be categorized as “Well Capitalized.” To be categorized as well capitalized, a bank must maintain a minimum common equity tier 1 ratio of 6.50 percent; a minimum tier 1 risk-based

capital ratio of 8 percent; a minimum total risk-based capital ratio of 10 percent; and a minimum leverage capital ratio of 5 percent.

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

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

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

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

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

<i>(dollars in millions)</i>	Three Months Ended,		Six months ended	
	June 30, 2023	March 31, 2023	June 30, 2023	June 30, 2022
Stockholders' Equity	\$ 11,060	\$ 10,782	\$ 11,060	\$ 6,824
Less: Goodwill and other intangible assets	(3,123)	(3,160)	(3,123)	(2,426)
Preferred stock	(503)	(503)	(503)	(503)
Tangible common stockholders' equity	\$ 7,434	\$ 7,119	\$ 7,434	\$ 3,895
Total Assets	\$ 118,796	\$ 123,706	\$ 118,796	\$ 63,093
Less: Goodwill and other intangible assets	(3,123)	(3,160)	(3,123)	(2,426)
Tangible assets	\$ 115,673	\$ 120,546	\$ 115,673	\$ 60,667
Common stockholders' equity to total assets	8.89 %	8.31 %	8.89 %	10.02 %
Tangible common stockholders' equity to tangible assets	6.43 %	5.91 %	6.43 %	6.42 %
Book value per common share	\$ 14.61	\$ 14.23	\$ 14.61	\$ 13.56
Tangible book value per common share	\$ 10.29	\$ 9.86	\$ 10.29	\$ 8.35

Market Risk

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

The actual duration of held-for-investment mortgage loans and mortgage-related securities can be significantly impacted by changes in prepayment levels and market interest rates. The level of prepayments may, in turn, be impacted by a variety of factors, including the economy in the region where the underlying mortgages were originated; seasonal factors; demographic

variables; and the assumability of the underlying mortgages. However, the factors with the most significant impact on prepayments are market interest rates and the availability of refinancing opportunities.

We managed our interest rate risk by taking the following actions: (1) We have continued to emphasize the origination and retention of intermediate-term assets, primarily in the form of multi-family and CRE loans; (2) We have continued the origination of certain C&I loans that feature floating interest rates; (3) Increased the focus on retaining low costs deposits; and (4) Obtained new low cost deposits as part of the banking-as-a-service initiative (5) The use of derivatives to manage our interest rate position.

Uninsured Deposits

We manage our liquidity to ensure that our cash flows are sufficient to support our operations, and to compensate for any temporary mismatches between sources and uses of funds caused by variable loan and deposit demand. As a result, we have \$37.7 billion of total ready liquidity (cash and cash equivalents, unpledged securities, Fed Funds access and FHLB borrowing capacity), approximately matching the balance of our uninsured deposits. Our uninsured deposits are the portion of deposit accounts that exceed the FDIC insurance limit (currently \$250,000). These amounts were estimated based on the same methodologies and assumptions used for regulatory reporting purposes and excludes internal accounts. At June 30, 2023 our deposit base includes \$37.8 billion of uninsured deposits, reflecting a net increase of \$18.2 billion as compared to December 31, 2022 due to the Signature Transaction. This represents 43 percent of our total deposits.

LIBOR Transition Process and Phase Out

The Company has certain loans, interest rate swap agreements, investment securities, and debt obligations whose interest rate is indexed to LIBOR. In 2017, the FCA, which is responsible for regulating LIBOR, announced that the publication of LIBOR is not guaranteed beyond 2021. In December 2020, the administrator of LIBOR announced its intention to (i) cease the publication of the one-week and two-month U.S. dollar LIBOR after December 31, 2021, and (ii) cease the publication of all other tenors of U.S. dollar LIBOR (one, three, six, and 12-month LIBOR) after June 30, 2023, and on March 15, 2021, announced that it will permanently cease to publish most LIBOR settings beginning on January 1, 2022 and cease to publish the overnight, one-month, three-month, six-month, and 12-month U.S. dollar LIBOR settings on July 1, 2023. Accordingly, the FCA has stated that it does not intend to persuade or compel banks to submit to LIBOR after such respective dates. Until such time, however, FCA panel banks have agreed to continue to support LIBOR. In October 2021, the Federal bank regulatory agencies issued a Joint Statement on Managing the LIBOR Transition that offered their regulatory expectations and outlined potential supervisory and enforcement consequences for banks that fail to adequately plan for and implement the transition away from LIBOR. The failure to properly transition away from LIBOR may result in increased supervisory scrutiny. The implementation of a substitute index for the calculation of interest rates under the Company's loan agreements may result in disputes or litigation with counterparties over the appropriateness or comparability to LIBOR of the substitute index, which would have an adverse effect on the Company's results of operations. Even when robust fallback language is included, there can be no assurances that the replacement rate plus any spread adjustment will be economically equivalent to LIBOR, which could result in a lower interest rate being paid to the Company on such assets.

The Alternative Reference Rates Committee (a group of private-market participants convened by the FRB and the FRB-NY) has identified SOFR as the recommended alternative to LIBOR. The use of SOFR as a substitute for LIBOR is voluntary and may not be suitable for all market participants. SOFR is calculated and observed differently than LIBOR. Given the manner in which SOFR is calculated, it is likely to be lower than LIBOR and is less likely to correlate with the funding costs of financial institutions. Market practices related to SOFR calculation conventions continue to develop and may vary. Inconsistent calculation conventions among financial products may expose us to increased basic rate and resultant costs.

Other alternatives to LIBOR also exist, but, because of the difference in how those alternatives are constructed, they may diverge significantly from LIBOR in a range of situations and market conditions.

The Bank established a sub-committee of ALCO to address issues related to the phase out and transition from LIBOR. This sub-committee consists of personnel from various departments through the Bank including lending, loan administration, credit risk management, finance/treasury, including interest rate risk and liquidity management, information technology, and operations. The Company has LIBOR-based contracts that extend beyond June 30, 2023. The sub-committee has monitored the Bank's LIBOR transition progress and substantially all contracts have been updated. In complying with industry requirements, the Bank has not offered new LIBOR-based products since December 31, 2021.

Interest Rate Sensitivity Analysis

Interest rate sensitivity is monitored through the use of a model that generates estimates of the change in our Economic Value of Equity (EVE) over a range of interest rate scenarios. EVE is defined as the net present value of expected cash flows from assets, liabilities, and off-balance sheet contracts. The EVE ratio, under any interest rate scenario, is defined as the EVE in that scenario divided by the market value of assets in the same scenario. The model assumes estimated loan and MBS prepayment rates, current market value spreads, and deposit decay rates and betas.

Based on the information and assumptions in effect at June 30, 2023, the following table sets forth our EVE, assuming the changes in interest rates noted:

Change in Interest Rates (in basis points)	Estimated Percentage Change in Economic Value of Equity
-200 over one year	(3.6)%
-100 over one year	(1.5)%
+100 over one year	(0.6)%
+200 over one year	(1.5)%

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

Accordingly, while the EVE analysis provides an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to, and do not, provide a precise forecast of the effect of changes in market interest rates on our net interest income, and may very well differ from actual results.

Interest Rate Risk is also monitored through the use of a model that generates Net Interest Income (NII) simulations over a range of interest rate scenarios. Modeling changes in NII requires that certain assumptions be made which may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the NII analysis presented below assumes that the composition of our interest rate sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured, and also assumes that a particular change in interest rates is reflected uniformly across the yield curve, regardless of the duration to maturity or repricing of specific assets and liabilities. Furthermore, the model does not take into account the benefit of any strategic actions we may take to further reduce our exposure to interest rate risk. The assumptions used in the net interest income simulation are inherently uncertain. Actual results may differ significantly from those presented in the following table, due to the frequency, timing, and magnitude of changes in interest rates; changes in spreads between maturity and repricing categories; and prepayments, among other factors, coupled with any actions taken to counter the effects of any such changes.

Based on the information and assumptions in effect at June 30, 2023, the following table reflects the estimated percentage change in future net interest income for the next twelve months, assuming the changes in interest rates noted:

Change in Interest Rates (in basis points) ⁽¹⁾	Estimated Percentage Change in Future Net Interest Income
-200 over one year	(8.9)%
-100 over one year	(4.9)%
+100 over one year	5.0%
+200 over one year	10.0%

(1) *In general, short- and long-term rates are assumed to increase in parallel instantaneously and then remain unchanged.*

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

Future changes in our mix of assets and liabilities may result in greater changes to our EVE, and/or NII simulations.

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

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

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

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

In connection with our net interest income simulation modeling, we also evaluate the impact of changes in the slope of the yield curve. At June 30, 2023, our analysis indicated that a further inversion of the yield curve would be expected to result in a 3.8 percent decrease in net interest income; conversely, an immediate steepening of the yield curve would be expected to result in a 1.5 percent increase in net interest income.

Critical Accounting Estimates

Various elements of our accounting policies, by their nature, are subject to estimation techniques, valuation assumptions and other subjective assessments. Certain accounting policies that, due to the judgment, estimates and assumptions are critical to an understanding of our Consolidated Financial Statements and the Notes, are described in Item 1. These policies relate to: (a) the determination of our ACL, (b) fair value measurements and (c) the acquisition method of accounting. We believe the judgment, estimates and assumptions used in the preparation of our Consolidated Financial Statements and the Notes are appropriate given the factual circumstances at the time. However, given the sensitivity of our Consolidated Financial Statements and the Notes to these critical accounting policies, the use of other judgments, estimates and assumptions could result in material differences in our results of operations and/or financial condition.

For further information on our critical accounting policies, please refer to our Form 10-K for the year ended December 31, 2022, which is available on our website, under the Investor Relations section, or on the website of the Securities and Exchange Commission, at sec.gov.

Signature Transaction - Certain Financial Information

In accordance with the guidance provided in Staff Accounting Bulletin Topic 1:K, “Financial Statements of Acquired Troubled Financial Institutions” (“SAB 1:K”), and a pending request for relief submitted by the Company to the Securities and Exchange Commission in accordance therewith, the Company has omitted certain financial information on the Signature Transaction required by Rule 3-05 of Regulation S-X and Article 11 of Regulation S-X. SAB 1:K provides relief from the requirements of Rule 3-05 and Article 11 of Regulation S-X under certain circumstances, including a transaction such as the Signature Transaction, in which the registrant engages in an acquisition of a troubled financial institution for which historical financial statements are not reasonably available or relevant and in which federal assistance is an essential and significant part of the transaction.

Reportable Segment and Reporting Units

We operate in a single reportable segment and have identified one reporting unit which is the same as our operating segment. Following the acquisition of Flagstar Bank, N.A. and closing the Signature Transaction, we are currently in the process of reassessing our reportable segments and reporting units, which may result in a change to either or both in future reporting periods.

ITEM 1. FINANCIAL STATEMENTS

New York Community Bancorp, Inc.
Consolidated Statements of Condition
(unaudited)

June 30, 2023

December 31, 2022

(in millions, except per share data)

ASSETS:	June 30, 2023	December 31, 2022
Cash and cash equivalents	\$ 15,806	\$ 2,032
Securities:		
Debt Securities available-for-sale \$1,275 and \$434 pledged at June 30, 2023 and December 31, 2022, respectively)	7,782	9,060
Equity investments with readily determinable fair values, at fair value	14	14
Total securities	7,796	9,074
Loans held for sale (\$1,572 and \$1,115 measured at fair value, respectively)	2,194	1,115
Loans and leases held for investment, net of deferred loan fees and costs	83,278	69,001
Less: Allowance for credit losses on loans and leases	(594)	(393)
Total loans and leases held for investment, net	82,684	68,608
Federal Home Loan Bank stock and Federal Reserve Bank stock, at cost	1,136	1,267
Premises and equipment, net	660	491
Core deposit and other intangibles	697	287
Goodwill	2,426	2,426
Mortgage servicing rights	1,031	1,033
Bank-owned life insurance	1,567	1,561
Other assets	2,799	2,250
Total assets	\$ 118,796	\$ 90,144
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Deposits:		
Interest-bearing checking and money market accounts	\$ 30,795	\$ 22,511
Savings accounts	9,762	11,645
Certificates of deposit	18,188	12,510
Non-interest-bearing accounts	29,752	12,055
Total deposits	88,497	58,721
Borrowed funds:		
Federal Home Loan Bank advances	15,400	20,325
Junior subordinated debentures	577	575
Subordinated notes	435	432
Total borrowed funds	16,412	21,332
Other liabilities	2,827	1,267
Total liabilities	107,736	81,320
Stockholders' equity:		
Preferred stock at par \$0.01 (5,000,000 shares authorized): Series A (515,000 shares issued and outstanding)	503	503
Common stock at par \$0.01 (900,000,000 shares authorized; 744,506,254 and 705,429,386 shares issued; and 722,475,755 and 681,217,334 shares outstanding, respectively)	7	7
Paid-in capital in excess of par	8,204	8,130
Retained earnings	3,205	1,041
Treasury stock, at cost (\$22,030,499 and 24,212,052 shares, respectively)	(217)	(237)
Accumulated other comprehensive loss, net of tax:		
Net unrealized loss on securities available for sale, net of tax of \$255 and \$240, respectively	(668)	(626)
Net unrealized loss on pension and post-retirement obligations, net of tax of \$17 and \$18, respectively	(43)	(46)
Net unrealized gain on cash flow hedges, net of tax of \$(26) and \$(20), respectively	69	52
Total accumulated other comprehensive loss, net of tax	(642)	(620)
Total stockholders' equity	11,060	8,824
Total liabilities and stockholders' equity	\$ 118,796	\$ 90,144

See accompanying notes to the consolidated financial statements.

New York Community Bancorp, Inc.
Consolidated Statements of Income and Comprehensive Income

(in millions, except per share data)	Three Months Ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
INTEREST INCOME:				
Loans and leases	\$ 1,161	\$ 424	\$ 2,028	\$ 817
Securities and money market investments	337	49	504	85
Total interest income	1,498	473	2,532	902
INTEREST EXPENSE:				
Interest-bearing checking and money market accounts	232	24	389	32
Savings accounts	40	10	79	18
Certificates of deposit	169	12	256	23
Borrowed funds	157	68	353	138
Total interest expense	598	114	1,077	211
Net interest income	900	359	1,455	691
Provision for (recovery of) credit losses	49	9	219	7
Net interest income after provision for credit loan losses	851	350	1,236	684
NON-INTEREST INCOME:				
Fee income	48	6	75	12
Bank-owned life insurance	11	7	21	14
Net (loss) on securities	(1)	—	(1)	(1)
Net return on mortgage servicing rights	25	—	47	—
Net gain on loan sales and securitizations	25	—	45	—
Net Loan administration income	39	—	46	—
Bargain purchase gain	141	—	2,142	—
Other	14	5	25	7
Total non-interest income	302	18	2,400	32
NON-INTEREST EXPENSE:				
Operating expenses:				
Compensation and benefits	289	79	508	159
Occupancy and equipment	50	22	87	45
General and administrative	176	33	312	64
Total operating expense	515	134	907	268
Intangible asset amortization	37	—	54	—
Merger-related and restructuring expenses	109	4	176	11
Total non-interest expense	661	138	1,137	279
Income before income taxes	492	230	2,499	437
Income tax expense	79	59	80	111
Net income	\$ 413	\$ 171	\$ 2,419	\$ 326
Preferred stock dividends	8	8	16	16
Net income available to common stockholders	405	163	2,403	310
Basic earnings per common share	\$ 0.55	\$ 0.34	\$ 3.37	\$ 0.66
Diluted earnings per common share	\$ 0.55	\$ 0.34	\$ 3.37	\$ 0.66
Net income	\$ 413	\$ 171	\$ 2,419	\$ 326
Other comprehensive loss, net of tax:				
Change in net unrealized loss on securities available for sale, net of tax of \$36; \$68; \$15 and \$150;, respectively	(102)	(176)	(42)	(391)
Change in pension and post-retirement obligations, net of tax of \$(1); \$0; \$(1) and \$0;, respectively	1	(1)	2	(1)
Change in net unrealized gain on cash flow hedges, net of tax of \$(32); \$(3); \$(9) and \$(7);, respectively	92	6	25	18
Reclassification adjustment for defined benefit pension plan, net of tax of \$1; \$0; \$0 and \$0;, respectively	—	1	1	1
Reclassification adjustment for net (loss) gain on cash flow hedges included in net income, net of tax \$1; \$0; \$3 and \$(2);, respectively	(4)	1	(8)	5
Total other comprehensive loss, net of tax	(13)	(169)	(22)	(368)
Total comprehensive income (loss), net of tax	\$ 400	\$ 2	\$ 2,397	\$ (42)

See accompanying notes to the consolidated financial statements.

New York Community Bancorp, Inc.
Consolidated Statements of Changes in Stockholders' Equity
(unaudited)

<i>(in millions, except share data)</i>	Shares Outstanding	Preferred Stock (Par Value: \$0.01)	Common Stock (Par Value: \$0.01)	Paid-in Capital in excess of Par	Retained Earnings	Treasury Stock, at Cost	Accumulated Other Comprehensive Loss, Net of Tax	Total Stockholders' Equity
Three Months Ended June 30, 2023								
Balance at March 31, 2023	722,150,297	\$ 503	\$ 7	\$ 8,197	\$ 2,923	\$ (219)	\$ (629)	\$ 10,782
Shares issued for restricted stock, net of forfeitures	515,635	—	—	(4)	—	4	—	—
Compensation expense related to restricted stock awards	—	—	—	11	—	—	—	11
Net income	—	—	—	—	413	—	—	413
Dividends paid on common stock (\$0.17)	—	—	—	—	(123)	—	—	(123)
Dividends paid on preferred stock (\$15.94)	—	—	—	—	(8)	—	—	(8)
Purchase of common stock	(190,177)	—	—	—	—	(2)	—	(2)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(13)	(13)
Balance at June 30, 2023	<u>722,475,755</u>	<u>\$ 503</u>	<u>\$ 7</u>	<u>\$ 8,204</u>	<u>\$ 3,205</u>	<u>\$ (217)</u>	<u>\$ (642)</u>	<u>\$ 11,060</u>
Three Months Ended June 30, 2022								
Balance at March 31, 2022	467,024,144	\$ 503	\$ 5	\$ 6,107	\$ 809	\$ (231)	\$ (284)	\$ 6,909
Shares issued for restricted stock, net of forfeitures	28,930	—	—	—	—	—	—	—
Compensation expense related to restricted stock awards	—	—	—	7	—	—	—	7
Net income	—	—	—	—	171	—	—	171
Dividends paid on common stock (\$0.17)	—	—	—	—	(79)	—	—	(79)
Dividends paid on preferred stock (\$15.94)	—	—	—	—	(8)	—	—	(8)
Purchase of common stock	(809,996)	—	—	—	—	(7)	—	(7)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(169)	(169)
Balance at June 30, 2022	<u>466,243,078</u>	<u>\$ 503</u>	<u>\$ 5</u>	<u>\$ 6,114</u>	<u>\$ 893</u>	<u>\$ (238)</u>	<u>\$ (453)</u>	<u>\$ 6,824</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

New York Community Bancorp, Inc.
Consolidated Statements of Changes in Stockholders' Equity
(unaudited)

<i>(in millions, except share data)</i>	Shares Outstanding	Preferred Stock (Par Value: \$0.01)	Common Stock (Par Value: \$0.01)	Paid-in Capital in excess of Par	Retained Earnings	Treasury Stock, at Cost	Accumulated Other Comprehensive Loss, Net of Tax	Total Stockholders' Equity
Six Months Ended June 30, 2023								
Balance at December 31, 2022	681,217,334	\$ 503	\$ 7	\$ 8,130	\$ 1,041	\$ (237)	\$ (620)	\$ 8,824
Issuance and exercise of FDIC Equity appreciation instrument	39,032,006	—	—	85	—	—	—	85
Shares issued for restricted stock, net of forfeitures	3,393,046	—	—	(31)	—	31	—	—
Compensation expense related to restricted stock awards	0	—	—	20	—	—	—	20
Net income	0	—	—	—	2,419	—	—	2,419
Dividends paid on common stock (\$0.34)	0	—	—	—	(239)	—	—	(239)
Dividends paid on preferred stock (\$31.88)	0	—	—	—	(16)	—	—	(16)
Purchase of common stock	(1,166,631)	—	—	—	—	(11)	—	(11)
Other comprehensive loss, net of tax	0	—	—	—	—	—	(22)	(22)
Balance at June 30, 2023	<u>722,475,755</u>	<u>\$ 503</u>	<u>\$ 7</u>	<u>\$ 8,204</u>	<u>\$ 3,205</u>	<u>\$ (217)</u>	<u>\$ (642)</u>	<u>\$ 11,060</u>
Six Months Ended June 30, 2022								
Balance at December 31, 2021	465,015,643	\$ 503	\$ 5	\$ 6,126	\$ 741	\$ (246)	\$ (85)	\$ 7,044
Shares issued for restricted stock, net of forfeitures	2,939,365	—	—	(27)	—	27	—	—
Compensation expense related to restricted stock awards	—	—	—	15	—	—	—	15
Net income	—	—	—	—	326	—	—	326
Dividends paid on common stock (\$0.34)	—	—	—	—	(158)	—	—	(158)
Dividends paid on preferred stock (\$31.88)	—	—	—	—	(16)	—	—	(16)
Purchase of common stock	(1,711,930)	—	—	—	—	(19)	—	(19)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(368)	(368)
Balance at June 30, 2022	<u>466,243,078</u>	<u>\$ 503</u>	<u>\$ 5</u>	<u>\$ 6,114</u>	<u>\$ 893</u>	<u>\$ (238)</u>	<u>\$ (453)</u>	<u>\$ 6,824</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

New York Community Bancorp, Inc.
Consolidated Statements of Cash Flows
(unaudited)

<i>(in millions)</i>	For the Six Months Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,419	\$ 326
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Provision for loan losses	219	7
Amortization of intangibles	54	—
Depreciation	18	9
Amortization of discounts and premiums, net	(119)	(2)
Net (gain) loss on securities	1	1
Net (gain) loss on sales of loans	(45)	—
Net gain on sales of fixed assets	—	(2)
Gain on business acquisition	(2,142)	—
Stock-based compensation	20	15
Deferred tax expense	(44)	(15)
Changes in operating assets and liabilities:		
Decrease (increase) in other assets	(71)	42
(Decrease) increase in other liabilities	(969)	18
Purchases of securities held for trading	(10)	(35)
Proceeds from sales of securities held for trading	10	35
Change in loans held for sale, net	(911)	—
Net cash (used in) provided by operating activities	(1,570)	399
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from repayment of securities available for sale	1,148	397
Proceeds from sales of securities available for sale	1,341	—
Purchase of securities available for sale	(1,111)	(788)
Redemption of Federal Home Loan Bank stock	967	175
Purchases of Federal Home Loan Bank and Federal Reserve Bank stock	(836)	(76)
Proceeds from bank-owned life insurance, net	24	5
Purchases of loans	—	(144)
Net Proceeds from sales of MSR's	50	—
Other changes in loans, net	(2,433)	(2,650)
(Purchases) dispositions of premises and equipment, net	(53)	11
Cash acquired in business acquisition	25,043	—
Net cash provided by (used in) investing activities	24,140	(3,070)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (decrease) increase in deposits	(3,809)	6,185
Net decrease in short-term borrowed funds	(2,050)	(1,700)
Proceeds from long-term borrowed funds	500	2,955
Repayments of long-term borrowed funds	(3,374)	(3,510)
Net receipt of payments of loans serviced for others	367	—
Cash dividends paid on common stock	(239)	(158)
Cash dividends paid on preferred stock	(16)	(16)
Treasury stock repurchased	—	(7)
Payments relating to treasury shares received for restricted stock award tax payments	(11)	(12)
Net cash (used in) provided by financing activities	(8,632)	3,737
Net increase in cash, cash equivalents, and restricted cash ⁽¹⁾	13,938	1,066
Cash, cash equivalents, and restricted cash at beginning of year ⁽¹⁾	2,082	2,211
Cash, cash equivalents, and restricted cash at end of year ⁽¹⁾	\$ 16,020	\$ 3,277
Supplemental information:		
Cash paid for interest	\$ 1,043	\$ 229

Cash paid for income taxes		17	8
Non-cash investing and financing activities:			
Transfers to repossessed assets from loans	\$	1	\$ —
Securitization of loans to mortgage-backed securities available for sale		109	144
Shares issued for restricted stock awards		31	27
Business Combination:			
Fair value of tangible assets acquired		37,542	—
Intangible assets		464	—
Liabilities assumed		35,779	—
Issuance of FDIC Equity appreciation instrument		85	—

(1) For further information on restricted cash, see Note 14 - Derivative and Hedging Activities

The accompanying notes are an integral part of these Consolidated Financial Statements.

Note 1 - Organization and Basis of Presentation

Organization

New York Community Bancorp, Inc. (on a stand-alone basis, the "Parent Company" or, collectively with its subsidiaries, the "Company" or "we") was organized under Delaware law on July 20, 1993 and is the holding company for Flagstar Bank N.A. (hereinafter referred to as the "Bank"). The Company is headquartered in Hicksville, New York with regional headquarters in Troy, Michigan.

The Company is subject to regulation, examination and supervision by the Federal Reserve. The Bank is a National Association, subject to federal regulation and oversight by the OCC.

On November 23, 1993, the Company issued its initial offering of common stock (par value: \$0.01 per share) at a price of \$25.00 per share (\$0.93 per share on a split-adjusted basis, reflecting the impact of nine stock splits between 1994 and 2004). The Company has grown organically and through a series of accretive mergers and acquisitions, culminating in its acquisition of Flagstar Bancorp, Inc., which closed on December 1, 2022 and the Signature Transaction which closed on March 20, 2023.

Flagstar Bank, N.A. currently operates 436 branches across nine states, including strong footholds in the Northeast and Midwest and exposure to markets in the Southeast and West Coast. Flagstar Mortgage operates nationally through a wholesale network of approximately 3000 third-party mortgage originators. Flagstar Bank N.A. also operates through eight local divisions, each with a history of service and strength: Queens County Savings Bank, Roslyn Savings Bank, Richmond County Savings Bank, Roosevelt Savings Bank, and Atlantic Bank in New York; Garden State Community Bank in New Jersey; Ohio Savings Bank in Ohio; and AmTrust Bank in Arizona and Florida.

Basis of Presentation

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

The accompanying consolidated financial statements include the accounts of the Company and other entities in which the Company has a controlling financial interest. All inter-company accounts and transactions are eliminated in consolidation. The Company currently has certain unconsolidated subsidiaries in the form of wholly-owned statutory business trusts, which were formed to issue guaranteed capital securities. See Note 11 "Borrowed Funds," for additional information regarding these trusts.

Loans

Effective January 1, 2023, the Corporation adopted the provisions of Accounting Standards Update (ASU) No. 2022-02, "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures" (ASU 2022-02), which eliminated the accounting for troubled debt restructurings (TDRs) while expanding loan modification and vintage disclosure requirements. Under ASU 2022-02, the Corporation assesses all loan modifications to determine whether one is granted to a borrower experiencing financial difficulty, regardless of whether the modified loan terms include a concession. Modifications granted to borrowers experiencing financial difficulty may be in the form of an interest rate reduction, an other-than-insignificant payment delay, a term extension, principal forgiveness or a combination thereof (collectively referred to as Troubled Debt Modifications or TDMs).

Notes to the Consolidated Financial Statements

Prior to the adoption of ASU 2022-02, the Company accounted for certain loan modifications and restructurings as TDRs. In general, a modification or restructuring of a loan constituted a TDR if the Company granted a concession to a borrower experiencing financial difficulty.

Adoption of New Accounting Standards

Standard	Description	Effective Date
ASU 2022-02- Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures Issued March 2022	ASU 2022-02 eliminates prior accounting guidance for TDRs, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The standard also requires that an entity disclose current-period gross charge-offs by year of origination for financing receivables and net investments in leases.	The Company adopted ASU 2022-02 effective January 1, 2023 using a modified retrospective transition approach for the amendments related to the recognition and measurement of TDRs. The impact of the adoption resulted in an immaterial change to the allowance for credit losses ("ACL"), thus no adjustment to retained earnings was recorded. Disclosures have been updated to reflect information on loan modifications given to borrowers experiencing financial difficulty as presented in Note 6. TDR disclosures are presented for comparative periods only and are not required to be updated in current periods. Additionally, the current year vintage disclosure included in Note 6 has been updated to reflect gross charge-offs by year of origination for the three months ended June 30, 2023.
ASU 2023-02 Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method Issued: March 2023	Permits reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met.	The Company adopted ASU 2023-02 effective January 1, 2023 and is not expected to have a significant impact on the Company's consolidated financial statements.

Note 2 - Computation of Earnings per Common Share

Earnings per Common Share (Basic and Diluted)

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

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

The following table presents the Company's computation of basic and diluted earnings per common share:

(in millions, except share and per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income available to common stockholders	\$ 405	\$ 163	\$ 2,403	\$ 310
Less: Dividends paid on and earnings allocated to participating securities	(4)	(2)	(26)	(4)
Earnings applicable to common stock	\$ 401	\$ 161	\$ 2,377	\$ 306
Weighted average common shares outstanding	722,264,568	465,811,096	704,685,721	465,476,526
Basic earnings per common share	\$ 0.55	\$ 0.34	\$ 3.37	\$ 0.66
Earnings applicable to common stock	\$ 401	\$ 161	\$ 2,377	\$ 306
Weighted average common shares outstanding	722,264,568	465,811,096	704,685,721	465,476,526
Potential dilutive common shares	1,462,426	988,976	1,411,524	899,249
Total shares for diluted earnings per common share computation	723,726,994	466,800,072	706,097,245	466,375,775
Diluted earnings per common share and common share equivalents	\$ 0.55	\$ 0.34	\$ 3.37	\$ 0.66

Note 3 - Business Combinations

Signature Bridge Bank

On March 20, 2023, the Company's wholly owned bank subsidiary, Flagstar Bank N.A. (the "Bank"), entered into a Purchase and Assumption Agreement (the "Agreement") with the Federal Deposit Insurance Corporation ("FDIC"), as receiver (the "FDIC Receiver") of Signature Bridge Bank, N.A. ("Signature") to acquire certain assets and assume certain liabilities of Signature (the "Signature Transaction"). Headquartered in New York, New York, Signature Bank was a full-service commercial bank that operated 29 branches in New York, seven branches in California, two branches in North Carolina, one branch in Connecticut, and one branch in Nevada. In connection with the Signature Transaction the Bank assumed all of Signature's branches. The Bank acquired only certain parts of Signature it believes to be financially and strategically complementary that are intended to enhance the Company's future growth.

Pursuant to the terms of the Agreement, the Company was not required to make a cash payment to the FDIC on March 20, 2023 as consideration for the acquired assets and assumed liabilities. As the Company and the FDIC remain engaged in ongoing discussions which may impact the assets and liabilities acquired or assumed by the Company in the Signature Transaction, the Company may be required to make a payment to the FDIC or the FDIC may be required to make a payment to the Company on the Settlement Date, which will be one year after March 20, 2023, or as agreed upon by the FDIC and the Company.

In addition, as part of the consideration for the Signature Transaction, the Company granted the FDIC equity appreciation rights in the common stock of the Company under an equity appreciation instrument (the "Equity Appreciation Instrument"). On March 31, 2023, the Company issued 39,032,006 shares of Company common stock to the FDIC pursuant to the Equity Appreciation Instrument. On May 19, 2023, the FDIC completed the secondary offering of those shares.

The Company has determined that the Signature Transaction constitutes a business combination as defined by ASC 805, *Business Combinations* ("ASC 805"). ASC 805 establishes principles and requirements as to how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. Accordingly, the assets acquired and liabilities assumed have been recorded based on their estimated fair values based on initial valuations as of March 20, 2023.

Under the Agreement, the Company is expected to provide certain services to the FDIC to assist the FDIC in its administration of certain assets and liabilities which were not assumed by the Company and which remain under the control of the FDIC (the "Interim Servicing"). The Interim Servicing includes activities related to the servicing of loan portfolios not acquired on behalf of the FDIC for a period of up to one year from the date of the Signature Transaction unless such loans are sold or transferred at an earlier time by the FDIC or until cancelled by the FDIC upon 60-days' notice. The Interim Servicing may include other ancillary services requested by the FDIC to assist in their administration of the remaining assets and liabilities of Signature Bank. The FDIC will reimburse the Company for costs associated with the Interim Servicing based upon an agreed upon fee which approximates the cost to provide such services. As the FDIC intends to reimburse the Company for

the costs to service the loans, neither a servicing asset nor servicing liability was recognized as part of the Signature Transaction.

The Company did not enter into a loss sharing arrangement with the FDIC in connection with the Signature Transaction.

As the Company finalizes its analysis of the assets acquired and liabilities assumed, there may be adjustments to the recorded carrying values. In many cases, the determination of the fair value of the assets acquired and liabilities assumed required management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change. While the Company believes that the information available on June 30, 2023, provided a reasonable basis for estimating fair value, the Company may obtain additional information and evidence during the measurement period that may result in changes to the estimated fair value amounts. Fair values subject to change include, but are not limited to, those related to loans and leases, certain deposits, intangibles, deferred tax assets and liabilities and certain other assets and other liabilities.

A summary of the net assets acquired and the estimated fair value adjustments resulting in the bargain purchase gain is as follows:

<i>(in millions)</i>	March 20, 2023
Net assets acquired before fair value adjustments	\$ 2,973
Fair value adjustments:	
Loans	(727)
Core deposit and other intangibles	464
Certificates of deposit	27
Other net assets and liabilities	39
FDIC Equity Appreciation Instrument	(85)
Deferred tax liability	(690)
Bargain purchase gain on Signature Transaction, as initially reported	\$ 2,001
Measurement period adjustments, excluding taxes	53
Change in deferred tax liability	88
Bargain purchase gain on Signature Transaction, as adjusted	\$ 2,142

In connection with the Signature Transaction, the Company recorded a bargain purchase gain, as adjusted, of approximately \$2.1 billion during the six months ended June 30, 2023, which is included in non-interest income in the Company's Consolidated Statement of Income and Comprehensive Income.

The bargain purchase gain represents the excess of the estimated fair value of the assets acquired (including cash payments received from the FDIC) over the estimated fair value of the liabilities assumed and is influenced significantly by the FDIC-assisted transaction process. Under the FDIC-assisted transaction process, only certain assets and liabilities are transferred to the acquirer and, depending on the nature and amount of the acquirers bid, the FDIC may be required to make a cash payment to the Company and the Company may be required to make a cash payment to the FDIC.

The assets acquired and liabilities assumed and consideration paid in the Signature Transaction were initially recorded at their estimated fair values based on management's best estimates using information available at the date of the Signature Transaction, and are subject to adjustment for up to one year after the closing date of the Signature Transaction. The Company and the FDIC are engaged in ongoing discussions and settlement payments have been made that have impacted certain assets acquired or certain liabilities assumed by the Company on March 20, 2023 and are included as measurement period adjustments in the table below.

<i>(in millions)</i>	As Initially Reported	Measurement Period Adjustments	As Adjusted
Purchase Price consideration	\$ 85	\$ —	\$ 85
Fair value of assets acquired:			
Cash & cash equivalents	25,043	—	25,043
Loans held for sale	232	—	232
Loans held for investment:			
Commercial and industrial	10,102	(214)	9,888
Commercial real estate	1,942	(262)	1,680
Consumer and other	174	(1)	173
Total loans held for investment	12,218	(477)	11,741
CDI and other intangible assets	464	—	464
Other assets	679	(153)	526
Total assets acquired	38,636	(630)	38,006
Fair value of liabilities assumed:			
Deposits	33,568	—	33,568
Other liabilities	2,982	(771)	2,211
Total liabilities assumed	36,550	(771)	35,779
Fair value of net identifiable assets	2,086	141	2,227
Bargain purchase gain	\$ 2,001	\$ 141	\$ 2,142

During the three months ended June 30, 2023, the Company recorded preliminary measurement period adjustments to adjust the estimated fair value of loans and leases acquired and adjust other assets and accrued expenses and other liabilities for balances ultimately retained by the FDIC. Additionally, \$449 million of loans were returned to the FDIC in accordance with the purchase and sale agreement. The Company also recognized a net change in the deferred tax liability due to the measurement period adjustments and the secondary offering of shares completed by the FDIC.

Fair Value of Assets Acquired and Liabilities Assumed

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, reflecting assumptions that a market participant would use when pricing an asset or liability. In some cases, the estimation of fair values requires management to make estimates about discount rates, future expected cash flows, market conditions, and other future events that are highly subjective in nature and are subject to change. Described below are the methods used to determine the fair values of the significant assets acquired and liabilities assumed in the Signature Transaction.

Cash and Cash Equivalents

The estimated fair value of cash and cash equivalents approximates their stated face amounts, as these financial instruments are either due on demand or have short-term maturities.

Loans and leases

The fair value for loans was based on a discounted cash flow methodology that considered credit loss expectations, market interest rates and other market factors such as liquidity from the perspective of a market participant. Loans were grouped together according to similar characteristics and were treated in the aggregate when applying various valuation techniques. The probability of default, loss given default and prepayment assumptions were the key factors driving credit losses which were embedded into the estimated cash flows. These assumptions were informed by internal data on loan characteristics, historical loss experience, and current and forecasted economic conditions. The interest and liquidity component of the estimate was determined by discounting interest and principal cash flows through the expected life of each loan. The discount rates used for loans are based on current market rates for new originations of comparable loans and include adjustments for liquidity. The discount rates do not include a factor for credit losses as that has been included as a reduction to the estimated cash flows. Acquired loans were marked to fair value and adjusted for any PCD gross up as of the date of the Signature Transaction.

Deposit Liabilities

The fair value of deposit liabilities with no stated maturity (i.e., non-interest-bearing and interest-bearing checking accounts) is equal to the carrying amounts payable on demand. The fair value of certificates of deposit represents contractual cash flows, discounted using interest rates currently offered on deposits with similar characteristics and remaining maturities.

Core Deposit Intangible

Core deposit intangible (“CDI”) is a measure of the value of non-interest-bearing and interest-bearing checking accounts, savings accounts, and money market accounts that are acquired in a business combination. The fair value of the CDI stemming from any given business combination is based on the present value of the expected cost savings attributable to the core deposit funding, relative to an alternative source of funding. The CDI relating to the Signature Transaction will be amortized over an estimated useful life of 10 years using the sum of years digits depreciation method. The Company evaluates such identifiable intangibles for impairment when an indication of impairment exists. CDI does not significantly impact our liquidity or capital ratios.

PCD loans

Purchased loans that reflect a more than insignificant deterioration of credit from origination are considered PCD. For PCD loans and leases, the initial estimate of expected credit losses is recognized in the allowance for credit losses (“ACL”) on the date of acquisition using the same methodology as other loans and leases held-for-investment. The following table provides a summary of loans and leases purchased as part of the Signature Transaction with credit deterioration and the associated credit loss reserve at acquisition:

<i>(in millions)</i>		Total
Par value (UPB)	\$	583
ACL at acquisition		(13)
Non-credit (discount)		(76)
Fair value	\$	<u>494</u>

Unaudited Pro Forma Information – Signature Transaction

The Company’s operating results for the quarter and year-to-date periods ended June 30, 2023 include the operating results of the acquired assets and assumed liabilities of Signature Bridge Bank, N.A. subsequent to the acquisition on March 20, 2023. Due to the use of multiple systems and integration of the operating activities into those of the Company, historical reporting for the former Signature operations is impracticable and thus disclosures of the revenue from the assets acquired and income before income taxes is impracticable for the period subsequent to acquisition.

Signature Bridge Bank, N.A. was only in operation from March 12 to March 20, 2023 and does not have historical financial information on which we could base pro forma information. Additionally, we did not acquire all assets or assume all liabilities of Signature and the historical operations are not consistent with the transaction. Therefore, it is impracticable to provide pro forma information on revenues and earnings for the Signature transaction in accordance with ASC 805-10-50-2.

Flagstar Bank

On December 1, 2022, the Company closed the acquisition of Flagstar Bancorp, Inc. (“Flagstar Bancorp”) in an all-stock transaction. The acquisition of Flagstar has been accounted for as a business combination. The Company recorded the estimate of fair value based on initial valuations available at December 1, 2022. The Company continues to review these valuations and certain of these estimated fair values are considered preliminary as of June 30, 2023, and subject to adjustment for up to one year after December 1, 2022. While the Company believes that the information available on December 1, 2022 provided a reasonable basis for estimating fair value, the Company may obtain additional information and evidence during the measurement period that would result in changes to the estimated fair value amounts. Valuations subject to change include, but are not limited to, loans and leases, certain deposits, intangibles, deferred tax assets and liabilities and certain other assets and other liabilities.

Note 4 - Accumulated Other Comprehensive Income

The following table sets forth the components in accumulated other comprehensive income:

<i>(in millions)</i>	For the Six Months Ended June 30, 2023	
Details about Accumulated Other Comprehensive Loss	Amount Reclassified out of Accumulated Other Comprehensive Loss ⁽¹⁾	Affected Line Item in the Consolidated Statements of Income and Comprehensive Income
Unrealized gains on available-for-sale securities:	\$ —	Net gain on securities
		Income tax expense
	\$ —	Net gain on securities, net of tax
Unrealized gains on cash flow hedges:	\$ 12	Interest expense
	(4)	Income tax benefit
	\$ 8	Net gain on cash flow hedges, net of tax
Amortization of defined benefit pension plan items:		
Past service liability	\$ —	Included in the computation of net periodic credit ⁽²⁾
Actuarial losses	(1)	Included in the computation of net periodic cost ⁽²⁾
		(1) Total before tax
		Income tax benefit
	\$ (1)	Amortization of defined benefit pension plan items, net of tax
Total reclassifications for the period	\$ 7	

(1) Amounts in parentheses indicate expense items.

(2) See Note 12 - Pension and Other Post-Retirement Benefits for additional information.

Note 5 - Investment Securities

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

(in millions)	June 30, 2023			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Debt securities available-for-sale				
Mortgage-Related Debt Securities:				
GSE certificates	\$ 1,366	\$ —	\$ 162	\$ 1,204
GSE CMOs	3,942	—	369	3,573
Private Label CMOs	180	4	1	183
Total mortgage-related debt securities	\$ 5,488	\$ 4	\$ 532	\$ 4,960
Other Debt Securities:				
U. S. Treasury obligations	\$ —	\$ —	\$ —	\$ —
GSE debentures	1,974	—	330	1,644
Asset-backed securities ⁽¹⁾	332	—	9	323
Municipal bonds	7	—	—	7
Corporate bonds	789	3	39	753
Foreign notes	10	—	2	8
Capital trust notes	96	5	14	87
Total other debt securities	\$ 3,208	\$ 8	\$ 394	\$ 2,822
Total debt securities available for sale	\$ 8,696	\$ 12	\$ 926	\$ 7,782
Equity securities:				
Mutual funds	\$ 16	\$ —	\$ 2	\$ 14
Total equity securities	\$ 16	\$ —	\$ 2	\$ 14
Total securities ⁽²⁾	\$ 8,712	\$ 12	\$ 928	\$ 7,796

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

(2) Excludes accrued interest receivable of \$32 million included in other assets in the Consolidated Statements of Condition.

(in millions)	December 31, 2022			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Debt securities available-for-sale				
Mortgage-Related Debt Securities:				
GSE certificates	\$ 1,457	\$ —	\$ 160	\$ 1,297
GSE CMOs	3,600	1	300	3,301
Private Label CMOs	185	6	—	191
Total mortgage-related debt securities	\$ 5,242	\$ 7	\$ 460	\$ 4,789
Other Debt Securities:				
U. S. Treasury obligations	\$ 1,491	\$ —	\$ 4	\$ 1,487
GSE debentures	1,749	—	351	1,398
Asset-backed securities ⁽¹⁾	375	—	14	361
Municipal bonds	30	—	—	30
Corporate bonds	913	2	30	885
Foreign Notes	20	—	—	20
Capital trust notes	97	5	12	90
Total other debt securities	\$ 4,675	\$ 7	\$ 411	\$ 4,271
Total other securities available for sale	\$ 9,917	\$ 14	\$ 871	\$ 9,060
Equity securities:				
Mutual funds	\$ 16	\$ —	\$ 2	\$ 14
Total equity securities	\$ 16	\$ —	\$ 2	\$ 14
Total securities ⁽²⁾	\$ 9,933	\$ 14	\$ 873	\$ 9,074

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

(2) Excludes accrued interest receivable of \$31 million included in other assets in the Consolidated Statements of Condition.

At June 30, 2023, the Company had \$605 million and \$329 million of FHLB-NY stock, at cost and FHLB-Indianapolis stock, at cost, respectively. At December 31, 2022, the Company had \$762 million and \$329 million of FHLB-NY stock, at cost and FHLB-Indianapolis stock, at cost, respectively. The Company maintains an investment in FHLB-NY stock partly in conjunction with its membership in the FHLB and partly related to its access to the FHLB funding it utilizes. In addition, at June 30, 2023, the Company had \$203 million of Federal Reserve Bank stock, at cost. The Company had \$176 million of Federal Reserve Bank stock, at December 31, 2022.

For both the six months ended June 30, 2023 and 2022 there were realized losses on equity securities of \$1 million recognized in earnings.

The following table summarizes, by contractual maturity, the amortized cost of securities at June 30, 2023:

(in millions)	Mortgage- Related Securities	U.S. Government and GSE Obligations	State, County, and Municipal	Other Debt Securities ⁽¹⁾	Fair Value
Available-for-Sale Debt Securities:					
Due within one year	\$ 20	\$ 247	\$ —	\$ 20	\$ 283
Due from one to five years	175	200	—	432	795
Due from five to ten years	322	1,377	7	409	1,738
Due after ten years	4,971	150	—	367	4,966
Total debt securities available for sale	\$ 5,488	\$ 1,974	\$ 7	\$ 1,228	\$ 7,782

(1) Includes corporate bonds, capital trust notes, foreign notes, and asset-backed securities.

The following table presents securities having a continuous unrealized loss position for less than twelve months and for twelve months or longer as of June 30, 2023:

(in millions)	Less than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Temporarily Impaired Securities:						
U. S. Treasury obligations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
U.S. Government agency and GSE obligations	\$ 221	\$ 1	\$ 1,399	\$ 328	\$ 1,620	\$ 329
GSE certificates	458	14	739	148	1,197	162
Private Label CMOs	20	1	—	—	20	1
GSE CMOs	2,391	81	1,182	288	3,573	369
Asset-backed securities	34	—	289	9	323	9
Municipal bonds	—	—	6	1	6	1
Corporate bonds	38	5	383	34	421	39
Foreign notes	8	2	—	—	8	2
Capital trust notes	1	—	78	14	79	14
Equity securities	—	—	14	2	14	2
Total temporarily impaired securities	\$ 3,171	\$ 104	\$ 4,090	\$ 824	\$ 7,261	\$ 928

The following table presents securities having a continuous unrealized loss position for less than twelve months and for twelve months or longer as of December 31, 2022:

(in millions)	Less than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Temporarily Impaired Securities:						
U. S. Treasury obligations	\$ 1,487	\$ 4	\$ —	\$ —	\$ 1,487	\$ 4
U.S. Government agency and GSE obligations	243	5	1,156	346	1,399	351
GSE certificates	871	46	420	114	1,291	160
GSE CMOs	2,219	36	925	264	3,144	300
Asset-backed securities	61	2	262	12	323	14
Municipal bonds	9	—	7	—	16	—
Corporate bonds	698	27	97	4	795	31
Foreign notes	20	—	—	—	20	—
Capital trust notes	46	2	34	10	80	12
Equity securities	4	—	10	2	14	2
Total temporarily impaired securities	\$ 5,658	\$ 122	\$ 2,911	\$ 752	\$ 8,569	\$ 874

The investment securities designated as having a continuous loss position for twelve months or more at June 30, 2023 consisted of fifty-nine agency collateralized mortgage obligations, six capital trusts notes, nine asset-backed securities, ten corporate bonds, thirty-eight US government agency bonds, 249 mortgage-backed securities, one mutual fund, and one municipal bond. The investment securities designated as having a continuous loss position for twelve months or more at December 31, 2022 consisted of twenty-three agency collateralized mortgage obligations, five capital trusts notes, seven asset-backed securities, two corporate bonds, thirty-three US government agency bonds, 133 mortgage-backed securities, one mutual fund, and one municipal bond.

The Company evaluates available-for-sale debt securities in unrealized loss positions at least quarterly to determine if an allowance for credit losses is required. We also assess whether (i) we intend to sell, or (ii) it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis. If either of these criteria is met, any previously recognized allowances are charged off and the security's amortized cost basis is written down to fair value through income. If neither of the aforementioned criteria are met, we evaluate whether the decline in fair value has resulted from credit losses or other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited

by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

In the first quarter of 2023, the company held a \$20 million corporate bond in Signature Bank which was placed into receivership on March 12, 2023. We have taken a \$20 million provision for credit loss and charged-off this security during the three months ended March 31, 2023.

None of the remaining unrealized losses identified as of June 30, 2023 or December 31, 2022 relates to the marketability of the securities or the issuers' ability to honor redemption obligations. Rather, the unrealized losses relate to changes in interest rates relative to when the investment securities were purchased, and do not indicate credit-related impairment. Management based this conclusion on an analysis of each issuer including a detailed credit assessment of each issuer. The Company does not intend to sell, and it is not more likely than not that the Company will be required to sell the positions before the recovery of their amortized cost basis, which may be at maturity. As such, no allowance for credit losses remains with respect to debt securities as of June 30, 2023.

Note 6 - Loans and Leases

The Company classifies loans that we have the intent and ability to hold for the foreseeable future or until maturity as LHF. We report LHF loans at their amortized cost, which includes the outstanding principal balance adjusted for any unamortized premiums, discounts, deferred fees and unamortized fair value for acquired loans:

	June 30, 2023		December 31, 2022	
	Amount	Percent of Loans Held for Investment	Amount	Percent of Loans Held for Investment
<i>(dollars in millions)</i>				
Loans and Leases Held for Investment:				
Mortgage Loans:				
Multi-family	\$ 37,831	45.4 %	\$ 38,130	55.3 %
Commercial real estate	10,613	12.7 %	8,526	12.4 %
One-to-four family first mortgage	5,889	7.1 %	5,821	8.4 %
Acquisition, development, and construction	2,481	3.0 %	1,996	2.9 %
Total mortgage loans held for investment ⁽¹⁾	56,814	68.2 %	54,473	78.9 %
Other Loans:				
Commercial and industrial	20,869	25.1 %	10,597	15.4 %
Lease financing, net of unearned income of \$219 and \$85, respectively	2,992	3.6 %	1,679	2.4 %
Total commercial and industrial loans ⁽²⁾	23,861	28.7 %	12,276	17.8 %
Other	2,603	3.1 %	2,252	3.3 %
Total other loans held for investment	26,464	31.8 %	14,528	21.1 %
Total loans and leases held for investment ⁽¹⁾	\$ 83,278	100.0 %	\$ 69,001	100.0 %
Allowance for credit losses on loans and leases	(594)		(393)	
Total loans and leases held for investment, net	82,684		68,608	
Loans held for sale, at fair value	2,194		1,115	
Total loans and leases, net	\$ 84,878		\$ 69,723	

(1) Excludes accrued interest receivable of \$387 million and \$292 million at June 30, 2023 and December 31, 2022, respectively, which is included in other assets in the Consolidated Statements of Condition.

(2) Includes specialty finance loans and leases of \$4.8 billion and \$4.4 billion at June 30, 2023 and December 31, 2022, respectively.

Loans with Government Guarantees

Substantially all LGG are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs. Nonperforming repurchased loans in this portfolio earn interest at a rate based upon the 10-year U.S. Treasury note rate from the time the underlying loan becomes 60 days delinquent until the loan is conveyed to HUD (if foreclosure timelines are met), which is not paid by the FHA until claimed. The Bank has a unilateral option to repurchase loans sold to GNMA if the loan is due, but unpaid, for three consecutive months (typically referred to as 90 days past due) and can recover losses through a claims process from the guarantor. These loans are recorded in loans held for investment and the liability to repurchase the loans is recorded in other liabilities on the Consolidated Statements of Condition. Certain loans within our portfolio may be subject to

indemnifications and insurance limits which expose us to limited credit risk. As of June 30, 2023, LGG loans totaled \$614 million and the repurchase liability was \$333 million.

Repossessed assets and the associated net claims related to government guaranteed loans are recorded in other assets and was \$13 million at June 30, 2023.

Loans Held-for-Sale

Loans held-for-sale at June 30, 2023 totaled \$2.2 billion, up from \$1.1 billion at December 31, 2022. The Signature Transaction contributed \$360 million in Small Business Administration ("SBA") loans to this increase. We classify loans as held for sale when we originate or purchase loans that we intend to sell. We have elected the fair value option for nearly all of this portfolio, except the SBA loans. We estimate the fair value of mortgage loans based on quoted market prices for securities backed by similar types of loans, where available, or by discounting estimated cash flows using observable inputs inclusive of interest rates, prepayment speeds and loss assumptions for similar collateral.

Asset Quality

All asset quality information excludes LGG that are insured by U.S government agencies.

A loan generally is classified as a non-accrual loan when it is 90 days or more past due or when it is deemed to be impaired because the Company no longer expects to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, management ceases the accrual of interest owed, and previously accrued interest is charged against interest income. A loan is generally returned to accrual status when the loan is current and management has reasonable assurance that the loan will be fully collectible. Interest income on non-accrual loans is recorded when received in cash. At June 30, 2023 and December 31, 2022 we had no loans that were nonperforming and still accruing.

The following table presents information regarding the quality of the Company's loans held for investment at June 30, 2023:

(in millions)	Loans 30-89 Days Past Due	Non- Accrual Loans	Loans 90 Days or More Delinquent and Still Accruing Interest	Total Past Due Loans	Current Loans	Total Loans Receivable
Multi-family	\$ 79	\$ 33	\$ —	\$ 112	\$ 37,719	\$ 37,831
Commercial real estate	147	36	—	183	10,430	10,613
One-to-four family first mortgage	17	85	—	102	5,787	5,889
Acquisition, development, and construction	29	—	—	29	2,452	2,481
Commercial and industrial ⁽¹⁾	45	79	—	124	23,737	23,861
Other	18	—	—	18	2,585	2,603
Total	\$ 335	\$ 233	\$ —	\$ 568	\$ 82,710	\$ 83,278

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

The following table presents information regarding the quality of the Company's loans held for investment at December 31, 2022:

(in millions)	Loans 30-89 Days Past Due	Non- Accrual Loans	Loans 90 Days or More Delinquent and Still Accruing Interest	Total Past Due Loans	Current Loans	Total Loans Receivable
Multi-family	\$ 34	\$ 13	\$ —	\$ 47	\$ 38,083	\$ 38,130
Commercial real estate	2	20	—	22	8,504	8,526
One-to-four family first mortgage	21	92	—	113	5,708	5,821
Acquisition, development, and construction	—	—	—	—	1,996	1,996
Commercial and industrial ⁽¹⁾	—	7	—	7	12,269	12,276
Other	13	9	—	22	2,230	2,252
Total	\$ 70	\$ 141	\$ —	\$ 211	\$ 68,790	\$ 69,001

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

The following table summarizes the Company's portfolio of loans held for investment by credit quality indicator at June 30, 2023:

<i>(in millions)</i>	Mortgage Loans					Other Loans		
	Multi- Family	Commercial Real Estate	One-to- Four Family	Acquisition, Development, and Construction	Total Mortgage Loans	Commercial and Industrial ⁽¹⁾	Other	Total Other Loans
Credit Quality Indicator:								
Pass	\$ 36,423	\$ 9,731	\$ 5,785	\$ 2,473	\$ 54,412	\$ 23,659	\$ 2,582	\$ 26,241
Special mention	803	261	9	—	1,073	86	—	86
Substandard	605	621	95	8	1,329	109	21	130
Doubtful	—	—	—	—	—	7	—	7
Total	\$ 37,831	\$ 10,613	\$ 5,889	\$ 2,481	\$ 56,814	\$ 23,861	\$ 2,603	\$ 26,464

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

The following table summarizes the Company's portfolio of loans held for investment by credit quality indicator at December 31, 2022:

<i>(in millions)</i>	Mortgage Loans					Other Loans		
	Multi- Family	Commercial Real Estate	One-to- Four Family	Acquisition, Development, and Construction	Total Mortgage Loans	Commercial and Industrial ⁽¹⁾	Other	Total Other Loans
Credit Quality Indicator:								
Pass	\$ 36,622	\$ 7,871	\$ 5,710	\$ 1,992	\$ 52,195	\$ 12,208	\$ 2,238	\$ 14,446
Special mention	864	230	8	4	1,106	18	—	18
Substandard	644	425	103	—	1,172	50	14	64
Doubtful	—	—	—	—	0	—	—	—
Total	\$ 38,130	\$ 8,526	\$ 5,821	\$ 1,996	\$ 54,473	\$ 12,276	\$ 2,252	\$ 14,528

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

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

The following table presents, by credit quality indicator, loan class, and year of origination, the amortized cost basis of the Company's loans and leases as of June 30, 2023:

(in millions)	Vintage Year							Revolving Loans Converted to Term Loans	Total
	2023	2022	2021	2020	2019	Prior To 2019	Revolving Loans		
Pass	\$ 1,903	\$ 13,645	\$ 10,819	\$ 9,880	\$ 5,598	\$ 12,288	\$ 273	\$ 6	\$ 54,412
Special Mention	2	2	61	142	251	614	1	—	1,073
Substandard	4	2	31	42	254	993	—	3	1,329
Doubtful	—	—	—	—	—	—	—	—	—
Total mortgage loans	\$ 1,909	\$ 13,649	\$ 10,911	\$ 10,064	\$ 6,103	\$ 13,895	\$ 274	\$ 9	\$ 56,814
Current-period gross writeoffs	—	—	—	—	(1)	(2)	—	—	(3)
Pass	\$ 6,321	\$ 2,338	\$ 2,514	\$ 3,706	\$ 2,036	\$ 1,122	\$ 7,869	\$ 335	\$ 26,241
Special Mention	32	5	4	12	7	21	5	—	86
Substandard	5	5	5	33	2	56	18	6	130
Doubtful	—	—	—	7	—	—	—	—	7
Total other loans	\$ 6,358	\$ 2,348	\$ 2,523	\$ 3,758	\$ 2,045	\$ 1,199	\$ 7,892	\$ 341	\$ 26,464
Current-period gross writeoffs	\$ —	\$ (1)	\$ (1)	\$ (1)	\$ —	\$ (2)	\$ —	\$ —	\$ (5)
Total	\$ 8,267	\$ 15,997	\$ 13,434	\$ 13,822	\$ 8,148	\$ 15,094	\$ 8,166	\$ 350	\$ 83,278

When management determines that foreclosure is probable, for loans that are individually evaluated the expected credit losses are based on the fair value of the collateral adjusted for selling costs. When the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, the collateral-dependent practical expedient has been elected and expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. For CRE loans, collateral properties include office buildings, warehouse/distribution buildings, shopping centers, apartment buildings, residential and commercial tract development. The primary source of repayment on these loans is expected to come from the sale, permanent financing or lease of the real property collateral. CRE loans are impacted by fluctuations in collateral values, as well as the ability of the borrower to obtain permanent financing.

The following table summarizes the extent to which collateral secures the Company's collateral-dependent loans held for investment by collateral type as of June 30, 2023:

(in millions)	Collateral Type	
	Real Property	Other
Multi-family	\$ 41	\$ —
Commercial real estate	33	—
One-to-four family first mortgage	92	—
Commercial and industrial	—	39
Other	12	—
Total collateral-dependent loans held for investment	\$ 178	\$ 39

Other collateral type consists of taxi medallions, cash, accounts receivable and inventory.

There were no significant changes in the extent to which collateral secures the Company's collateral-dependent financial assets during the three and six months ended June 30, 2023.

At June 30, 2023 and December 31, 2022, the Company had \$93 million and \$122 million of residential mortgage loans in the process of foreclosure and no residential mortgage loans in the process of foreclosure, respectively.

Modifications to Borrowers Experiencing Financial Difficulty

Effective January 1, 2023, the Company adopted ASU 2022-02- Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures. For additional information on the adoption, refer to Note 1 - Organization and Basis of Presentation.

When borrowers are experiencing financial difficulty, the Company may make certain loan modifications as part of loss mitigation strategies to maximize expected payment. Modifications in the form of principal forgiveness, an interest rate reduction, or an other-than-insignificant payment delay or a term extension that have occurred in the current reporting period to a borrower experiencing financial difficulty are disclosed along with the financial impact of the modifications.

The following table summarizes the amortized cost basis of loans modified during the reporting period to borrowers experiencing financial difficulty, disaggregated by class of financing receivable and type of modification:

<i>(dollars in millions)</i>	Amortized Cost				Percent of Total Loan class
	Interest Rate Reduction	Term Extension	Combination - Interest Rate Reduction & Term Extension	Total	
Three months ended June 30, 2023					
Commercial real estate	\$ 8	\$ —	\$ —	\$ 8	0.08 %
One-to-four family first mortgage	—	2	2	4	0.07 %
Commercial and Industrial	—	7	—	7	0.03 %
Total	\$ 8	\$ 9	\$ 2	\$ 19	
Six months ended June 30, 2023					
Commercial real estate	\$ 52	\$ —	\$ —	\$ 52	0.49 %
One-to-four family first mortgage	—	3	3	6	0.10 %
Commercial and Industrial	—	7	—	7	0.03 %
Total	\$ 52	\$ 10	\$ 3	\$ 65	

The following table describes the financial effect of the modification made to borrowers experiencing financial difficulty:

	Interest Rate Reduction		Term Extension
	Weighted-average contractual interest rate		Weighted-average Term (in years)
	From	To	
Three months ended June 30, 2023			
Commercial real estate	8.00 %	4.0 %	
One-to-four family first mortgage	6.05 %	4.8 %	13.6
Commercial and industrial			0.76
Six months ended June 30, 2023			
Commercial real estate	10.09 %	4.0 %	
One-to-four family first mortgage	5.47 %	4.4 %	13.0
Commercial and industrial			0.76

As of June 30, 2023, there were \$3 million one-to-four family first mortgages that were modified for borrowers experiencing financial difficulty that received term extension and subsequently defaulted during the period and \$3 million one-to-four family first mortgages that were combination modifications and subsequently defaulted during the period.

The performance of loans made to borrowers experiencing financial difficulty in which modifications were made is closely monitored to understand the effectiveness of modification efforts. Loans are considered to be in payment default at 90 or more days past due. The following table depicts the performance of loans that have been modified during the reporting period:

(dollars in millions)	June 30, 2023			
	Current	30 - 89 Past Due	90+ Past Due	Total
One-to-four family first mortgage	—	—	6	6
Total	\$ —	\$ —	\$ 6	\$ 6

Troubled Debt Restructurings Prior to Adoption of ASU 2022-02

Prior to the adoption of ASU 2022-02, the Company accounted for certain loan modifications and restructurings as TDRs. In general, a modification or restructuring of a loan constituted a TDR if the Company granted a concession to a borrower experiencing financial difficulty. A loan modified as a TDR was generally placed on non-accrual status until the Company determined that future collection of principal and interest is reasonably assured, which requires, among other things, that the borrower demonstrate performance according to the restructured terms for a period of at least six consecutive months. In determining the Company's allowance for loan and lease losses, reasonably expected TDRs were individually evaluated and consist of criticized, classified, or maturing loans that will have a modification processed within the next three months.

In an effort to proactively manage delinquent loans, the Company has selectively extended to certain borrowers concessions such as rate reductions, extension of maturity dates, and forbearance agreements. As of June 30, 2022, loans on which concessions were made with respect to rate reductions and/or extension of maturity dates amounted to \$45 million.

The following table presents information regarding the Company's TDRs as of June 30, 2022:

(dollars in millions)	June 30, 2022		
	Accruing	Non- Accrual	Total
Loan Category:			
Multi-family	\$ —	\$ 6	\$ 6
Commercial real estate	16	19	35
Commercial and industrial ⁽¹⁾	—	4	4
Total	\$ 16	\$ 29	\$ 45

(1) Includes \$4 million of taxi medallion-related loans at June 30, 2022.

The financial effects of the Company's TDRs for the three and six months ended June 30, 2022 are summarized as follows:

(dollars in millions)	Number of Loans	Pre- Modification Recorded Investment	Post- Modification Recorded Investment	Weighted Average Interest Rate		Charge- off Amount	Capitalized Interest
				Pre- Modification	Post- Modification		
Three Months Ended June 30, 2022							
Commercial real estate	1	\$ —	\$ —	4.75 %	9.75 %	\$ —	\$ —
Six Months Ended June 30, 2022							
Commercial real estate	2	\$ 22	\$ 19	6.00 %	4.00 %	\$ 3	\$ —

Note 7 - Allowance for Credit Losses on Loans and Leases*Allowance for Credit Losses on Loans and Leases*

The following table summarizes activity in the allowance for credit losses for the periods indicated:

<i>(in millions)</i>	For the Six Months Ended June 30,					
	2023			2022		
	Mortgage	Other	Total	Mortgage	Other	Total
Balance, beginning of period	\$ 290	\$ 103	\$ 393	\$ 178	\$ 21	\$ 199
Adjustment for Purchased PCD Loans	—	13	13	—	—	—
Charge-offs	(3)	(5)	(8)	(4)	—	(4)
Recoveries	—	9	9	4	5	9
Provision for (recovery of) credit losses on loans and leases	43	144	187	30	(18)	12
Balance, end of period	\$ 330	\$ 264	\$ 594	\$ 208	\$ 8	\$ 216

As of June 30, 2023, the allowance for credit losses on loans and leases totaled \$594 million, up \$201 million compared to December 31, 2022.

The increase in the allowance for credit losses on loans and leases from December 31, 2022 to June 30, 2023 was primarily driven by a combination of increased loan balances as a result of the Signature Transaction and changes in the macroeconomic environment both on a spot and forecasted basis, specifically the inflationary pressures leading to sharp increases in interest rates and a slow-down of prepayment activity leading to longer weighted average lives on the balance sheet.

As of June 30, 2023 and December 31, 2022, the allowance for unfunded commitments totaled \$34 million and \$23 million, respectively.

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

The following table presents additional information about the Company's nonaccrual loans at June 30, 2023:

<i>(in millions)</i>	Recorded Investment	Related Allowance	Interest Income Recognized
Nonaccrual loans with no related allowance:			
Multi-family	\$ 32	\$ —	\$ —
Commercial real estate	34	—	1
One-to-four family first mortgage	78	—	—
Other (includes C&I)	59	—	—
Total nonaccrual loans with no related allowance	\$ 203	\$ —	\$ 1
Nonaccrual loans with an allowance recorded:			
Multi-family	\$ 1	\$ —	\$ —
Commercial real estate	2	—	—
One-to-four family first mortgage	7	3	—
Other (includes C&I)	20	15	—
Total nonaccrual loans with an allowance recorded	\$ 30	\$ 18	\$ —
Total nonaccrual loans:			
Multi-family	\$ 33	\$ —	\$ —
Commercial real estate	36	—	1
One-to-four family first mortgage	85	3	—
Other (includes C&I)	79	15	—
Total nonaccrual loans	\$ 233	\$ 18	\$ 1

The following table presents additional information about the Company's nonaccrual loans at December 31, 2022:

<i>(in millions)</i>	Recorded Investment	Related Allowance	Interest Income Recognized
Nonaccrual loans with no related allowance:			
Multi-family	\$ 13	\$ —	\$ —
Commercial real estate	19	—	1
One-to-four family first mortgage	90	—	—
Other (includes C&I)	3	—	—
Total nonaccrual loans with no related allowance	\$ 125	\$ —	\$ 1
Nonaccrual loans with an allowance recorded:			
Commercial real estate	\$ 1	\$ —	\$ —
One-to-four family first mortgage	2	—	—
Other (includes C&I)	13	14	—
Total nonaccrual loans with an allowance recorded	\$ 16	\$ 14	\$ —
Total nonaccrual loans:			
Multi-family	\$ 13	\$ —	\$ —
Commercial real estate	20	—	1
One-to-four family first mortgage	92	—	—
Other (includes C&I)	16	14	—
Total nonaccrual loans	\$ 141	\$ 14	\$ 1

Note 8 - Leases

Lessor Arrangements

The Company is a lessor in the equipment finance business where it has executed direct financing leases ("lease finance receivables"). The Company produces lease finance receivables through a specialty finance subsidiary that participates in syndicated loans that are brought to them, and equipment loans and leases that are assigned to them, by a select group of nationally recognized sources, and are generally made to large corporate obligors, many of which are publicly traded, carry investment grade or near-investment grade ratings, and participate in stable industries nationwide. Lease finance receivables are carried at the aggregate of lease payments receivable plus the estimated residual value of the leased assets and any initial direct costs incurred to originate these leases, less unearned income, which is accreted to interest income over the lease term using the interest method.

The standard leases are typically repayable on a level monthly basis with terms ranging from 24 to 120 months. At the end of the lease term, the lessee usually has the option to return the equipment, to renew the lease or purchase the equipment at the then fair market value (“FMV”) price. For leases with a FMV renewal/purchase option, the relevant residual value assumptions are based on the estimated value of the leased asset at the end of the lease term, including evaluation of key factors, such as, the estimated remaining useful life of the leased asset, its historical secondary market value including history of the lessee executing the FMV option, overall credit evaluation and return provisions. The Company acquires the leased asset at fair market value and provides funding to the respective lessee at acquisition cost, less any volume or trade discounts, as applicable. Therefore, there is generally no selling profit or loss to recognize or defer at inception of a lease.

The residual value component of a lease financing receivable represents the estimated fair value of the leased equipment at the end of the lease term. In establishing residual value estimates, the Company may rely on industry data, historical experience, and independent appraisals and, where appropriate, information regarding product life cycle, product upgrades and competing products. Upon expiration of a lease, residual assets are remarketed, resulting in either an extension of the lease by the lessee, a lease to a new customer or purchase of the residual asset by the lessee or another party. Impairment of residual values arises if the expected fair value is less than the carrying amount. The Company assesses its net investment in lease financing receivables (including residual values) for impairment on an annual basis with any impairment losses recognized in accordance with the impairment guidance for financial instruments. As such, net investment in lease financing receivables may be reduced by an allowance for credit losses with changes recognized as provision expense. On certain lease financings, the Company obtains residual value insurance from third parties to manage and reduce the risk associated with the residual value of the leased assets. At June 30, 2023 and December 31, 2022, the carrying value of residual assets with third-party residual value insurance for at least a portion of the asset value was \$428 million and \$32 million, respectively.

The Company uses the interest rate implicit in the lease to determine the present value of its lease financing receivables.

The components of lease income were as follows:

(in millions)	For the three months ended June 30, 2023	For the six months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2022
Interest income on lease financing ⁽¹⁾	\$ 32	\$ 52	\$ 12	\$ 24

(1) Included in Interest Income – Loans and leases in the Consolidated Statements of Income and Comprehensive Income.

At June 30, 2023 and December 31, 2022, the carrying value of net investment in leases, excluding purchase accounting adjustments was \$3.3 billion and \$1.7 billion, respectively. The components of net investment in direct financing leases, including the carrying amount of the lease receivables, as well as the unguaranteed residual asset were as follows:

(in millions)	June 30, 2023	December 31, 2022
Net investment in the lease - lease payments receivable	\$ 2,822	\$ 1,685
Net investment in the lease - unguaranteed residual assets	461	60
Total lease payments	\$ 3,283	\$ 1,745

The following table presents the remaining maturity analysis of the undiscounted lease receivables, as well as the reconciliation to the total amount of receivables recognized in the Consolidated Statements of Condition:

<i>(in millions)</i>	June 30, 2023	
2023	\$	396
2024		526
2025		677
2026		574
2027		473
Thereafter		637
Total lease payments	\$	3,283
Plus: deferred origination costs		18
Less: unearned income		(219)
Less: purchase accounting adjustment	\$	(90)
Total lease finance receivables, net	\$	2,992

Lessee Arrangements

The Company has operating leases for corporate offices, branch locations, and certain equipment. These leases generally have terms of 20 years or less, determined based on the contractual maturity of the lease, and include periods covered by options to extend or terminate the lease when the Company is reasonably certain that it will exercise those options. For the vast majority of the Company's leases, we are not reasonably certain we will exercise our options to renew to the end of all renewal option periods. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets and operating lease liabilities in the Consolidated Statements of Condition.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the vast majority of the leases do not provide an implicit rate, the incremental borrowing rate (FHLB borrowing rate) is used based on the information available at commencement date in determining the present value of lease payments. The implicit rate is used when readily determinable. The operating lease ROU asset is measured at cost, which includes the initial measurement of the lease liability, prepaid rent and initial direct costs incurred by the Company, less incentives received.

Variable costs such as the proportionate share of actual costs for utilities, common area maintenance, property taxes and insurance are not included in the lease liability and are recognized in the period in which they are incurred.

The components of lease expense were as follows:

<i>(in millions)</i>	For the three months ended June 30, 2023		For the six months ended June 30, 2023		For the three months ended June 30, 2022		For the six months ended June 30, 2022	
Operating lease cost	\$	25	\$	35	\$	7	\$	14
Sublease income		—		—		—		—
Total lease cost	\$	25	\$	35	\$	7	\$	14

Supplemental cash flow information related to the leases for the following periods:

<i>(in millions)</i>	For the three months ended June 30, 2023		For the six months ended June 30, 2023		For the three months ended June 30, 2022		For the six months ended June 30, 2022	
Cash paid for amounts included in the measurement of lease liabilities:								
Operating cash flows from operating leases	\$	20	\$	30	\$	7	\$	14

Supplemental balance sheet information related to the leases for the following periods:

(in millions, except lease term and discount rate)

	June 30, 2023	December 31, 2022
Operating Leases:		
Operating lease right-of-use assets ⁽¹⁾	\$ 529	\$ 119
Operating lease liabilities ⁽²⁾	\$ 536	\$ 122
Weighted average remaining lease term	9 years	6 years
Weighted average discount rate %	4.38 %	3.85 %

(1) Included in Other assets in the Consolidated Statements of Condition.

(2) Included in Other liabilities in the Consolidated Statements of Condition.

(in millions)

	June 30, 2023
Maturities of lease liabilities:	
2023	\$ 26
2024	79
2025	73
2026	63
2027	59
Thereafter	416
Total lease payments	\$ 716
Less: imputed interest	\$ (180)
Total present value of lease liabilities	\$ 536

Note 9 - Mortgage Servicing Rights

The Company has investments in MSRs that result from the sale of loans to the secondary market for which we retain the servicing. The Company accounts for MSRs at their fair value. A primary risk associated with MSRs is the potential reduction in fair value as a result of higher than anticipated prepayments due to loan refinancing prompted, in part, by declining interest rates or government intervention. Conversely, these assets generally increase in value in a rising interest rate environment to the extent that prepayments are slower than anticipated. The Company utilizes derivatives as economic hedges to offset changes in the fair value of the MSRs resulting from the actual or anticipated changes in prepayments stemming from changing interest rate environments. There is also a risk of valuation decline due to higher than expected default rates, which we do not believe can be effectively managed using derivatives. For further information regarding the derivative instruments utilized to manage our MSR risks, see Note 14 - Derivative and Hedging Activities.

Changes in the fair value of residential first mortgage MSRs were as follows:

(in millions)

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
Balance at beginning of period	\$ 1,034	\$ 1,033
Additions from loans sold with servicing retained	43	81
Reductions from sales	(51)	(51)
Decrease in MSR fair value due to pay-offs, pay-downs, run-off, model changes, and other ⁽¹⁾	(16)	(34)
Changes in estimates of fair value due to interest rate risk ⁽¹⁾⁽²⁾	21	2
Fair value of MSRs at end of period	\$ 1,031	\$ 1,031

(1) Changes in fair value are included within net return on mortgage servicing rights on the Consolidated Statements of Income and Comprehensive Income.

(2) Represents estimated MSR value change resulting primarily from market-driven changes which we manage through the use of derivatives.

The following table summarizes the hypothetical effect on the fair value of servicing rights using adverse changes of 10 percent and 20 percent to the weighted average of certain significant assumptions used in valuing these assets:

<i>(dollars in millions)</i>	June 30, 2023			
	Actual	Fair Value		
		10% adverse change	20% adverse change	
Option adjusted spread	5.6 %	\$ 1,011	\$	993
Constant prepayment rate	8.2 %	997		966
Weighted average cost to service per loan	\$ 69	\$ 1,021	\$	1,011

<i>(dollars in millions)</i>	December 31, 2022			
	Actual	Fair Value		
		10% adverse change	20% adverse change	
Option adjusted spread	5.9 %	\$ 1,012	\$	992
Constant prepayment rate	7.9 %	1,000		970
Weighted average cost to service per loan	\$ 68	\$ 1,023	\$	1,013

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance. Changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. To isolate the effect of the specified change, the fair value shock analysis is consistent with the identified adverse change, while holding all other assumptions constant. In practice, a change in one assumption generally impacts other assumptions, which may either magnify or counteract the effect of the change. For further information on the fair value of MSRs.

Contractual servicing and subservicing fees, including late fees and other ancillary income are presented below. Contractual servicing fees are included within net return on mortgage servicing rights on the Consolidated Statements of Income and Comprehensive Income. Contractual subservicing fees including late fees and other ancillary income are included within loan administration income on the Consolidated Statements of Income and Comprehensive Income. Subservicing fee income is recorded for fees earned on subserviced loans, net of third-party subservicing costs.

The following table summarizes income and fees associated with owned MSRs:

<i>(in millions)</i>	Three months ended June 30, 2023	Six months ended June 30, 2023
Net return on mortgage servicing rights		
Servicing fees, ancillary income and late fees ⁽¹⁾	\$ 54	\$ 110
Decrease in MSR fair value due to pay-offs, pay-downs, run-off, model changes and other	(16)	(34)
Changes in fair value due to interest rate risk	21	2
Gain on MSR derivatives ⁽²⁾	(35)	(32)
Net transaction costs	2	1
Total return (loss) included in net return on mortgage servicing rights	\$ 26	\$ 47

- (1) Servicing fees are recorded on an accrual basis. Ancillary income and late fees are recorded on a cash basis.
(2) Changes in the derivatives utilized as economic hedges to offset changes in fair value of the MSRs.

The following table summarizes income and fees associated with our mortgage loans subserviced for others:

<i>(in millions)</i>	Three months ended June 30, 2023	Six months ended June 30, 2023
Loan administration income on mortgage loans subserviced		
Servicing fees, ancillary income and late fees ⁽¹⁾	\$ 38	\$ 74
Charges on subserviced custodial balances ⁽²⁾	(40)	(69)
Other servicing charges	(1)	(2)
Total income on mortgage loans subserviced, included in loan administration	\$ (3)	\$ 3

- (1) Servicing fees are recorded on an accrual basis. Ancillary income and late fees are recorded on a cash basis.
(2) Charges on subserviced custodial balances represent interest due to MSR owner.

Note 10 - Variable Interest Entities

We have no consolidated VIEs as of June 30, 2023 and December 31, 2022.

In connection with our non-qualified mortgage securitization activities, we have retained a five percent interest in the investment securities of certain trusts ("other MBS") and are contracted as the servicer of the underlying loans, compensated based on market rates, which constitutes a continuing involvement in these trusts. Although we have a variable interest in these securitization trusts, we are not their primary beneficiary due to the relative size of our investment in comparison to the total amount of securities issued by the VIE and our inability to direct activities that most significantly impact the VIE's economic performance. As a result, we have not consolidated the assets and liabilities of the VIE in our Consolidated Statements of Condition. The Bank's maximum exposure to loss is limited to our five percent retained interest in the investment securities that had a fair value of \$183 million as of June 30, 2023 as well as the standard representations and warranties made in conjunction with the loan transfers.

Note 11 - Borrowed Funds

The following table summarizes the Company's borrowed funds:

<i>(in millions)</i>	June 30, 2023	December 31, 2022
Wholesale borrowings:		
FHLB advances	\$ 15,400	\$ 20,325
Total wholesale borrowings	\$ 15,400	\$ 20,325
Junior subordinated debentures	577	575
Subordinated notes	435	432
Total borrowed funds	\$ 16,412	\$ 21,332

Accrued interest on borrowed funds is included in "Other liabilities" in the Consolidated Statements of Condition and amounted to \$40 million and \$37 million, respectively, at June 30, 2023 and December 31, 2022.

Junior Subordinated Debentures

At June 30, 2023 and December 31, 2022, the Company had \$609 million and \$608 million, respectively, of outstanding junior subordinated deferrable interest debentures ("junior subordinated debentures") held by statutory business trusts (the "Trusts") that issued guaranteed capital securities, excluding purchase accounting adjustments.

The following table presents contractual terms of the junior subordinated debentures outstanding at June 30, 2023:

Issuer	Interest Rate of Capital Securities and Debentures	Junior Subordinated Debentures Amount Outstanding ⁽³⁾	Capital Securities Amount Outstanding	Date of Original Issue	Stated Maturity
<i>(dollars in millions)</i>					
New York Community Capital Trust V (BONUSES Units) (1)	0.06	\$ 147	\$ 141	Nov. 4, 2002	Nov. 1, 2051
New York Community Capital Trust X (2)	7.15	124	120	Dec. 14, 2006	Dec. 15, 2036
PennFed Capital Trust III (2)	8.8	31	30	June 2, 2003	June 15, 2033
New York Community Capital Trust XI (2)	7.19	58	58	April 16, 2007	June 30, 2037
Flagstar Statutory Trust II (2)	8.79	26	25	Dec. 26, 2002	Dec. 26, 2032
Flagstar Statutory Trust III (2)	8.51	26	25	Feb. 19, 2003	April 7, 2033
Flagstar Statutory Trust IV (2)	8.41	26	25	Mar. 19, 2003	Mar 19, 2033
Flagstar Statutory Trust V (2)	7.26	26	25	Dec 29, 2004	Jan. 7, 2035
Flagstar Statutory Trust VI (2)	7.26	26	25	Mar. 30, 2005	April 7, 2035
Flagstar Statutory Trust VII (2)	7.30	52	50	Mar. 29, 2005	June 15, 2035
Flagstar Statutory Trust VIII (2)	6.76	26	25	Sept. 22, 2005	Oct. 7, 2035
Flagstar Statutory Trust IX (2)	7.00	26	25	June 28, 2007	Sept. 15, 2037
Flagstar Statutory Trust X (2)	8.05	15	15	Aug. 31, 2007	Sept 15, 2037
Total junior subordinated debentures ⁽³⁾		\$ 609	\$ 589		

(1) Callable subject to certain conditions as described in the prospectus filed with the SEC on November 4, 2002.

(2) Callable at any time.

(3) Excludes Flagstar Acquisition fair value adjustments of \$32 million.

Subordinated Notes

At June 30, 2023 and December 31, 2022, the Company had a total of \$435 million and \$432 million subordinated notes outstanding; respectively, of fixed-to-floating rate subordinated notes outstanding:

Date of Original Issue	Stated Maturity	Interest Rate	Original Issue Amount
November 6, 2018	November 6, 2028 (1)	5.900%	\$ 300
October 28, 2020	November 1, 2030 (2)	4.125%	\$ 150

- (1) From and including the date of original issuance to, but excluding November 6, 2023, the Notes will bear interest at an initial rate of 5.90 percent per annum payable semi-annually. Unless redeemed, from and including November 6, 2023 to but excluding the maturity date, the interest rate will reset quarterly to an annual interest rate equal to the then-current three-month LIBOR rate plus 278 basis point payable quarterly.
- (2) From and including the date of original issuance, the Notes will bear interest at a fixed rate of 4.125 percent through October 31, 2025, and a variable rate tied to SOFR thereafter until maturity. The Company has the option to redeem all or a part of the Notes beginning on November 1, 2025, and on any subsequent interest payment date.

Note 12 - 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:

(in millions)	For the three months ended June 30,			
	2023		2022	
	Pension Benefits	Post Retirement Benefits ⁽²⁾	Pension Benefits	Post Retirement Benefits
Components of net periodic pension expense (credit): ⁽¹⁾				
Interest cost	\$ 2	\$ —	\$ 1	\$ —
Expected return on plan assets	(3)	—	(4)	—
Amortization of net actuarial loss	1	—	1	—
Net periodic (credit) expense	\$ —	\$ —	\$ (2)	\$ —

(in millions)	For the Six Months Ended June 30,			
	2023		2022	
	Pension Benefits	Post Retirement Benefits ⁽²⁾	Pension Benefits	Post Retirement Benefits
Components of net periodic pension expense (credit): ⁽¹⁾				
Interest cost	\$ 3	\$ —	\$ 2	\$ —
Expected return on plan assets	(7)	—	(8)	—
Amortization of net actuarial loss	3	—	1	—
Net periodic (credit) expense	\$ (1)	\$ —	\$ (5)	\$ —

- (1) Amounts are included in G&A expense on the Consolidated Statements of Income and Comprehensive Income.
- (2) Post-retirement benefits balances round to zero.

The Company expects to contribute \$1 million to its post-retirement plan to pay premiums and claims for the fiscal year ending December 31, 2023. The Company does not expect to make any contributions to its pension plan in 2023.

Note 13 - Stock-Related Benefits Plans

Stock Based Compensation

At June 30, 2023, the Company had a total of 19,213,596 shares available for grants as restricted stock, options, or other forms of related rights under the 2020 Incentive Plan, which includes the remaining shares available, converted at the merger conversion factor from the legacy Flagstar Bancorp, Inc. 2016 Stock Plan. The Company granted 6,388,840 shares of restricted stock, with an average fair value of \$9.57 per share on the date of grant, during the six months ended June 30, 2023.

The shares of restricted stock that were granted during the six months ended June 30, 2023 and 2022, vest over a one- or five years period. Compensation and benefits expense related to the restricted stock grants is recognized on a straight-line basis over the vesting period and totaled \$18 million and \$14 million for the six months ended June 30, 2023 and 2022, including \$9 million and \$7 million for the three months ended June 30, 2023 and June 30, 2022.

The following table provides a summary of activity with regard to restricted stock awards:

	For the Six Months Ended June 30, 2023	
	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at beginning of year	9,576,602	\$ 10.92
Granted	6,388,840	9.57
Vested	(2,885,476)	11.08
Forfeited	(592,118)	10.72
Unvested at end of period	12,487,848	\$ 10.20

As of June 30, 2023, unrecognized compensation cost relating to unvested restricted stock totaled \$110 million. This amount will be recognized over a remaining weighted average period of 3.1 years.

The following table provides a summary of activity with regard to Performance-Based Restricted Stock Units ("PSUs") in the six months ended June 30, 2023:

	Number of Shares	Weighted Average Grant Date Fair Value	Performance Period	Expected Vesting Date
Outstanding at beginning of year	794,984	\$ 10.73		
Granted	566,656	8.95		
Released	(143,352)	10.34		
Forfeited	0	—		
Outstanding at end of period	1,218,288	9.95	January 1, 2022 - December 31, 2025	March 31, 2023 - 2026

PSUs are subject to adjustment or forfeiture, based upon the achievement by the Company of certain performance standards. Compensation and benefits expense related to PSUs is recognized using the fair value as of the date the units were approved, on a straight-line basis over the vesting period and totaled \$2 million for the three and six months ended June 30, 2023, and \$1 million for the three and six months June 30, 2022. As of June 30, 2023, unrecognized compensation cost relating to unvested restricted stock totaled \$7 million. This amount will be recognized over a remaining weighted average period of 2.0 years. As of June 30, 2023, the Company believes it is probable that the performance conditions will be met.

The Company matches a portion of employee 401(k) plan contributions. Such expense totaled \$10 million and \$3 million for the six months ended June 30, 2023 and June 30, 2022, including \$4 million and \$1 million for the three months ended June 30, 2023 and June 30, 2022.

Note 14 - Derivative and Hedging Activities

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposure to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate and liquidity risks, primarily by managing the amount, sources, and duration of its assets and liabilities and, the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the payment of future known and uncertain cash amounts, the value of which are determined by interest rates.

Derivative financial instruments are recorded at fair value in other assets and other liabilities on the Consolidated Statements of Condition. The Company's policy is to present our derivative assets and derivative liabilities on the Consolidated Statement of Condition on a gross basis, even when provisions allowing for set-off are in place. However, for derivative contracts cleared through certain central clearing parties, variation margin payments are recognized as settlements. We are exposed to non-performance risk by the counterparties to our various derivative financial instruments. A majority of our derivatives are centrally cleared through a Central Counterparty Clearing House or consist of residential mortgage interest rate lock commitments further limiting our exposure to non-performance risk. We believe that the non-performance risk inherent in our remaining derivative contracts is minimal based on credit standards and the collateral provisions of the derivative agreements.

Derivatives not designated as hedging instruments. The Company maintains a derivative portfolio of interest rate swaps, foreign currency swaps, futures and forward commitments used to manage exposure to changes in interest rates and MSR asset values and to meet the needs of customers. The Company also enters into interest rate lock commitments, which are commitments to originate mortgage loans whereby the interest rate on the loan is determined prior to funding and the customers have locked into that interest rate. Market risk on interest rate lock commitments and mortgage LHFS is managed using corresponding forward sale commitments and US Treasury futures. Changes in the fair value of derivatives not designated as hedging instruments are recognized on the Consolidated Statements of Income and Comprehensive Income.

Derivatives designated as hedging instruments. The Company has designated certain interest rate swaps as cash flow hedges on overnight SOFR-based variable interest payments on federal home loan bank advances. Changes in the fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income on the Consolidated Statements of Condition and reclassified into interest expense in the same period in which the hedge transaction is recognized in earnings. At June 30, 2023, the Company had \$69 million (net-of-tax) of unrealized gains on derivatives classified as cash flow hedges recorded in accumulated other comprehensive loss. The Company had \$52 million (net-of-tax) of unrealized gains on derivatives classified as cash flow hedges recorded in accumulated other comprehensive loss at December 31, 2022.

Derivatives that are designated in hedging relationships are assessed for effectiveness using regression analysis at inception and qualitatively thereafter, unless regression analysis is deemed necessary. All designated hedge relationships were, and are expected to be, highly effective as of June 30, 2023.

Fair Value of Hedges of Interest Rate Risk

The Company is exposed to changes in the fair value of certain of its fixed-rate assets due to changes in interest rates. The Company uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in the designated benchmark interest rate. Interest rate swaps designated as fair value hedges involve the payment of fixed-rate amounts to a counterparty in exchange for the Company receiving variable-rate payments over the life of the agreements without the exchange of the underlying notional amount. Such derivatives were used to hedge the changes in fair value of certain of its pools of prepayable fixed rate assets. For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in interest income.

The Company has entered into interest rate swaps with a notional amounts of \$2.0 billion to hedge certain real estate loans using the portfolio layer method. For the three months ended June 30, 2023, the floating rate received related to the net settlement of this interest rate swap was greater than the fixed rate payments. As such, interest income from loans and leases in the accompanying Consolidated Statements of Income and Comprehensive Income was increased by \$6 million.

The fair value basis adjustment on our hedged real estate loans is included in loans and leases held for investment on our Consolidated Statements of Condition. The carrying amount of our hedged loans was \$6.4 billion at June 30, 2023, of which unrealized gains of \$34 million were due to the fair value hedge relationship. We have designated \$2.0 billion of this portfolio of loans in a hedging relationship as of June 30, 2023.

The following tables set forth information regarding the Company's derivative financial instruments:

<i>(in millions)</i>	June 30, 2023		
	Notional Amount	Fair Value	
		Other Assets	Other Liabilities
Derivatives designated as cash flow hedging instruments:			
Interest rate swaps on FHLB advances	\$ 5,500	\$ 1	\$ —
Total	\$ 5,500	\$ 1	\$ —
Derivatives designated as fair value hedging instruments:			
Interest rate swaps on multi-family loans held for investment	\$ 2,000	\$ —	\$ —
Derivatives not designated as hedging instruments:			
Assets			
Futures	\$ 2,530	\$ 3	\$ —
Mortgage-backed securities forwards	2,372	21	—
Rate lock commitments	1,954	10	—
Interest rate swaps and swaptions	7,414	136	—
Foreign currency swaps	19,825	—	—
Total	\$ 34,095	\$ 170	\$ —
Liabilities			
Mortgage-backed securities forwards	\$ 727	\$ —	\$ 7
Rate lock commitments	543	—	10
Interest rate swaps and swaptions	1,442	—	61
Foreign currency swaps	\$ 18,213	\$ —	\$ —
Total derivatives not designated as hedging instruments	\$ 20,925	\$ —	\$ 78

<i>(in millions)</i>	December 31, 2022		
	Notional Amount	Fair Value	
		Other Assets	Other Liabilities
Derivatives designated as cash flow hedging instruments:			
Interest rate swaps	\$ 3,750	\$ 5	\$ —
Total	\$ 3,750	\$ 5	\$ —
Derivatives not designated as hedging instruments:			
Assets			
Futures	\$ 1,205	\$ 2	\$ —
Mortgage-backed securities forwards	1,065	36	—
Rate lock commitments	1,539	9	—
Interest rate swaps and swaptions	7,594	182	—
Total	\$ 11,403	\$ 229	\$ —
Liabilities			
Mortgage-backed securities forwards	\$ 739	\$ —	\$ 61
Rate lock commitments	527	—	10
Interest rate swaps and swaptions	2,445	—	65
Total derivatives not designated as hedging instruments	\$ 3,711	\$ —	\$ 136

The following table presents the derivative subject to a master netting agreement, including the cash pledged as collateral:

(in millions)	June 30, 2023				
	Gross Amount	Gross Amounts Netted in the Statements of Condition	Net Amount Presented in the Statements of Condition	Gross Amounts Not Offset in the Statements of Condition	
				Financial Instruments	Cash Collateral Pledged (Received)
Derivatives designated hedging instruments:					
Interest rate swaps on FHLB advances	\$ 1	\$ —	\$ 1	\$ —	\$ 92
Interest rate swaps on multi-family loans held for investment ⁽¹⁾	\$ —	\$ —	\$ —	\$ —	\$ 34
Derivatives not designated as hedging instruments:					
Assets					
Mortgage-backed securities forwards	\$ 21	\$ —	\$ 21	\$ —	\$ (4)
Interest rate swaptions	136	—	136	—	(15)
Futures	3	—	3	—	—
Total derivative assets	\$ 160	\$ —	\$ 160	\$ —	\$ (19)
Liabilities					
Futures	\$ —	\$ —	\$ —	\$ —	\$ —
Mortgage-backed securities forwards	7	—	7	—	6
Interest rate swaps ⁽¹⁾	61	—	61	—	26
Total derivative liabilities	\$ 68	\$ —	\$ 68	\$ —	\$ 32

(1) Variation margin pledged to, or received from, a Central Counterparty Clearing House to cover the prior days fair value of open positions is considered settlement of the derivative position for accounting purposes.

The following table presents the derivative subject to a master netting agreement, including the cash pledged as collateral:

(in millions)	December 31, 2022				
	Gross Amount	Gross Amounts Netted in the Statements of Condition	Net Amount Presented in the Statements of Condition	Gross Amounts Not Offset in the Statements of Condition	
				Financial Instruments	Cash Collateral Pledged (Received)
Derivatives designated hedging instruments:					
Interest rate swaps on FHLB advances	\$ 5	\$ —	\$ 5	\$ 4	\$ 27
Derivatives not designated as hedging instruments:					
Assets					
Mortgage-backed securities forwards	\$ 36	\$ —	\$ 36	\$ —	\$ (9)
Interest rate swaptions	182	—	182	—	(36)
Futures	2	—	2	—	1
Total derivative assets	\$ 220	\$ —	\$ 220	\$ —	\$ (44)
Liabilities					
Mortgage-backed securities forwards	\$ 61	\$ —	\$ 61	\$ —	\$ 54
Interest rate swaps ⁽¹⁾	65	—	65	—	29
Total derivative liabilities	\$ 126	\$ —	\$ 126	\$ —	\$ 83

(1) Variation margin pledged to, or received from, a Central Counterparty Clearing House to cover the prior days fair value of open positions is considered settlement of the derivative position for accounting purposes.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of amounts subject to variability caused by changes in interest rates from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Changes in the fair value of derivatives designated and that qualify as cash flow hedges are initially recorded in other comprehensive income and are subsequently reclassified into earnings in the period that the hedged transaction affects income.

Interest rate swaps with notional amounts totaling \$5.5 billion and \$2.3 billion as of June 30, 2023 and December 31, 2022, were designated as cash flow hedges of certain FHLB borrowings.

The following table presents the effect of the Company's cash flow derivative instruments on AOCL:

(in millions)	For the Six Months Ended June 30,		For the Year Ended December 31, 2022		For the Six Months Ended June 30, 2022	
	2023					
Amount of gain (loss) recognized in AOCL	\$	34	\$	88	\$	25
Amount of reclassified from AOCL to interest expense	\$	(12)	\$	(4)	\$	7

Amounts reported in AOCL related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate borrowings. During the next twelve months, additional interest expense reduction of \$120 million is expected to be reclassified out of AOCL.

The following table presents the net gain (loss) recognized in income on derivative instruments, net of the impact of offsetting positions:

(dollars in millions)	Location of Gain (Loss)	Three months ended June 30, 2023		Six months ended June 30, 2023	
Derivatives not designated as hedging instruments					
Futures	Net return on mortgage servicing rights	\$	5	\$	3
Interest rate swaps and swaptions	Net return on mortgage servicing rights		(29)		(22)
Mortgage-backed securities forwards	Net return on mortgage servicing rights		(11)		(13)
Rate lock commitments and US Treasury futures	Net gain on loan sales		18		38
Interest rate swaps ⁽¹⁾	Other non-interest income		1		1
Total derivative (loss) gain		\$	(16)	\$	7

(1) Includes customer-initiated commercial interest rate swaps.

Note 15 - Intangible Assets

Goodwill is presumed to have an indefinite useful life and is tested for impairment at the reporting unit level, at least once a year. There was no change in goodwill during the six months ended June 30, 2023.

As a result of the Signature Transaction, the Company recorded \$462 million of core deposit intangible and other intangible assets that are amortizable.

At June 30, 2023, intangible assets consisted of the following:

(in millions)	June 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Core deposit intangible	\$ 700	\$ (50)	\$ 650	\$ 250	\$ (4)	\$ 246
Other intangible assets	56	(9)	47	42	(1)	41
Total other intangible assets	\$ 756	\$ (59)	\$ 697	\$ 292	\$ (5)	\$ 287

The estimated amortization expense of CDI and other intangible assets for the next five years is as follows:

(in millions)	Amortization Expense
2023	\$ 49
2024	108
2025	88
2026	79
2027	71
Total	\$ 395

Note 16 - Fair Value Measures

GAAP sets forth a definition of fair value, establishes a consistent framework for measuring fair value, and requires disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. GAAP also clarifies that fair value is an “exit” price, representing the amount that would be received when selling an asset, or paid when transferring a liability, in an orderly transaction between market participants. Fair value is thus a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Inputs to the valuation methodology are significant unobservable inputs that reflect a company’s own assumptions about the assumptions that market participants use in pricing an asset or liability.

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

The following tables present assets and liabilities that were measured at fair value on a recurring basis as of June 30, 2023 and December 31, 2022, and that were included in the Company's Consolidated Statements of Condition at those dates:

(in millions)	June 30, 2023				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting Adjustments	Total Fair Value
Assets:					
Mortgage-related Debt Securities Available for Sale:					
GSE certificates	\$ —	\$ 1,204	\$ —	\$ —	\$ 1,204
GSE CMOs	—	3,573	—	—	3,573
Private Label CMOs	—	183	—	—	183
Total mortgage-related debt securities	\$ —	\$ 4,960	\$ —	\$ —	\$ 4,960
Other Debt Securities Available for Sale:					
U. S. Treasury obligations	\$ —	\$ —	\$ —	\$ —	\$ —
GSE debentures	—	1,644	—	—	1,644
Asset-backed securities	—	323	—	—	323
Municipal bonds	—	7	—	—	7
Corporate bonds	—	753	—	—	753
Foreign notes	—	8	—	—	8
Capital trust notes	—	87	—	—	87
Total other debt securities	\$ —	\$ 2,822	\$ —	\$ —	\$ 2,822
Total debt securities available for sale	\$ —	\$ 7,782	\$ —	\$ —	\$ 7,782
Equity securities:					
Mutual funds and common stock	—	14	—	—	14
Total equity securities	—	14	—	—	14
Total securities	\$ —	\$ 7,796	\$ —	\$ —	\$ 7,796
Loans held-for-sale					
Residential first mortgage loans	\$ —	\$ 1,406	\$ —	\$ —	\$ 1,406
Acquisition, development, and construction	—	157	—	—	157
Commercial and industrial loans	— 9	9	—	—	9
Derivative assets					
Interest rate swaps and swaptions	—	137	—	—	137
Futures	—	3	—	—	3
Rate lock commitments (fallout-adjusted)	—	—	10	—	10
Mortgage-backed securities forwards	—	21	—	—	21
Mortgage servicing rights	—	—	1,031	—	1,031
Total assets at fair value	\$ —	\$ 9,529	\$ 1,041	\$ —	\$ 10,570
Derivative liabilities					
Mortgage-backed securities forwards	—	7	—	—	7
Interest rate swaps and swaptions	—	61	—	—	61
Rate lock commitments (fallout-adjusted)	—	—	10	—	10
Total liabilities at fair value	\$ —	\$ 68	\$ 10	\$ —	\$ 78

(in millions)	December 31, 2022				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting Adjustments	Total Fair Value
Assets:					
Mortgage-related Debt Securities Available for Sale:					
GSE certificates	\$ —	\$ 1,297	\$ —	\$ —	\$ 1,297
GSE CMOs	—	3,301	—	—	3,301
Private Label CMOs	—	191	—	—	191
Total mortgage-related debt securities	\$ —	\$ 4,789	\$ —	\$ —	\$ 4,789
Other Debt Securities Available for Sale:					
U. S. Treasury obligations	\$ 1,487	\$ —	\$ —	\$ —	\$ 1,487
GSE debentures	—	1,398	—	—	1,398
Asset-backed securities	—	361	—	—	361
Municipal bonds	—	30	—	—	30
Corporate bonds	—	885	—	—	885
Foreign notes	—	20	—	—	20
Capital trust notes	—	90	—	—	90
Total other debt securities	\$ 1,487	\$ 2,784	\$ —	\$ —	\$ 4,271
Total debt securities available for sale	\$ 1,487	\$ 7,573	\$ —	\$ —	\$ 9,060
Equity securities:					
Mutual funds and common stock	—	14	—	—	14
Total equity securities	—	14	—	—	14
Total securities	\$ 1,487	\$ 7,587	\$ —	\$ —	\$ 9,074
Loans held-for-sale					
Residential first mortgage loans	\$ —	\$ 1,115	\$ —	\$ —	\$ 1,115
Derivative assets					
Interest rate swaps and swaptions	—	182	—	—	182
Futures	—	2	—	—	2
Rate lock commitments (fallout-adjusted)	—	—	9	—	9
Mortgage-backed securities forwards	—	36	—	—	36
Mortgage servicing rights	—	—	1,033	—	1,033
Total assets at fair value	\$ 1,487	\$ 8,922	\$ 1,042	\$ —	\$ 11,451
Derivative liabilities					
Mortgage-backed securities forwards	—	61	—	—	61
Interest rate swaps and swaptions	—	65	—	—	65
Rate lock commitments (fallout-adjusted)	—	—	10	—	10
Total liabilities at fair value	\$ —	\$ 126	\$ 10	\$ —	\$ 136

The Company reviews and updates the fair value hierarchy classifications for its assets on a quarterly basis. Changes from one quarter to the next that are related to the observability of inputs for a fair value measurement may result in a reclassification from one hierarchy level to another.

A description of the methods and significant assumptions utilized in estimating the fair values of securities follows:

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government securities and exchange-traded securities.

If quoted market prices are not available for a specific security, then fair values are estimated by using pricing models. These pricing models primarily use market-based or independently sourced market parameters as inputs, including, but not limited to, yield curves, interest rates, equity or debt prices, and credit spreads. In addition to observable market information, models incorporate transaction details such as maturity and cash flow assumptions. Securities valued in this manner would generally be classified within Level 2 of the valuation hierarchy, and primarily include such instruments as mortgage-related and corporate debt securities.

Periodically, the Company uses fair values supplied by independent pricing services to corroborate the fair values derived from the pricing models. In addition, the Company reviews the fair values supplied by independent pricing services, as well as their underlying pricing methodologies, for reasonableness. The Company challenges pricing service valuations that appear to be unusual or unexpected.

While the Company believes its valuation methods are appropriate, and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair values of certain financial instruments could result in different estimates of fair values at a reporting date.

Fair Value Measurements Using Significant Unobservable Inputs

The following tables include a roll forward of the Consolidated Statements of Condition amounts (including the change in fair value) for financial instruments classified by us within Level 3 of the valuation hierarchy:

<i>(dollars in millions)</i>	Balance at Beginning of Year	Total Gains / (Losses) Recorded in Earnings (1)	Purchases / Originations	Sales	Settlement	Transfers In (Out)	Balance at End of Year
Three Months Ended June 30, 2023							
Assets							
Mortgage servicing rights ⁽¹⁾	\$ 1,034	\$ 5	\$ 43	\$ (51)	—	—	\$ 1,031
Rate lock commitments (net) ⁽¹⁾⁽²⁾	8	(17)	25	—	—	(16)	—
Totals	\$ 1,042	\$ (12)	\$ 68	\$ (51)	\$ —	\$ (16)	\$ 1,031
Six Months Ended June 30, 2023							
Assets							
Mortgage servicing rights ⁽¹⁾	\$ 1,033	\$ (32)	\$ 81	\$ (51)	—	—	\$ 1,031
Rate lock commitments (net) ⁽¹⁾⁽²⁾	(1)	(28)	60	—	—	(31)	—
Totals	\$ 1,032	\$ (60)	\$ 141	\$ (51)	\$ —	\$ (31)	\$ 1,031

- (1) We utilized swaptions, futures, forward agency and loan sales and interest rate swaps to manage the risk associated with mortgage servicing rights and rate lock commitments. Gains and losses for individual lines do not reflect the effect of our risk management activities related to such Level 3 instruments.
- (2) Rate lock commitments are reported on a fallout-adjusted basis. Transfers out of Level 3 represent the settlement value of the commitments that are transferred to LHFS, which are classified as Level 2 assets.

The following tables present the quantitative information about recurring Level 3 fair value financial instruments and the fair value measurements as of June 30, 2023:

	Fair Value	Valuation Technique	Unobservable Input ⁽¹⁾	Range (Weighted Average)
			<i>(dollars in millions)</i>	
Assets				
Mortgage servicing rights	\$ 1,031	Discounted cash flows	Option adjusted spread	5.3% - 21.5% (5.6)%
			Constant prepayment rate	0% - 9.8% (8.2)%
			Weighted average cost to service per loan	\$65 - \$90 \$(69)
Rate lock commitments (net)	\$ —	Consensus pricing	Origination pull-through rate	80.20%

- (1) Unobservable inputs were weighted by their relative fair value of the instruments.

Assets Measured at Fair Value on a Non-Recurring Basis

Certain assets are measured at fair value on a non-recurring basis. Such instruments are subject to fair value adjustments under certain circumstances (e.g., when there is evidence of impairment). The following tables present assets that were measured at fair value on a non-recurring basis as of June 30, 2023 and December 31, 2022, and that were included in the Company's Consolidated Statements of Condition at those dates:

(in millions)	Fair Value Measurements at June 30, 2023 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Other assets ⁽¹⁾	\$ —	\$ —	\$ 45	\$ 45
Total	\$ —	\$ —	\$ 45	\$ 45

- (1) Represents the fair value of repossessed assets, based on the appraised value of the collateral subsequent to its initial classification as repossessed assets and equity securities without readily determinable fair values. These equity securities are classified as Level 3 due to the infrequency of the observable prices and/or the restrictions on the shares.

(in millions)	Fair Value Measurements at December 31, 2022 Using			
	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 ⁽²⁾	\$ —	\$ —	\$ 28	\$ 28
Other assets ⁽¹⁾	—	—	41	41
Total	\$ —	\$ —	\$ 69	\$ 69

- (1) Represents the fair value of repossessed assets, based on the appraised value of the collateral subsequent to its initial classification as repossessed assets and equity securities without readily determinable fair values. These equity securities are classified as Level 3 due to the infrequency of the observable prices and/or the restrictions on the shares.

- (2) Represents the fair value of impaired loans, based on the value of the collateral.

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

Other Fair Value Disclosures

For the disclosure of fair value information about the Company's on- and off-balance sheet financial instruments, when available, quoted market prices are used as the measure of fair value. In cases where quoted market prices are not available, fair values are based on present-value estimates or other valuation techniques. Such fair values are significantly affected by the assumptions used, the timing of future cash flows, and the discount rate.

Because assumptions are inherently subjective in nature, estimated fair values cannot be substantiated by comparison to independent market quotes. Furthermore, in many cases, the estimated fair values provided would not necessarily be realized in an immediate sale or settlement of such instruments.

The following tables summarize the carrying values, estimated fair values, and fair value measurement levels of financial instruments that were not carried at fair value on the Company's Consolidated Statements of Condition at June 30, 2023 and December 31, 2022:

(in millions)	June 30, 2023				
	Carrying Value	Estimated Fair Value	Fair Value Measurement Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and cash equivalents	\$ 15,806	\$ 15,806	\$ 15,806		
FHLB and FRB stock ⁽¹⁾	1,136	1,136	—	1,136	
Loans and leases held for investment, net	82,684	79,144	—		79,144
Financial Liabilities:					
Deposits	\$ 88,497	\$ 88,245	\$ 70,309 ⁽²⁾	\$ 17,936 ⁽³⁾	
Borrowed funds	16,412	16,161		16,161	

- (1) Carrying value and estimated fair value are at cost.
(2) Interest-bearing checking and money market accounts, savings accounts, and non-interest-bearing accounts.
(3) Certificates of deposit.

(in millions)	December 31, 2022				
	Carrying Value	Estimated Fair Value	Fair Value Measurement Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and cash equivalents	\$ 2,032	\$ 2,032	\$ 2,032	\$ —	\$ —
FHLB and FRB stock ⁽¹⁾	1,267	1,267	—	1,267	0
Loans and leases held for investment, net	68,608	65,673	—	—	65,673
Financial Liabilities:					
Deposits	\$ 58,721	\$ 58,479	\$ 46,211 ⁽²⁾	\$ 12,268 ⁽³⁾	\$ —
Borrowed funds	21,332	21,231	—	21,231	—

- (1) Carrying value and estimated fair value are at cost.
(2) Interest-bearing checking and money market accounts, savings accounts, and non-interest-bearing accounts.
(3) Certificates of deposit.

The methods and significant assumptions used to estimate fair values for the Company's financial instruments follow:

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks and federal funds sold. The estimated fair values of cash and cash equivalents are assumed to equal their carrying values, as these financial instruments are either due on demand or have short-term maturities.

Securities

If quoted market prices are not available for a specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These pricing models primarily use market-based or independently sourced market parameters as inputs, including, but not limited to, yield curves, interest rates, equity or debt prices, and credit spreads. In addition to observable market information, pricing models also incorporate transaction details such as maturities and cash flow assumptions.

Federal Home Loan Bank Stock

Ownership in equity securities of the FHLB is generally restricted and there is no established liquid market for their resale. The carrying amount approximates the fair value.

Loans

The Company discloses the fair value of loans measured at amortized cost using an exit price notion. The Company determined the fair value on substantially all of its loans for disclosure purposes, on an individual loan basis. The discount rates reflect current market rates for loans with similar terms to borrowers having similar credit quality on an exit price basis. The estimated fair values of non-performing mortgage and other loans are based on recent collateral appraisals. For those loans where a discounted cash flow technique was not considered reliable, the Company used a quoted market price for each individual loan.

MSRs

The significant unobservable inputs used in the fair value measurement of the MSRs are option adjusted spreads, prepayment rates and cost to service. Significant increases (decreases) in all three assumptions in isolation result in a significantly lower (higher) fair value measurement. Weighted average life (in years) is used to determine the change in fair value of MSRs. For June 30, 2023, the weighted average life (in years) for the entire MSR portfolio was 6.96.

Rate lock commitments

The significant unobservable input used in the fair value measurement of the rate lock commitments is the pull through rate. The pull through rate is a statistical analysis of our actual rate lock fallout history to determine the sensitivity of the residential mortgage loan pipeline compared to interest rate changes and other deterministic values. New market prices are applied based on updated loan characteristics and new fallout ratios (i.e. the inverse of the pull through rate) are applied accordingly. Significant increases (decreases) in the pull through rate in isolation result in a significantly higher (lower) fair value measurement.

Deposits

The fair values of deposit liabilities with no stated maturity (i.e., interest-bearing checking and money market accounts, savings accounts, and non-interest-bearing accounts) are equal to the carrying amounts payable on demand. The fair values of CDs represent contractual cash flows, discounted using interest rates currently offered on deposits with similar characteristics and remaining maturities. These estimated fair values do not include the intangible value of core deposit relationships, which comprise a portion of the Company's deposit base.

Borrowed Funds

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

Off-Balance Sheet Financial Instruments

The fair values of commitments to extend credit and unadvanced lines of credit are estimated based on an analysis of the interest rates and fees currently charged to enter into similar transactions, considering the remaining terms of the commitments and the creditworthiness of the potential borrowers. The estimated fair values of such off-balance sheet financial instruments were insignificant at June 30, 2023 and December 31, 2022.

Fair Value Option

We elected the fair value option for certain items as discussed throughout the Notes to the Consolidated Financial Statements to more closely align the accounting method with the underlying economic exposure. Interest income on LHFS is accrued on the principal outstanding primarily using the "simple-interest" method.

The following table reflects the change in fair value included in earnings of financial instruments for which the fair value option has been elected:

<i>(dollars in millions)</i>	For the Three Months ended June 30,		For the Six Months Ended June 30,	
	2023		2023	
Assets				
Loans held-for-sale	\$	—	\$	—
Net gain on loan sales	\$	29	\$	57

The following table reflects the difference between the aggregate fair value and aggregate remaining contractual principal balance outstanding for assets and liabilities for which the fair value option has been elected:

<i>(dollars in millions)</i>	June 30, 2023		
	Unpaid Principal Balance	Fair Value	Fair Value Over / (Under) UPB
Assets:			
Nonaccrual loans:			
Loans held-for-sale	\$ 1	\$ 1	—
Loans held-for-investment	—	—	—
Total non-accrual loans	\$ 1	\$ 1	—
Other performing loans:			
Loans held-for-sale	\$ 1,556	\$ 1,571	15
Total other performing loans	\$ 1,556	\$ 1,571	15
Total loans:			
Loans held-for-sale	\$ 1,557	\$ 1,572	15
Total loans	\$ 1,557	\$ 1,572	15

<i>(dollars in millions)</i>	December 31, 2022		
	Unpaid Principal Balance	Fair Value	Fair Value Over / (Under) UPB
Assets:			
Other performing loans:			
Loans held-for-sale	1,095	1,115	20
Total other performing loans	\$ 1,095	\$ 1,115	20
Total loans:			
Loans held-for-sale	1,095	1,115	20
Total loans	\$ 1,095	\$ 1,115	20

Item 3. Quantitative and Qualitative Disclosures about Market Risk

A discussion regarding our management of market risk is included in "Market Risk" in this report in "Management's Discussion and Analysis of Financial Condition and Results of Operations" which is incorporated herein by reference.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of June 30, 2023, pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), an evaluation was performed by the Company's Management, including our principal executive and financial officers, regarding the design and effectiveness of our disclosure controls and procedures. Based upon that evaluation, the principal executive and financial officers have concluded that our current disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms as of June 30, 2023.

(b) Changes in Internal Controls.

Certain assets and liabilities of Signature Bridge Bank were acquired on March 20, 2023. We have extended oversight and monitoring processes that support internal control over financial reporting to include the acquired operations. There have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(d) of the Exchange Act) during the three months ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

Please see “Item 1A. Risk Factors” of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 and the Company’s Form 10-Q for the quarter ended March 31, 2023 for information regarding risk factors that could materially affect the Company’s business, financial condition, or future results of operations. Other than as set forth below, there have been changes with regard to the risk factors disclosed in “Item 1A. Risk Factors” of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 and the Company’s Form 10-Q for the quarter ended March 31, 2023.

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

Communication and information systems are essential to the conduct of our business, as we use such systems, and those maintained and provided to us by third-party service providers, to manage our customer relationships, our general ledger, our deposits, and our loans. In addition, our operations rely on the secure processing, storage, and transmission of confidential and other information in our computer systems and networks. Although we take protective measures and endeavor to modify them as circumstances warrant, the security of our computer systems, software, and networks have been, and may in the future be, vulnerable to breaches, unauthorized access, misuse, computer viruses, or other malicious code and cyber-attacks that have had and could have an impact on information security. With the rise and permeation of online and mobile banking, the financial services industry in particular faces substantial cybersecurity risk due to the type of sensitive information provided by customers. We, and our third-party service providers, have been and may in the future be subject to cybersecurity incidents, including those affecting other financial institutions and industry groups. Our systems and those of our third-party service providers and customers are regularly the subject of attempted attacks that are increasingly sophisticated, and it is possible that we or they could experience a significant event in the future that could adversely affect our business or operations. In addition, breaches of security have in the past and may in the future occur through intentional or unintentional acts by those having authorized or unauthorized access to our confidential or other information, or that of our customers, clients, or counterparties. Certain previously identified cyber incidents have resulted, and future such events could result, in the breach of confidential and other information processed and stored in our computer systems and networks. These events could cause interruptions or malfunctions in our operations or the operations of our customers, clients, or counterparties. Further, we may not know that an attack occurred until well after the event. Even after discovering an attempt or breach occurred, we may not know the extent of the impact of the attack for some period of time. This could cause us significant reputational damage or result in our experiencing significant losses.

While we diligently assess applicable regulatory and legislative developments affecting our business, laws and regulations relating to cybersecurity have been frequently changing, imposing new requirements on us. In light of these conditions, we face the potential for additional regulatory scrutiny that will lead to increasing compliance and technology expenses and, in some cases, possible limitations on the achievement of our plans for growth and other strategic objectives. We may also be required to expend significant additional resources to modify our protective measures or investigate and remediate vulnerabilities or other exposures arising from operational and security risks, including expenses for third-party expert consultants or outside counsel. We also may be subject to litigation and financial losses that either are not insured against or not fully covered through any insurance we maintain. We believe that the impact of any previously identified cyber incidents, including those subject to ongoing investigation and remediation, will not have a material financial impact and we have cyber insurance in place.

In addition, we routinely transmit and receive personal, confidential, and proprietary information by e-mail and other electronic means. We have discussed, and worked with our customers, clients, and counterparties to develop secure transmission capabilities, but we do not have, and may be unable to put in place, secure capabilities with all of these constituents, and we may not be able to ensure that these third parties have appropriate controls in place to protect the

confidentiality of such information. We maintain disclosure controls and procedures to ensure we will timely and sufficiently notify our investors of material cybersecurity risks and incidents, including the associated financial, legal, or reputational consequence of such an event, as well as reviewing and updating any prior disclosures relating to the risk or event. While we have established information security policies and procedures, including an Incident Response Plan, to prevent or limit the impact of systems failures and interruptions, we may not be able to anticipate all possible security breaches that could affect our systems or information and there can be no assurance that such events will not occur or will be adequately prevented or mitigated if they do.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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

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

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

On October 23, 2018, the Board of Directors authorized the repurchase of up to \$300 million of the Company’s common stock. Under said authorization, shares may be repurchased on the open market or in privately negotiated transactions. As of June 30, 2023, the Company has approximately \$9 million remaining under this repurchase authorization.

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

(dollars in millions, except share data)

Period	Total Shares of Common Stock Repurchased	Average Price Paid per Common Share	Total Allocation	Total Shares of Common Stock Purchased as Part of Publicly Announced Plans or Programs
Second Quarter 2023				
April 1 - 30, 2023	26,330	\$ 8.93	\$ —	—
May 1 - 31, 2023	111,992	10.49	1	—
June 1 - 30, 2023	51,855	10.81	1	—
Total Second Quarter 2023	190,177	\$ 10.36	\$ 2	0

Item 3. Defaults Upon Senior Securities

The Company had no defaults on senior securities.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

During the fiscal quarter ended June 30, 2023, none of our directors or officers informed us of the adoption or termination of a “Rule 10b5-1 trading arrangement or “non-Rule 10b5-1 trading arrangement,” as those terms are defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit No.

3.1	Amended and Restated Certificate of Incorporation ⁽¹⁾
3.2	Certificates of Amendment of Amended and Restated Certificate of Incorporation ⁽²⁾
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation ⁽³⁾
3.4	Certificate of Designations of the Registrant with respect to the Series A Preferred Stock, dated March 16, 2017, filed with the Secretary of State of the State of Delaware and effective March 16, 2017 ⁽⁴⁾
3.5	Amended and Restated Bylaws ⁽⁵⁾
4.1	Specimen Stock Certificate ⁽⁶⁾
4.2	Deposit Agreement, dated as of March 16, 2017, by and among the Registrant, Computershare, Inc, and Computershare Trust Company, N.A., as joint depository, and the holders from time to time of the depository receipts described therein ⁽⁷⁾
4.3	Form of certificate representing the Series A Preferred Stock ⁽⁷⁾
4.4	Form of depository receipt representing the Depository Shares ⁽⁷⁾
4.6	Registrant will furnish, upon request, copies of all instruments defining the rights of holders of long-term debt instruments of the registrant and its consolidated subsidiaries.
21	Subsidiaries of the Registrant
31.1	Rule 13a-14(a) Certification of Chief Executive Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto)
31.2	Rule 13a-14(a) Certification of Chief Financial Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto)
32	Section 1350 Certifications of the Chief Executive Officer and Chief Financial Officer of the Company in accordance with Section 906 of the Sarbanes-Oxley Act of 2002 (attached hereto)
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Date File (formatted in Inline XBRL and contained in Exhibit 101)

*Pursuant to Item 601(b)(2) of Regulation S-K, certain schedules and similar attachments have been omitted. The registrant hereby agrees to furnish a copy of any omitted schedule or similar attachment to the SEC upon request.

** Management plan or compensation plan arrangement.

- (1) Incorporated by reference to Exhibits filed with the Company's Form 10-Q for the quarterly period ended March 31, 2001 (File No. 0-22278)
- (2) Incorporated by reference to Exhibits filed with the Company's Form 10-K for the year ended December 31, 2003 (File No. 1-31565)
- (3) Incorporated by reference to Exhibits to the Company's Form 8-K filed with the Securities and Exchange Commission on April 27, 2016 (File No. 1-31565)
- (4) Incorporated herein by reference to Exhibit 3.4 of the Registrant's Registration Statement on Form 8-A (File No. 333-210919), as filed with the Securities and Exchange Commission on March 16, 2017
- (5) Incorporated by reference to Exhibit 3.2 filed with the Company's Form 8-K filed with the Securities and Exchange Commission on December 1, 2022 (File No. 1-31565)
- (6) Incorporated by reference to Exhibits filed with the Company's Form 10-Q for the quarterly period ended September 30, 2017 (File No. 1-31565)
- (7) Incorporated by reference to Exhibits filed with the Company's Form 8-K filed with the Securities and Exchange Commission on March 17, 2017 (File No. 1-31565)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATE: August 9, 2023

New York Community Bancorp, Inc.

(Registrant)

/s/ Thomas R. Cangemi

Thomas R. Cangemi

President and Chief Executive Officer

(Principal Executive Officer)

/s/ John J. Pinto

John J. Pinto

Senior Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Subsidiary Activities

We conduct business primarily through our wholly-owned bank subsidiary, Flagstar Bank, N.A. The Bank has formed, or acquired through merger transactions, 38 subsidiary corporations. Of these, 26 are direct subsidiaries of the Bank and 12 are subsidiaries of Bank-owned entities.

The 26 direct subsidiaries of the Bank are:

Name	Jurisdiction of Organization	Purpose
100 Duffy Realty, LLC	New York	Owns a building containing back-offices and a branch.
Beta Investments, Inc.	Delaware	Holding company for Omega Commercial Mortgage Corp. and Long Island Commercial Capital Corp.
BSR 1400 Corp.	New York	Organized to own interests in real estate.
Ferry Development Holding Company	Delaware	Formed to hold and manage investment portfolios for the Company.
NYCB Specialty Finance Company, LLC	Delaware	Originates asset-based, equipment financing, and dealer-floor plan loans.
NYB Realty Holding Company, LLC	New York	Holding company for subsidiaries owning an interest in real estate.
NYCB Insurance Agency, Inc.	New York	Sells non-deposit investment products.
Pacific Urban Renewal, Inc.	New Jersey	Owns a branch building.
Synergy Capital Investments, Inc.	New Jersey	Formed to hold and manage investment portfolios for the Company.
NYCB Mortgage Company, LLC	Delaware	Holding company for Walnut Realty Holding Company, LLC.
Woodhaven Investments, LLC	Delaware	Holding company for Ironbound Investment Company, LLC. and 1400 Corp.
Flagstar REO, LLC	Delaware	Formed to hold real estate from foreclosed loans
Flagstar Mortgage Securities, LLC	Delaware	Formed to hold mortgage loans sold into private securitizations
Flagstar Real Estate Holdings, Inc.	Michigan	Holding company for Long Lake REIT
REIT Holding Co #1, Inc.	Michigan	Holding company for REIT #1, Inc.
REIT Holding Co #2, Inc.	Michigan	Holding company for REIT #2, Inc.
Propshop Mortgage, LLC	Delaware	Joint venture mortgage company developing specialized mortgage technology
Flagstar Investment, LLC	Michigan	Formed to invest in low income housing investments
Flagstar Opportunities, LLC	Michigan	Formed to invest in low income housing investments
Grass Lake Insurance Agency, Inc.	Michigan	Licensed insurance agency
FSB-Optimum Investment Fund I LLC	Michigan	Formed to invest in businesses with New Markets Tax Credits
Flagstar-Petros Fund I, LLC	Michigan	Invests in real estate eligible for Historic Tax Credits
Flagstar Financing & Leasing, LLC	New York	Originates equipment finance & leasing, transport financing and taxi medallion financing
Flagstar Advisors, Inc.	New York	Licensed broker dealer and investment advisor offering investment, brokerage, asset and insurance products and services
SB Insurance Agency, Inc	New York	Offers insurance products and services
Flagstar Public Funding Corp.	New York	Originates municipal finance and tax-exempt lending and leasing to government and municipal entities

The 12 subsidiaries of Bank-owned entities are:

Name	Jurisdiction of Organization	Purpose
1400 Corp.	New York	Holding company for Roslyn Real Estate Asset Corp.
Ironbound Investment Company, LLC.	Florida	Organized for the purpose of investing in mortgage-related assets.
Long Island Commercial Capital Corporation	New York	A REIT organized for the purpose of investing in mortgage-related assets.
Omega Commercial Mortgage Corp.	Delaware	A REIT organized for the purpose of investing in mortgage-related assets.
Prospect Realty Holding Company, LLC	New York	Owens a back-office building.
Rational Real Estate II, LLC	New York	Formerly Owned a back-office building.
Roslyn Real Estate Asset Corp.	Delaware	A REIT organized for the purpose of investing in mortgage-related assets.
Walnut Realty Holding Company, LLC	Delaware	Owens two back-office buildings.
Long Lake REIT	Maryland	Formed to own excess servicing rights assets
Long Lake MSR, Inc.	Maryland	Licensed to own MSRs
REIT #1, Inc.	Michigan	A REIT organized for the purposes of investing in mortgage loans
REIT #2, Inc.	Michigan	A REIT organized for the purposes of investing in commercial real estate loans

NYB Realty Holding Company, LLC owns interests in 10 additional active entities organized as indirect wholly-owned subsidiaries to own interests in various real estate properties.

The four direct subsidiaries of the Parent Company are:

Name	Jurisdiction of Organization	Purpose
Flagstar Bank, N.A.	New York	National Association (Federal Bank)
New York Community Newco, Inc.	Delaware	Established in connection with the acquisition of Atlantic Bank of New York
Douglas Insurance Agency, Inc.	Michigan	Insurance Agency (collects auto premiums)
Flagstar Reinsurance Company	Vermont	Vermont captive insurance company

The Parent Company also owns special business trusts that were formed for the purpose of issuing capital and common securities and investing the proceeds thereof in the junior subordinated debentures issued by the Company. See Note 11, "Borrowed Funds," in the Notes to the Consolidated Financial Statements for a further discussion of the Company's special business trusts.



NEW YORK COMMUNITY BANCORP, INC.

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas R. Cangemi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of New York Community Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: August 9, 2023

BY:

Thomas R. Cangemi
President and Chief Executive Officer

NEW YORK COMMUNITY BANCORP, INC.

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, John J. Pinto, certify that:

1. I have reviewed this quarterly report on Form 10-Q of New York Community Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: August 9, 2023

BY: _____

John J. Pinto
Senior Executive Vice President and Chief Financial Officer

NEW YORK COMMUNITY BANCORP, INC.

**CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of New York Community Bancorp, Inc. (the "Company") on Form 10-Q for the period ended on June 30, 2023 as filed with the Securities and Exchange Commission (the "Report"), the undersigned certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

DATE: August 9, 2023

BY:

Thomas R. Cangemi
President and Chief Executive Officer

DATE: August 9, 2023

BY:

John J. Pinto
Senior Executive Vice President and Chief Financial Officer