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May 19, 2021

REQUEST FOR CONFIDENTIAL TREATMENT

Ivan J. Hurwitz, Senior Vice President,
Federal Reserve Bank of New York,
33 Liberty Street,
New York, NY 10045.

Dear Mr. Hurwitz:

On behalf of our client, New York Community Bancorp, Inc. ("NYC Bancorp" or the "Applicant" and, together with its affiliates, "NYCB"), enclosed please find the following documents submitted hereby to the Federal Reserve Bank of New York ("FRBNY") and the Board of Governors of the Federal Reserve System (the "Board") relating to the Applicant's proposed acquisition of Flagstar Bancorp, Inc. ("Flagstar Bancorp" and, together with its affiliates, "Flagstar"), its subsidiary bank, Flagstar Bank, FSB, and certain of their subsidiaries:

- A notification (the "Notification") to the Board pursuant to Sections 4(c)(8) and 4(j) of the Bank Holding Company Act of 1956, as amended (the "BHC Act"), and the Board's Regulation Y promulgated thereunder;

- Public Exhibits to the Notification;

- Confidential Exhibits to the Notification;

- An application (the "FDIC Application") to the Federal Deposit Insurance Corporation (the "FDIC") pursuant to the Bank Merger Act, 12 U.S.C. § 1828(c), and the regulations of the FDIC;

- Public Exhibits to the FDIC Application;

- Confidential Exhibits to the FDIC Application;

- An application (the "NYDFS Application") to the New York State Department of Financial Services (the "NYDFS") pursuant to Section 601 of the New York

Banking Law, Supervisory Procedure CB 105, Section 234 and 235 of the New York Banking Law and Section 14.3 of Title 3 of the New York Codes, Rules and Regulations ("NYCRR");

- Public Exhibits to the NYDFS Application; and
- Confidential Exhibits to the NYDFS Application;

Certain of the enclosed materials (Confidential Exhibits to the Notification, Confidential Exhibits to the FDIC Application and Confidential Exhibits to the NYDFS Application) have been marked "Confidential Treatment Requested" and are referred to herein as the "Confidential Materials."

The information in the Application, Public Exhibits to the Application and Confidential Exhibits to the Application have been provided by NYCB and, where relevant, Flagstar.

Confidential Treatment Request

Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, and the regulations of the Board, 12 C.F.R. Part 261, the Applicant hereby respectfully requests that the Confidential Materials be treated confidentially and not be made available for inspection or copying.

The Confidential Materials include nonpublic commercial or financial information that is privileged or confidential within the meaning of Section 261.15(a)(4) of the Board's regulations or information that is otherwise exempt from disclosure under Section 261.15(a) of the Board's regulations.[1] At this time, the Confidential Materials will not be publicly disclosed and are not required to be publicly disclosed. The information has been actually and customarily kept confidential by the Applicant and, where relevant, Flagstar Bancorp, and their subsidiaries, and this information is being provided to the Board under an expectation and implied assurance of privacy.[2]

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[1] Under 5 U.S.C. § 552(b)(4), information that a private party has provided to a government agency is exempt from disclosure if it consists of information that is "trade secrets and commercial or financial information obtained from a person and privileged or confidential." *Accord* 12 C.F.R. § 261.15(a)(4). The United States Supreme Court recently clarified that commercial information submitted to the federal government qualifies as "confidential" under 5 U.S.C. § 552(b)(4) when, at a minimum, it is "actually" and "customarily" "kept private" and the federal government provides assurances to the submitter that the information will be maintained in confidence. *Food Mktg. Inst.* v. *Argus Leader Media*, 139 S. Ct. 2356, 2363 and 2366 (2019).

[2] *See* 85 Fed. Reg. 57,616, 57,620 (submitters of confidential information may rely on "express or implied" assurances of confidentiality when submitting commercial or financial information to an agency); U.S. Department of Justice, Office of Information Policy, *Step-by-Step Guide for*

Disclosure of this information would reveal to competitors the internal strategies, transactions and competitive position of the Applicant and, where relevant, Flagstar Bancorp and their subsidiaries and would place the Applicant, Flagstar Bancorp and their subsidiaries at a competitive disadvantage with respect to competitors who do not publicly reveal such information.[3] For these reasons, the Applicant believes that the Confidential Materials are privileged or confidential within the meaning of 12 C.F.R. § 261.15(a)(4).

In addition, we request, pursuant to the Freedom of Information Act and the applicable Board regulations and for reasons including those set forth above, that any memoranda, notes or other writings of any kind whatsoever made by an employee, agent or any person under the control of the Board or the FRBNY (or any other Federal Reserve Bank or governmental agency) that incorporate, include or relate to any of the matters referred to in the Confidential Materials (1) furnished by the Applicant or its employees or agents to the Board or the FRBNY (or any other Federal Reserve Bank or governmental agency) or (2) referred to in any conference, meeting, telephone conversation or interview between (a) employees, former employees, representatives, agents or counsel of the Applicant and (b) employees, agents or any persons under the control of the Board or the FRBNY (or any other Federal Reserve Bank or governmental agency), be maintained in confidence, not be made part of any public record and not be disclosed to any person.

We also request that, if the Board or the FRBNY should make a preliminary determination not to comply with the foregoing requests for confidential treatment, the Applicant be given notice thereof in ample time to permit it to make an appropriate submission as to why such information should be preserved in confidence. If the Confidential Materials or any of such memoranda, notes or writings are the subject of a Freedom of Information Act request or a request or demand for disclosure by any governmental agency, Congressional office or committee, court or grand jury, we request, pursuant to the Board's regulations, that you notify the Applicant prior to making

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Determining if Commercial or Financial Information Obtained From a Person is Confidential Under Exemption 4 of the FOIA, https://www.justice.gov/oip/step-step-guide-determining-ifcommercial-or-financialinformation-obtained-person-confidential (last updated Oct. 7, 2019).

[3] "A submitter's request for confidentiality in reliance upon [the nonpublic commercial or financial information exemption] generally expires 10 years after the date of submission unless the submitter requests and provides justification for a longer designation period." 12 C.F.R. § 261.17(b). The Applicant, on behalf of itself and its affiliates, requests that the Confidential Materials be accorded confidential treatment beyond 10 years after the date of submission of such Confidential Materials because the Confidential Materials relate to internal governance and business strategies of the Company and its affiliates and disclosure of this information, whether now or in the future, would place the Company and its affiliates at a competitive disadvantage with respect to competitors who do not publicly reveal this information.

such disclosure. We further ask that the Applicant be furnished with a copy of all written materials pertaining to such request (including but not limited to the request itself and any determination with respect to such request) and that the Applicant be given sufficient advance notice of any intended release so that they may, if deemed necessary or appropriate, pursue any available remedies.

* * *

If you have any questions with respect to any of the matters discussed in this letter or the enclosure, please contact me by phone at (212) 558-4859 or e-mail at mentingm@sullcrom.com or Jared M. Fishman at (212) 558-1689 or fishmanj@sullcrom.com.

Sincerely,

Mark J. Menting

(Enclosures)

cc: Chad Doerrmann
(Federal Reserve Bank of New York)

R. Patrick Quinn
David Curatolo
(New York Community Bank)

H. Rodgin Cohen
Jared M. Fishman
(Sullivan & Cromwell LLP)

NOTIFICATION

TO THE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

BY

NEW YORK COMMUNITY BANCORP, INC.

RELATING TO THE PROPOSED ACQUISITION OF

FLAGSTAR BANCORP, INC., FLAGSTAR BANK, FSB
AND CERTAIN OF THEIR SUBSIDIARIES

PURSUANT TO SECTIONS 4(c)(8) AND 4(j)
OF THE BANK HOLDING COMPANY ACT OF 1956, AS AMENDED
AND REGULATION Y PROMULGATED THEREUNDER

MAY 19, 2021

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PRELIMINARY STATEMENT

I. OVERVIEW

New York Community Bancorp, Inc. ("NYC Bancorp" or the "Applicant" and, together with its affiliates, "NYCB"), a bank holding company incorporated under Delaware law and headquartered in Westbury, New York, hereby submits this notification (the "Notification") to the Board of Governors of the Federal Reserve System (the "Board") and to the Federal Reserve Bank of New York pursuant to Sections 4(c)(8) and 4(j) of the Bank Holding Company Act of 1956, as amended (the "BHC Act"), and the Board's Regulation Y promulgated thereunder, requesting the Board's prior approval of the following proposed transactions (individually or together, the "Transaction"):

- the merger of 615 Corp., a Delaware corporation and direct, wholly-owned subsidiary of NYC Bancorp ("Merger Sub"), with and into Flagstar Bancorp, Inc. ("Flagstar Bancorp" and, together with its affiliates, "Flagstar"), a savings and loan holding company incorporated under Michigan law and headquartered in Troy, Michigan, with Flagstar Bancorp as the surviving entity (the "Merger"), and as soon as reasonably practicable following the Merger, the merger of Flagstar Bancorp with and into NYC Bancorp, with NYC Bancorp as the surviving entity (the "Holdco Merger"); and

- NYC Bancorp's resulting acquisition, through the Merger and Holdco Merger, of all of the outstanding shares of common stock of Flagstar Bank, FSB ("Flagstar Bank"), a federally chartered stock savings bank with its main office in Troy, Michigan and a wholly-owned subsidiary of Flagstar Bancorp, which will be merged following the Holdco Merger with and into New York Community Bank, a New York state-chartered nonmember savings bank with its main office in Hicksville, New York and a wholly-owned subsidiary of NYC Bancorp ("NYC Bank"), with NYC Bank as the surviving entity (the "Bank Merger" and, together with the Merger and the Holdco Merger, the "Mergers").

Both NYC Bancorp and Flagstar Bancorp are publicly traded companies. Information regarding each of the parties to the Transaction is set forth below in Section IV.

In addition to Flagstar Bank, NYC Bancorp will acquire control of non-depository subsidiaries of Flagstar Bancorp, including non-depository subsidiaries of Flagstar Bank that will, following completion of the Bank Merger, become subsidiaries of NYC Bank. Based on the diligence that NYCB has conducted to date, each of the activities currently conducted by Flagstar Bancorp's non-depository subsidiaries would be permissible for a bank holding company. Additional information regarding Flagstar Bancorp's and Flagstar Bank's subsidiaries is set forth in Public Exhibit 2. As described further in Public Exhibit 2, the Applicant respectfully requests the prior approval of the Board pursuant to Sections 4(c)(8) and 4(j) of the BHC Act to acquire certain non-wholly owned, non-depository subsidiaries of Flagstar Bank that engage in activities relating to mortgage lending that are permissible for a bank holding company pursuant to Section 225.28(b)(1) of Regulation Y.

Other applications are being filed contemporaneously with this Notification, including: (i) an application to the Federal Deposit Insurance Corporation (the "FDIC") pursuant to the Bank Merger Act, 12 U.S.C. § 1828(c), and the regulations of the FDIC, and (ii) an application to the New York State Department of Financial Services (the "NYDFS") pursuant to Article 13 of the New York Banking Law (the "NYBL"), in each case with respect to the Bank Merger. Additional applications and notices with various other federal and state regulatory authorities may be filed in connection with the Mergers.

The information required by Section 225.24 of Regulation Y is set forth in Tab B of this Notification. In addition, because Flagstar Bank is an insured depository institution, this Notification is required to include the information required by Section 225.15 of Regulation Y as if Flagstar Bank were a "bank." Therefore, this Notification also includes responses to the questions from Form FR Y-3 in Tab C.

As discussed in detail below, the Transaction satisfies all the criteria for approval under the BHC Act, the Bank Merger Act, and applicable state law. The Transaction will create a sound, financially strong and more competitive institution with enhanced managerial resources and a deep-rooted and proven commitment to its communities. NYC Bancorp would like to consummate the Mergers at the earliest opportunity to realize the benefits of the Transaction.

II. DESCRIPTION OF THE TRANSACTION

A. The Merger

On April 24, 2021, NYC Bancorp, Merger Sub and Flagstar Bancorp entered into an Agreement and Plan of Merger (the "Merger Agreement") that provides for the business combination of NYC Bancorp and Flagstar Bancorp. Pursuant to the Merger Agreement, and subject to the receipt of all required regulatory approvals and the satisfaction of other customary closing conditions, Merger Sub will merge with and into Flagstar Bancorp, with Flagstar Bancorp as the surviving corporation. A copy of the Merger Agreement is attached as Public Exhibit 1.[1] The aggregate value of the Transaction is approximately $2.6 billion.[2]

Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each share of common stock, par value $0.01 per share, of Flagstar Bancorp issued and outstanding immediately prior to the Effective Time (the "Flagstar Bancorp Common Stock"), except for shares of Flagstar Bancorp Common Stock owned by Flagstar Bancorp or NYC Bancorp (in each case, other than shares of Flagstar Bancorp Common Stock (i) held in trust accounts, managed accounts and mutual funds and the like, or otherwise

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[1] NYC Bancorp has filed with the Securities and Exchange Commission (the "SEC") a Form 8-K dated April 26, 2021, *available at* https://www.sec.gov/ix?doc=/Archives/edgar/data/910073/000119312521131914/d176004d8k.htm, and Flagstar Bancorp has filed with the SEC a Form 8-K dated April 26, 2021, *available at* https://www.sec.gov/ix?doc=/Archives/edgar/data/0001033012/000119312521131907/d339289d8k.htm, in each case in connection with its entry into the Merger Agreement.

[2] This amount is based on a closing price of $11.99 per share of NYC Bancorp Common Stock on April 23, 2021

held in a fiduciary or agency capacity, that are beneficially owned by third parties, or (ii) held, directly or indirectly, by Flagstar Bancorp or NYC Bancorp in respect of debts previously contracted), will be converted into the right to receive 4.0151 shares (the "Exchange Ratio") of the common stock, par value $0.01 per share, of NYC Bancorp (the "NYC Bancorp Common Stock") (the "Merger Consideration"). Holders of Flagstar Bancorp Common Stock will receive cash in lieu of fractional shares. Holders of Flagstar Bancorp Common Stock are not entitled to appraisal or dissenters' rights under the Michigan Business Corporation Act (the "MBCA").

As described further below, at the Effective Time, Flagstar Bancorp's outstanding equity awards will be converted into NYC Bancorp equity awards or into a right to receive the Merger Consideration. Except as specifically provided in the Merger Agreement, the NYC Bancorp equity awards that will be received in respect of converted Flagstar Bancorp equity awards will be governed by the same terms and conditions as were applicable to the corresponding Flagstar Bancorp equity awards immediately prior to the Effective Time. Based on the number of shares of Flagstar Bancorp Common Stock outstanding or reserved for issuance under Flagstar Bancorp's outstanding equity awards as of April 22, 2021, upon consummation of the Merger, NYC Bancorp expects to issue approximately 211,806,988 shares of NYC Bancorp Common Stock in respect of outstanding shares of Flagstar Bancorp Common Stock, approximately 105,372 shares of NYC Bancorp Common Stock in respect of outstanding restricted stock awards held by Flagstar Bancorp directors ("Flagstar Bancorp Restricted Shares") and approximately 1,840,996 shares of NYC Bancorp Common Stock in respect of outstanding Flagstar Bancorp equity awards that will be converted into a right to receive the Merger Consideration.[3] These shares do not include shares of NYC Bancorp Common Stock that will be reserved for issuance in respect of Flagstar Bancorp equity awards that will be converted into NYC Bancorp equity awards, as described above.

A certified copy of the resolutions approving the transactions contemplated by the Merger Agreement, including the Merger, adopted by the Boards of Directors of NYC Bancorp and NYC Bank is attached as Confidential Exhibit 1, and a certified copy of the resolutions adopted by the Boards of Directors of Flagstar Bancorp and Flagstar Bank approving the transactions contemplated by the Merger Agreement, including the Merger, is attached as Confidential Exhibit 2.

B. The Holdco Merger

As soon as reasonably practicable following the Merger, Flagstar Bancorp will merge with and into NYC Bancorp, with NYC Bancorp as the surviving corporation.

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[3] This amount is calculated based on the number of shares of NYC Bancorp Common Stock that would be issued if the shares of Flagstar Bancorp's Executive Long-Term Incentive Program Performance Shares and shares of Flagstar Bancorp Common Stock reserved for issuance upon the settlement of outstanding performance share unit awards under the Flagstar Stock Plan (as defined below) (assuming performance goals are satisfied at the maximum level), in each case outstanding as of April 22, 2021, are converted into a right to receive the Merger Consideration. This calculation is included solely in connection with estimating the number of shares of NYC Bancorp Common Stock that NYC Bancorp expects to issue upon consummation of the Merger. The shares of NYC Bancorp Common Stock to be issued upon consummation of the Merger will be subject to the terms and conditions of the Merger Agreement.

C. The Bank Merger

At a date and time following the Holdco Merger as determined by NYC Bancorp, Flagstar Bank will merge with and into NYC Bank with NYC Bank as the surviving entity and continuing as the bank subsidiary of NYC Bancorp. The Agreement and Plan of Merger, dated as of April 24, 2021, between NYC Bank and Flagstar Bank (the "Bank Merger Agreement") is attached as Confidential Exhibit 3. A certified copy of the resolutions approving the Bank Merger adopted by the Board of Directors of NYC Bank is attached as Confidential Exhibit 1, and a certified copy of the resolutions approving the Bank Merger adopted by the Board of Directors of Flagstar Bank is attached as Confidential Exhibit 2.

D. The Transaction

Below is a summary of the principal terms of the Transaction, subject to the terms and conditions of the Merger Agreement.

Structure of the Transaction	Merger Sub will merge with and into Flagstar Bancorp, with Flagstar Bancorp as the surviving corporation. As soon as reasonably practicable following the Merger, Flagstar Bancorp will merge with and into NYC Bancorp, with NYC Bancorp as the surviving entity. At a date and time following the Holdco Merger as determined by NYC Bancorp, Flagstar Bank will merge with and into NYC Bank, with NYC Bank as the surviving entity.
Consideration	Each outstanding share of Flagstar Bancorp Common Stock will be converted into the right to receive 4.0151 shares of NYC Bancorp Common Stock.
Treatment of Flagstar Bancorp Equity Awards	At the Effective Time: • except as otherwise agreed between NYC Bancorp and Flagstar Bancorp, each outstanding time-based restricted stock award unit (a "Flagstar Bancorp RSU") under Flagstar's 2016 Stock Award and Incentive Plan (the "Flagstar Stock Plan"), whether vested or unvested, will, automatically and without any action on the part of the holder thereof, cease to represent a restricted stock unit denominated in shares of Flagstar Bancorp Common Stock and will be converted into a time-based restricted stock unit denominated in shares of NYC Bancorp Common Stock (each, a "NYC Bancorp RSU"). The number of shares of NYC Bancorp Common Stock subject to each such NYC Bancorp RSU will be equal to the product (rounded up to the nearest whole number) of (i) the number of shares of Flagstar Bancorp Common Stock subject to such Flagstar Bancorp RSU immediately prior to the Effective Time (including any applicable dividend equivalents), multiplied by (ii) the Exchange Ratio.

- except as otherwise agreed between NYC Bancorp and Flagstar Bancorp, each outstanding performance share unit award under the Flagstar Stock Plan (a "Flagstar Bancorp PSU") for which the applicable performance period is complete, including awards granted prior to the date of the Merger Agreement under Flagstar's Executive Long-Term Incentive Program and Flagstar Bancorp PSUs granted in 2019, whether vested or unvested, will, automatically and without any action on the part of the holder thereof, cease to represent a performance share unit denominated in shares of Flagstar Bancorp Common Stock and will be converted into the right to receive the Merger Consideration in respect of the number of shares of Flagstar Bancorp Common Stock subject to such Flagstar Bancorp PSU immediately prior to the Effective Time based on actual performance through completion of the applicable performance period as determined by the compensation committee of the Board of Directors of Flagstar Bancorp (the "Flagstar Bancorp Compensation Committee") in its reasonable judgement, less applicable tax withholding.
- except as otherwise agreed between NYC Bancorp and Flagstar Bancorp, each Flagstar Bancorp PSU for which the applicable performance period is not complete will, automatically and without any action on the part of the holder thereof, cease to represent a performance share unit denominated in shares of Flagstar Bancorp Common Stock and will be converted into an NYC Bancorp RSU. The number of shares of NYC Bancorp Common Stock subject to each such NYC Bancorp RSU will be equal to the product (rounded up to the nearest whole number) of (A) the number of shares of Flagstar Bancorp Common Stock subject to such Flagstar Bancorp PSU immediately prior to the Effective Time (including any applicable dividend equivalents) based on (1) in the case of Flagstar Bancorp PSUs granted in 2020, 150% of the target level of performance and (2) in the case of Flagstar Bancorp PSUs granted in 2021 and thereafter, the target level of performance multiplied by (B) the Exchange Ratio.

Except as specifically provided in the Merger Agreement, at and following the Effective Time, each converted NYC Bancorp RSU will continue to be governed by the same terms and conditions as were applicable to the applicable Flagstar Bancorp RSU or Flagstar Bancorp PSU immediately prior to the Effective Time, provided that any "change in control" post-termination protections will be extended to apply until 18 months after the closing of the merger.

Except as otherwise agreed between NYC Bancorp and Flagstar Bancorp, at the Effective Time, each outstanding Flagstar Bancorp Restricted Share held by a Flagstar director under the Flagstar Stock Plan, whether vested or unvested, will accelerate in full and be converted into, and become

	exchanged for, the Merger Consideration in respect of the number of shares of Flagstar Bancorp Common Stock subject to each such Flagstar Bancorp Restricted Share.
Regulatory Approvals	NYC Bancorp and Flagstar Bancorp have agreed to cooperate with each other and use reasonable best efforts to promptly prepare and file all necessary applications and notices in respect of all "Requisite Regulatory Approvals," (as defined in the Merger Agreement) to obtain all Requisite Regulatory Approvals and to comply with the terms and conditions of all Requisite Regulatory Approvals.
Corporate Governance; Bylaw Amendment	Prior to the Effective Time, the Board of Directors of NYC Bancorp will take all actions necessary to adopt certain amendments to the bylaws of NYC Bancorp (the "NYCB Bylaws Amendment") regarding governance matters. Effective as of the effective time of the Holdco Merger, and in accordance with the NYCB Bylaws Amendment, the number of directors that will comprise the full Board of Directors of NYC Bancorp (as the surviving entity of the Holdco Merger) and the full Board of Directors of NYC Bank will each be twelve, of which (i) eight will be directors of NY Bancorp immediately prior to the Effective Time, which will include Thomas Cangemi, the current Chairman, President and Chief Executive Officer of NYC Bancorp, Robert Wann, a current director and Chief Operating Officer of NYC Bancorp, Hanif Dahya, a current director of NYC Bancorp who will serve as the Presiding Director, and such other directors as determined by NYC Bancorp and (ii) four will be directors of Flagstar immediately prior to the Effective Time (the "Flagstar Designated Directors"), which will include Alessandro DiNello, the current President and Chief Executive Officer of Flagstar Bancorp, who will serve as the Non-Executive Chairman of the Board of Directors of each of NYC Bancorp and NYC Bank, David Treadwell, a current director of Flagstar Bancorp who will serve as the Risk Assessment Committee Chairman of NYC Bancorp and NYC Bank, and such other directors of Flagstar Bancorp immediately prior to the Effective Time as mutually agreed to by Flagstar and NYCB, who will be independent of NYCB in accordance with applicable stock exchange standards. On the closing date of the Merger (the "Closing Date"), NYC Bancorp will invite all directors of Flagstar Bancorp immediately prior to the Effective Time (other than the Flagstar Bancorp Designated Directors) to become members of an Advisory Board of NYC Bancorp (the "Advisory Board"), and will cause all such individuals who accept such invitation to be elected or appointed for a two-year term as members of the Advisory Board. Such members of the Advisory Board will serve on the Advisory Board until the second anniversary of the Closing Date or until their respective earlier death or resignation, during which period such members will each receive quarterly compensation of $10,000 per quarter served. The Chief Executive Officer of NYC Bancorp will meet with the Advisory Board at least one time per quarter during the two-year period.

Closing Conditions to the Merger	Each party's obligation to close the Merger is subject to customary closing conditions, including the: • adoption and approval of the Merger Agreement by the affirmative vote of a majority of the outstanding shares of Flagstar Bancorp Common Stock entitled to vote on the Merger Agreement; • approval of NYC Bancorp's issuance of the shares of NYC Bancorp Common Stock pursuant to the Merger Agreement (the "NYC Bancorp Share Issuance") by a majority of all the votes cast by the holders of outstanding NYC Bancorp Common Stock at a meeting of the stockholders of NYC Bancorp at which a quorum exists; • authorization for listing on the New York Stock Exchange ("NYSE") of the shares of NYC Bancorp Common Stock to be issued in connection with the Merger; • effectiveness of the registration statement on Form S-4 (the "S-4") to be filed with the SEC, which includes a joint proxy statement (the "Joint Proxy Statement") relating to the meetings of Flagstar Bancorp's shareholders and NYC Bancorp's stockholders to be held in connection with the Merger Agreement; • absence of any order, injunction, decree or other legal restraint preventing the consummation of the Merger, the Holdco Merger or the Bank Merger or making the consummation of the Merger, the Holdco Merger or the Bank Merger illegal; • receipt of (i) approvals and authorizations from the Board, the FDIC, the NYDFS and certain federal mortgage agencies (the "Mortgage Agencies") [4] and, with respect to NYC Bank's establishment and operation of Flagstar Bank's branches and other offices following the effective time of the Bank Merger, any state bank regulatory authority and (ii) all other necessary approvals and authorizations of governmental entities except for any such other approvals and authorizations the failure of which to be obtained, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect (as defined below) on NYC Bancorp and its Subsidiaries, taken as a whole, after giving effect to the Merger, in each case, without the imposition of a Materially Burdensome Regulatory Condition (as defined in the Merger Agreement); • accuracy of the other party's representations and warranties as of

[4] The Mortgage Agencies include Ginnie Mae, Fannie Mae, Freddie Mac, the Federal Housing Administration of the U.S. Department of Housing and Urban Development, the United States Department of Agriculture and the United States Department of Veterans Affairs.

	• the date of the Merger Agreement and as of the Closing Date, generally subject to a "Material Adverse Effect" qualification; and • performance in all material respects by the other party of its obligations under the Merger Agreement. Additionally, NYCB's obligation to close the Merger is subject to either (i) receipt by NYC Bancorp of a tax opinion from its counsel to the effect that the Merger and Holdco Merger, taken together, qualify as a "reorganization" for tax purposes or (ii) there is not reasonably expected to be a "Material Adverse Tax Consequence," which would occur if the tax opinion described above is not able to be delivered and, as a result of a change in law after the date of the Merger Agreement, the Merger and the Holdco Merger, taken together, result in materially adverse tax consequences to NYC Bancorp and its subsidiaries, after giving effect to the Merger. Additionally, Flagstar's obligation to close the Merger is subject to receipt by Flagstar Bancorp of a tax opinion from its counsel to the effect that the Merger and Holdco Merger, taken together, qualify as a "reorganization" for tax purposes.
Material Adverse Effect Standard	"Material Adverse Effect" is defined as, with respect to NYC Bancorp or Flagstar Bancorp, as the case may be, any effect, change, event, circumstance, condition, occurrence, or development that, either individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (i) the business, properties, assets, liabilities, results of operations, or financial condition of such party and its subsidiaries, taken as a whole, subject to customary specified exclusions, or (ii) the ability of such party to timely consummate the transactions contemplated by the Merger Agreement. The definition of Material Adverse Effect contains customary carve-outs, including changes in U.S. GAAP, laws of general applicability to companies in the industries in which the applicable party and its subsidiaries operate, political conditions, economic or market conditions affecting the industries in which the applicable party and its subsidiaries operate, and changes resulting from natural disasters or pandemics, except where such changes have a disproportionate adverse effect upon the applicable party and its subsidiaries, taken as a whole.
Termination Rights	The Merger Agreement can be terminated by mutual written consent of NYC Bancorp and Flagstar Bancorp. In addition, the Merger Agreement can be terminated by either party, if: • (i) any governmental entity that must grant a Requisite Regulatory Approval has denied approval of the Merger, the Holdco Merger or the Bank Merger and such denial has become final and nonappealable, or (ii) any governmental entity has issued a final nonappealable order, injunction, or decree permanently enjoining

	or otherwise prohibiting, or making illegal, the consummation of the Merger, the Holdco Merger or the Bank Merger (unless the failure to obtain a Requisite Regulatory Approval is due to the terminating party's breach of its covenants in the Merger Agreement); • the Merger has not been completed on or before April 24, 2022 (the "Termination Date") (unless the failure of the Closing to occur by such date is due to the failure of the terminating party to perform or observe its covenants in the Merger Agreement); • there is an uncured or incurable breach by the other party of any of its representations or covenants that would constitute the failure of any closing condition (provided that the terminating party is not then in material breach of any of its representations or covenants in the Merger Agreement); or • the other party or the other party's board of directors has (i) withheld, withdrawn, modified or qualified in a manner adverse to the other party its recommendation that (A) in the case of Flagstar Bancorp, its shareholders approve and adopt the Merger Agreement and the transactions contemplated thereby (the "Flagstar Bancorp Board Recommendation"), and (B) in the case of NYC Bancorp, its shareholders approve and adopt the NYC Bancorp Share Issuance (the "NYC Bancorp Board Recommendation"), (ii) failed to make such recommendation in the Joint Proxy Statement, (iii) adopted, approved, recommended or endorsed a competing transaction or publicly announced an intention to do so, (iv) failed to publicly and without qualification recommend against a competing transaction or reaffirm the Flagstar Bancorp Board Recommendation or the NYC Bancorp Board Recommendation, as the case may be (any of the foregoing (i) through (iv), a "Recommendation Change"), or (v) breached its covenants in respect of seeking stockholder approval or the solicitation of another offer.
Termination Fee	A termination fee of $90 million will be payable by either Flagstar Bancorp or NYC Bancorp to the other party in connection with the termination of the Merger Agreement under certain circumstances.

No Solicitation; Stockholders Meeting; Board Recommendation; Fiduciary Out	Each of NYC Bancorp and Flagstar Bancorp has agreed that it will not, and will cause each of its subsidiaries and use its reasonable best efforts to cause its and their respective officers, directors, employees, agents, advisors and representatives not to, directly or indirectly, solicit a competing transaction, or effect a Recommendation Change, subject to a customary fiduciary duty exception. Notwithstanding any competing transaction proposal, unless the Merger Agreement has been terminated in accordance with its terms, the party receiving any competing transaction proposal must submit the Merger Agreement or the NYCB Share Issuance, as applicable, to be voted on at a meeting of its shareholders or stockholders, as applicable.
Employee Matters	***Post-Closing Compensation and Benefits.*** Following the closing of the merger and until December 31, 2022, NYC Bancorp will generally provide continuing employees of Flagstar Bancorp and its subsidiaries with (i) a base salary or base wage rate no less than that provided by Flagstar immediately prior to the Effective Time, (ii) target incentive opportunities (both cash and equity) no less favorable, in the aggregate, than that provided by Flagstar immediately prior to the Effective Time and (iii) employee benefits (other than severance) no less favorable than those provided to other similarly situated employees of NYC Bancorp or provided by Flagstar to each such continuing employee immediately prior to the Effective Time. Additionally, during the 12-month period following the Effective Time or until December 31, 2022, whichever is later, any continuing employee who is involuntarily terminated during such period will be provided with severance payments and benefits as described in Section 6.6(a) of the NYC Bancorp disclosure schedule delivered with the Merger Agreement. ***Service Credit***. For certain purposes under the NYC Bancorp benefit plans, NYC Bancorp and its subsidiaries will, to the extent permitted by law, give each continuing employee service credit for such continuing employee's employment with Flagstar Bancorp and its subsidiaries for all purposes under each applicable new plan, as if such service had been performed with NYC Bancorp, except for benefit accrual under defined benefit pension plans, for purposes of qualifying for subsidized early retirement benefits or to the extent it would result in a duplication of benefits. ***<u>Other Employee Matters:</u>*** • NYC Bancorp may request that Flagstar Bancorp terminate its 401(k) plan contingent upon the occurrence of the Effective Time and, if so, continuing employees will be eligible to participate in NYC Bancorp's 401(k) plan, and NYC Bancorp and Flagstar Bancorp will take any and all actions required to permit continuing employees to make rollover contributions. • NYC Bancorp will take all necessary action to cause the NYC

	Bancorp Employee Stock Ownership Plan, as amended and restated effective January 1, 2012 (the "ESOP") to be terminated as of not later than the business day prior to the Effective Time. Subject to the terms of the ESOP and applicable law, upon termination of the ESOP, the accounts of all participants and beneficiaries in the ESOP immediately prior to the Effective Time will become fully vested effective as of the effective time of the termination of the ESOP. • NYC Bancorp will take all necessary action to cause the Supplemental Benefits Plan of NYC Bank to be terminated at or immediately prior to the Effective Time in accordance with Section 409A of the Internal Revenue Code and the terms of the plan document, and to pay to each participant a lump sum cash amount equal to the benefit to which such participant is entitled pursuant to the terms of such plan.
Interim Operating Covenants	Flagstar Bancorp has agreed to customary pre-closing covenants, including covenants to operate its business in the ordinary course in all material respects and to refrain from taking certain significant actions without NYC Bancorp's consent. NYC Bancorp has agreed to customary pre-closing covenants, including covenants to refrain from taking certain actions that may adversely affect its ability to consummate the Transaction on a timely basis without Flagstar Bancorp's consent.
Representations and Warranties	NYC Bancorp and Flagstar Bancorp have made customary public company representations and warranties.
Governing Law and Jurisdiction	Delaware (except that matters relating to the fiduciary duties of the Board of Directors of Flagstar Bancorp are subject to the laws of the state of Michigan).

E. Approvals and Closing

Each of NYC Bancorp's and Flagstar Bancorp's Board of Directors has unanimously approved its respective institution's entry into the Merger Agreement and the transactions contemplated thereby, including the Merger and the Holdco Merger.

The consummation of the Merger is subject to receipt of all Requisite Regulatory Approvals (including the approval of the Board pursuant to this Notification), NYC Bancorp stockholder approval, Flagstar Bancorp shareholder approval and other standard closing conditions. NYC Bancorp stockholders will be asked to vote to approve the NYC Bancorp Share Issuance and related matters, and Flagstar Bancorp shareholders will be asked to vote to approve the Merger Agreement and related matters. The Requisite Regulatory Approvals include the regulatory approvals that are necessary for the consummation of the Bank Merger, including the approval of each of the FDIC and the NYDFS.

Following is a summary of the regulatory approvals and notices that are required to be obtained or made in order to consummate the Transaction:

1. *Notices Required Under Section 4 of the BHC Act*

NYC Bancorp will acquire Flagstar Bank pursuant to Section 4(c)(8) of the BHC Act and Section 225.24 of Regulation Y. In addition, in the Transaction, NYC Bancorp will acquire Flagstar Bancorp and other non-bank subsidiaries, including non-bank subsidiaries of Flagstar Bank. The subsidiaries of Flagstar Bancorp of which NYC Bancorp will acquire control are listed in Public Exhibit 2, together with the authority under which each subsidiary will engage in activities upon consummation of the Transaction.

2. *FDIC Approval Under the Bank Merger Act*

An application to the FDIC pursuant to the Bank Merger Act, 12 U.S.C. § 1828(c), and the regulations of the FDIC with respect to the Bank Merger is being filed contemporaneously with this Notification.

3. *State Approval and Filing Requirements*

An application to the NYDFS pursuant to Section 601 of the NYBL with respect to the Bank Merger and pursuant to Sections 234 and 235 of the New York Banking Law and applicable rules and regulations of the Superintendent of the NYDFS with respect to the resulting acquisition of certain subsidiaries of Flagstar Bank by NYC Bank is being filed contemporaneously with this Notification.

As a result of the Transaction, NYC Bank will operate branches for the first time in California, Indiana, Michigan and Wisconsin. In Indiana, an out-of-state bank that desires to acquire a branch in Indiana must provide written notice of the proposed transaction to Indiana Department of Financial Institutions.[5] In Michigan, an out-of-state bank operating a branch in Michigan as the result of a consolidation must provide notice of that operation to the Michigan Department of Insurance and Financial Services.[6] In Wisconsin, an out-of-state bank must give notice to the Wisconsin Department of Financial Institutions (the "WDFI") to establish a branch in Wisconsin, provided that the laws of the home state of the out-of-state bank allow the out-of-state bank to establish a branch in Wisconsin and the WDFI determines that the laws of the home state of the out-of-state bank are reciprocal to a Wisconsin-chartered bank establishing a branch in that state.[7] NYC Bank will comply with these requirements. California's state banking laws do not contain filing requirements applicable to the Transaction.

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[5] Ind. Code § 28-2-18-22. Thereafter, such branches are subject to examinations in accordance with Ind. Code § 28-11-3 and pay any applicable fees pursuant to Ind. Code § 28-11-3-5.

[6] Mich. Comp. Laws § 487.13705.

[7] Wisc. Stat. § 221.0904(2). Thereafter, periodic reporting requirements of out-of-state banks maintaining an in-state branch may apply in accordance with Wisc. Stat. § 221.0903(3).

4. *Other Required Approvals and Filings*

Flagstar Bank exercises trust powers to provide document custody services to certain government sponsored enterprises, including Fannie Mae and Freddie Mac. NYC Bank will submit an application to the FDIC and the NYDFS and any other applicable state authorities to obtain authority to exercise trust powers sufficient to continue to provide these services.

In addition, NYC Bancorp, Flagstar Bancorp and certain of their subsidiaries will make additional filings with various governmental authorities, regulatory agencies and self-regulatory organizations. These filings include:

- the S-4 with the SEC, including a Joint Proxy Statement with respect to matters requiring NYC Bancorp stockholder approval and Flagstar Bancorp shareholder approval and a prospectus describing NYC Bancorp capital stock that will be issued in the Merger;
- an application with the NYSE for approval to list additional shares of NYC Bancorp capital stock that will be issued in the Merger;
- a notice with the Office of the Comptroller of the Currency pursuant to 12 C.F.R. § 5.33(k) regarding the Bank Merger;
- applications and notifications with the Mortgage Agencies—that is, Fannie Mae, Freddie Mac, Ginnie Mae, the Federal Housing Administration, the United States Department of Agriculture and the United States Department of Veterans Affairs—with respect to the mortgage banking activities and change of control of Flagstar Bank and its subsidiary, Long Lake MSR, Inc. ("Long Lake MSR");[8]
- various notices and filings with state authorities with respect to the change in control of Long Lake MSR;
- various notices and filings with state authorities, including with the Texas Department of Insurance and Vermont Department of Financial Regulation, with respect to the change in control of certain of Flagstar Bancorp's subsidiaries that engage in regulated activities relating to insurance; and
- any required applications with secretaries of state or other relevant state authorities for certificates of authority or similar authorizations for NYCB to transact business as an out-of-state business organization.

The parties plan to complete the Transaction promptly once NYC Bancorp and Flagstar Bancorp have obtained the approval of NYC Bancorp shareholders and Flagstar

[8] Long Lake MSR is not operational, but has been established by Flagstar to hold mortgage servicing rights ("MSRs").

Bancorp stockholders for the Transaction, and have obtained necessary regulatory approvals and have satisfied certain other closing conditions.

III. OVERVIEW OF THE BENEFITS OF THE TRANSACTION

NYCB and Flagstar have concluded, after extensive due diligence and deliberation, that the Transaction will create a sound and financially strong banking institution with highly capable management and a commitment to its communities, customers and employees. By combining two complementary franchises, the Transaction will result in a stronger bank holding company and enhance competition.

Both NYCB and Flagstar are like-minded organizations, combining distinctive strategic strengths with full-service community banks. NYCB is a leading producer of multi-family loans in New York City, with an emphasis on non-luxury residential apartment buildings with rent-regulated units that feature below-market rents. NYCB also originates commercial real estate, specialty finance loans and leases and other types of loans, and operates branches in New York, New Jersey, Arizona, Ohio and Florida. Flagstar has a leading, relationship-based national residential mortgage lending business that is combined with a community bank with a diversified lending platform for commercial and consumer customers. Flagstar operates branches in Michigan, Indiana, California, Wisconsin and Ohio. Both NYCB and Flagstar have strong management teams with demonstrated commitments to enterprise-wide risk management. Both NYCB and Flagstar also operate with unique, low credit risk models.

By combining the two institutions, NYCB's and Flagstar's customers will benefit in several ways. Customers will have access to a broader set of products in more markets. Following the consummation of the Transaction, NYCB will offer a comprehensive set of commercial and retail banking offerings, including a broad array of lending products and other banking services, such as treasury management and custodial deposits. NYCB will expand geographically to better serve its customers, including by combining branch presences in contiguous markets in the Midwest and increasing scale in the Southwest. Customers will also benefit from increased technology capabilities and investment.

Customers, along with employees, shareholders and NYCB's and Flagstar's communities will also benefit because the Transaction will result in a stronger bank holding company. The Transaction will diversify NYCB's business lines, including both in its revenue sources by adding meaningful fee income and in its loan portfolio by combining the different strategic strengths of NYCB and Flagstar. The Transaction will enhance NYCB's existing strong Board of Directors and senior management leadership by adding, as directors and senior management of NYC Bancorp and NYC Bank, experienced and effective leaders of Flagstar. The Transaction will also improve NYCB's funding profile, increasing its ability to rely on deposits and decreasing the contribution from wholesale funding and other debt, and improve NYCB's interest rate positioning. The Transaction will maintain both NYCB's and Flagstar's low credit risk model and, following consummation of the Transaction, NYCB will remain a well-capitalized institution. These benefits will result in NYCB having the potential to drive strong financial results and enhanced capital generation.

As a result of the Transaction, NYCB will be able to leverage its enhanced managerial and financial resources to compete more effectively with larger financial institutions in the relevant markets. Because NYCB will be a more effective competitor post-Transaction, it anticipates there will be greater competition for pricing, service quality and new product development, which will benefit current and potential new customers in the markets served by NYCB and Flagstar. Further, the Transaction will combine two organizations that share a focus on increasing diversity, equity and inclusion and on corporate, social, environmental and governance responsibility. Finally, the Transaction will enable NYCB to continue its and Flagstar's proven track records in fair and responsible lending and their existing commitments to meeting the needs of their communities. NYCB expects that these commitments will be strengthened by the larger scale of the combined institution, which will enable NYCB to further increase its philanthropy and community investment activities across the markets in which it will operate.

IV. THE PARTIES

A. NYC Bancorp and NYC Bank

Organized as a Delaware corporation on July 20, 1993 under the name "Queens County Bancorp, Inc." and renamed "New York Community Bancorp, Inc." on November 21, 2000, NYC Bancorp is a bank holding company with a strong community orientation whose shares are publicly traded and listed on the NYSE. NYC Bancorp is subject to the primary supervision and regulation of the Board.

NYC Bancorp's headquarters office is located in Westbury, New York and its principal business is to serve as the holding company for NYC Bank, owning all of its outstanding stock. As of April 22, 2021, NYC Bancorp had 465,073,857 shares of outstanding common stock, including 8,026,934 shares of NYC Bancorp Common Stock granted in respect of outstanding NYCB Common Stock subject to vesting, repurchase or other lapse restriction. As of March 31, 2021, NYC Bancorp had consolidated total assets of $57.7 billion and stockholders' equity of $6.8 billion. As of March 31, 2021, NYC Bancorp had a Common Equity Tier 1 risk-based capital ratio of 9.84%, a Tier 1 risk-based capital ratio of 11.07%, a total risk-based capital ratio of 13.09% and a Tier 1 Leverage ratio of 8.41%.

Established in 1859, NYC Bank is a New York State-chartered savings bank with 236 branches, as of March 31, 2021, that operates through eight local divisions. NYC Bank competes for depositors in the diverse markets in which it operates by emphasizing service and convenience, with a comprehensive menu of traditional products and services, and access to 24-hour banking both online and by phone. NYC Bank is a member of the Federal Home Loan Bank of New York and its deposits are insured by the FDIC. NYC Bank is subject to the primary supervision and regulation of the FDIC and the NYDFS.

As of March 31, 2021, NYC Bank had consolidated total assets of $57.6 billion, deposits of $34.3 billion and stockholders' equity of $7.3 billion. As of March 31, 2021, NYC Bank had a Common Equity Tier 1 risk-based capital ratio of 12.31%, a Tier 1 risk-based capital ratio of 12.31%, a total risk-based capital ratio of 12.77% and a Tier 1 Leverage ratio of 9.35%.

In New York, NYC Bank serves its customers through its Roslyn Savings Bank division, with 41 branches on Long Island, a suburban market east of New York City comprised of Nassau and Suffolk Counties; its Queens County Savings Bank division, with 31 branches in the New York City borough of Queens; its Richmond County Savings Bank division, with 20 branches in the borough of Staten Island; its Roosevelt Savings Bank division, with 7 branches in the borough of Brooklyn; and its Atlantic Bank division, with 11 branches in the boroughs of Brooklyn, Manhattan and Queens and in Nassau county. In the Bronx and neighboring Westchester County, NYC Bank currently has 16 branches that operate directly under the name "New York Community Bank." In New Jersey, NYC Bank serves its customers through the 41 branches of its Garden State Community Bank division. In Florida and Arizona, NYC Bank has 26 and 14 branches, respectively, servicing its customers through the AmTrust Bank division of NYC Bank. In Ohio, NYC Bank serves its customers through 28 branches of its Ohio Savings Bank division.

NYC Bank currently accepts deposits in the 26 counties in the five states that are served by its branch network, including all five boroughs of New York City, Nassau and Suffolk Counties on Long Island, and Westchester County in New York; Essex, Hudson, Mercer, Middlesex, Monmouth, Ocean and Union Counties in New Jersey; Maricopa and Yavapai Counties in Arizona; Cuyahoga, Lake and Summit Counties in Ohio; and Broward, Collier, Lee, Miami-Dade, Palm Beach and St. Lucie Counties in Florida. NYC Bank vies for deposits and customers by placing an emphasis on convenience and service and by offering specific products at competitive rates. As of March 31, 2021, NYC Bank had 260 ATM locations.

NYC Bank also is a producer of multi-family loans in New York City, with an emphasis on non-luxury apartment buildings that are rent-regulated. In addition to multi-family loans, which are its principal asset, NYC Bank originates other commercial real estate ("CRE") loans, and, to a much lesser extent, acquisition, development, and construction ("ADC") loans, and commercial and industrial ("C&I") loans. C&I loans consist of specialty finance loans and leases, and other C&I loans that are typically made to small- and mid-size businesses in the Metro New York region. The majority of the multi-family, CRE, ADC and C&I loans originated by NYC Bank are secured by properties or businesses in New York City and all are originated for investment (i.e., for its own loan portfolio).

NYCB also serves the needs of small- and mid-size businesses, professional associations and government agencies with a comprehensive menu of business solutions, including installment loans, revolving lines of credit and cash management services.

NYCB primarily has grown through a series of business combinations that generally focused on increasing its banking presence in the Metro New York region, while providing lower-cost funding to grow its interest-earning assets, net income and capital. Through the selective acquisition of other banking institutions, NYCB has demonstrated a capacity for, and established a strong track record of, successful post-merger integrations as it has combined the operations of the acquired banks with and into its own. In some cases, the acquired entity's size has been significant in relation to NYCB's pre-merger size. Notably, over the past approximately two decades, NYC Bancorp has acquired and integrated into its operations the following unaffiliated entities:

	Year
• Haven Bancorp, Inc.	2000
• Richmond County Financial Corporation	2001
• Roslyn Bancorp, Inc.	2003
• Long Island Financial Corporation	2005
• Atlantic Bank of New York	2006
• PennFed Financial Services, Inc.	2007
• Doral Bank's branches in New York State	2007
• Synergy Financial Group, Inc.	2007

In addition, NYC Bank has engaged in two FDIC-assisted acquisitions: (i) in 2009, it assumed certain deposits and acquired certain assets of AmTrust Bank, a federally chartered savings bank headquartered in Cleveland, Ohio that operated 66 branch locations in Arizona, Florida and Ohio and (ii) in 2010, it assumed certain deposits and acquired all of the assets of Desert Hills Bank, an Arizona state-chartered bank that operated six branch locations in Arizona. NYCB has proven adept at successfully integrating the assets and liabilities acquired in these FDIC-assisted transactions, despite the banks being located beyond its traditional marketplace, and satisfying the various unique requirements, including audit requirements, of the related loss-share agreements with the FDIC.

Further, in June 2012, NYC Bank acquired approximately $2.2 billion in deposits from Aurora Bank FSB, successfully integrating its former customers into NYCB's community banking franchise.

For additional information regarding NYCB, please refer to its Annual Report on Form 10-K for the year ended December 31, 2020 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, copies of which are attached as Public Exhibit 3 and Public Exhibit 4.[9] For additional information regarding NYC Bank, please refer to the Consolidated Report of Condition and Income for the quarter ended March 31, 2021, attached hereto as Public Exhibit 5.

B. Flagstar Bancorp and Flagstar Bank

Organized as a Michigan corporation on October 28, 1993, Flagstar Bancorp is a savings and loan holding company with a strong community orientation whose shares are publicly traded and listed on the NYSE. Flagstar Bancorp is subject to the primary supervision and regulation of the Board.

Flagstar Bancorp's headquarters office is located in Troy, Michigan and its principal business is to serve as the holding company for Flagstar Bank, owning all of its outstanding stock. As of April 22, 2021, Flagstar Bancorp had 52,752,606 shares of outstanding

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[9] Additional information about NYCB is available in its most recent Proxy Statement, which was filed with the SEC on April 16, 2021 and is *available at* https://www.sec.gov/Archives/edgar/data/0000910073/000119312521118948/d29363ddef14a.htm.

common stock, plus 26,244 Flagstar Bancorp Restricted Shares. As of March 31, 2021, Flagstar Bancorp had consolidated total assets of $29.4 billion, deposits of $19.4 billion and stockholders' equity of $2.4 billion. As of March 31, 2021, Flagstar Bancorp had a Common Equity Tier 1 risk-based capital ratio of 10.31%, a Tier 1 risk-based capital ratio of 11.45%, a total risk-based capital ratio of 13.18% and a Tier 1 Leverage ratio of 8.11%.

Established in 1987, Flagstar Bank is a stock federal savings bank with 158 branches, as of March 31, 2021. Like NYC Bank, Flagstar Bank competes for depositors in the diverse markets it serves by emphasizing service and convenience, with a comprehensive menu of traditional products and services, and access to 24-hour banking both online and by phone. Flagstar Bank is a member of the Federal Home Loan Bank of Indianapolis and its deposits are insured by the FDIC. Flagstar Bank is subject to the primary supervision and regulation of the Office of the Comptroller of the Currency (the "OCC").

As of March 31, 2021, Flagstar Bank had consolidated total assets of $29.4 billion, deposits of $20.3 billion and stockholders' equity of $2.7 billion. As of March 31, 2021, Flagstar Bank had a Common Equity Tier 1 risk-based capital ratio of 11.93%, a Tier 1 risk-based capital ratio of 11.93%, a total risk-based capital ratio of 12.96% and a Tier 1 Leverage ratio of 8.45%.

The operations of Flagstar are primarily conducted through three operating segments: Community Banking, Mortgage Originations and Mortgage Servicing.

Flagstar's Community Banking segment serves commercial, governmental and consumer customers in its banking footprint, which spans throughout Michigan, Indiana, California, Wisconsin, Ohio and contiguous states. Flagstar also serves home builders, correspondents and commercial customers on a national basis. The Community Banking segment originates and purchases loans, while also providing deposit and fee-based services to consumers and businesses.

Flagstar's commercial customers operate in a diversified range of industries including financial, service, manufacturing and distribution. Flagstar offers financial products to these customers for use in their normal business operations, as well as provides financing of working capital, capital investments and equipment. Additionally, Flagstar's commercial real estate business supports income producing real estate and home builders. The Community Banking segment also offers warehouse lines of credit to non-bank mortgage lenders.

Flagstar currently accepts deposits in the 42 counties in the five states that are served by its branch network, including Berrien, Branch, Calhoun, Delta, Dickinson, Eaton, Genesee, Gogebic, Hillsdale, Houghton, Ingham, Iron, Jackson, Kalamazoo, Kent, Livingston, Macomb, Marquette, Menominee, Monroe, Oakland, Ottawa, St. Joseph, Washtenaw and Wayne Counties in Michigan; Adams, Allen, DeKalb, Fulton, Huntington, La Porte, Lagrange, Miami, Rush, St. Joseph, Steuben, Wabash, Wells and White Counties in Indiana; San Bernardino County in California; Oconto County in Wisconsin; and Van Wert County in Ohio. Like NYCB, Flagstar vies for deposits and customers by placing an emphasis on convenience and service and by offering specific products at competitive rates. As of March 31, 2021, Flagstar Bank had 32 ATM locations.

Flagstar is a leading national originator of residential first mortgage loans. The Mortgage Originations segment utilizes multiple channels to originate or acquire one-to-four family residential mortgage loans on a national scale, primarily to sell. Flagstar originates and retains certain mortgage loans in its loan held for investment ("LHFI") portfolio, which generates interest income in the Mortgage Originations segment. In 2020, approximately 62% of Flagstar's revenue was derived from its Mortgage Origination segment which includes activities related to the origination and sale of residential mortgages. Flagstar generates mortgage revenues primarily from gains on the sale of single-family residential loans pursuant to programs currently offered by Fannie Mae, Freddie Mac, Ginnie Mae and other investors and invests in MSRs, and is geographically concentrated in certain states, including California and Michigan.

The Mortgage Servicing segment services loans when Flagstar holds the MSR asset and subservices mortgage loans for others through a scalable servicing platform on a fee for service basis. The loans Flagstar services generate custodial deposits, which provide a stable funding source supporting interest-earning asset generation in the Community Banking and Mortgage Originations segments. Flagstar's continued growth in its subservicing business and the strength of its platform has made it the sixth largest subservicer in the nation.

Flagstar primarily has grown through a series of business combinations and expansion of its banking footprint. In 2017, Flagstar acquired the Residential Mortgage Delegated Correspondent Lending platform of Stearns Lending, LLC, along with certain related assets, to expand Flagstar's market share in the delegated space. Flagstar also acquired certain assets of Opes Advisors, Inc. and operated it as a separate division with its own brand, expanding Flagstar's retail home lending franchise. In 2018, Flagstar acquired a mortgage warehouse loan portfolio from Santander Bank and strengthened and diversified its mortgage warehouse business, which also allowed Flagstar to leverage its experience. In the same year, Flagstar acquired eight Desert Community Bank branches in San Bernardino County, California, which combined a successful deposit franchise with a significant Flagstar presence on the West Coast, and 52 Midwest branches from Wells Fargo Bank, N.A, with 33 locations in Indiana, including 26 branches in Fort Wayne, 14 branches in the Upper Peninsula of Michigan, four locations in Wisconsin and one in Ohio. The acquisition from Wells Fargo Bank, N.A. increased Flagstar's presence in the Midwest market, more than doubled Flagstar's customer base and strengthened Flagstar's banking franchise.

For additional information regarding Flagstar, please refer to its Annual Report on Form 10-K for the year ended December 31, 2020 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, copies of which are attached as Public Exhibit 6 and Public Exhibit 7.[10] For additional information regarding Flagstar Bank, please refer to the Consolidated Report of Condition and Income for the quarter ended March 31, 2021, attached hereto as Public Exhibit 8.

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[10] Additional information about Flagstar is available in its most recent Proxy Statement, which was filed with the SEC on April 15, 2021 and is *available at* https://www.sec.gov/Archives/edgar/data/1033012/000103301221000047/a2021proxystatement.htm.

C. Shareholders of NYC Bancorp, Flagstar Bancorp, and NYC Bancorp Post-Transaction

1. *NYC Bancorp's Shareholders Before the Transaction*

As of April 22, 2021, there were 465,073,857 shares of NYC Bancorp Common Stock issued and outstanding, including 8,026,934 shares of NYC Bancorp Common Stock granted in respect of outstanding NYC Bancorp Common Stock subject to vesting, repurchase or other lapse restriction. As of the date of this Notification, the only persons or entities known by NYCB to beneficially own more than 5% of the outstanding shares of NYC Bancorp Common Stock, as reported in such persons' Schedule 13G filings with the SEC, are as follows:

Beneficial Owner	**Number of Shares**	**Percentage**
BlackRock, Inc.[11]	52,352,569	11.3%
The Vanguard Group, Inc.[12]	40,800,185	8.8%
Barrow Hanley Mewhinney & Strauss, LLC[13]	29,554,926	6.4%

2. *Flagstar Bancorp's Stockholders Before the Transaction*

As of April 22, 2021, there were 52,752,606 shares of Flagstar Bancorp Common Stock issued and outstanding. As of the date of this Notification, the only persons or entities known by Flagstar to beneficially own more than 5% of the outstanding shares of Flagstar Bancorp Common Stock, as reported in such persons' Schedule 13G filings with the SEC, are as follows:

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[11] Based on the Schedule 13G/A filed by BlackRock, Inc. with the SEC on January 27, 2021, *available at* https://www.sec.gov/Archives/edgar/data/0000910073/000083423721002063/us6494451031_012621.txt.

[12] Based on the Schedule 13G/A filed by The Vanguard Group, Inc. with the SEC on February 10, 2021, *available at* https://www.sec.gov/Archives/edgar/data/0000910073/000110465921018718/tv01478-newyorkcommunitybanc.htm.

[13] Based on the Schedule 13G filed by Barrow Hanley Mewhinney & Strauss, LLC with the SEC on February 11, 2021, *available at* https://www.sec.gov/Archives/edgar/data/0000910073/000031302821000009/nycb13g021121.htm.

Beneficial Owner	Number of Shares	Percentage
BlackRock, Inc.[14]	7,549,085	14.3%
The Vanguard Group, Inc.[15]	5,354,851	10.2%
Wellington Management Group, LLP. et al.[16]	4,393,904	8.4%
Dimensional Fund Advisors, L.P.[17]	4,167,956	7.9%

3. *Post-Transaction Share Ownership*

Upon consummation of the Transaction, NYC Bancorp legacy shareholders will own approximately 68% of NYC Bancorp and Flagstar Bancorp legacy stockholders will own approximately 32% of NYC Bancorp.

After the closing of the Merger (the "Closing"), BlackRock, Inc. and The Vanguard Group, Inc. may each continue to be a 5% or more shareholder of NYC Bancorp. Based on the Exchange Ratio and assuming the shareholders noted above that own 5% or more of either NYC Bancorp Common Stock or Flagstar Bancorp Common Stock retain their same shareholdings, the persons or entities that will beneficially own more than 5% of the outstanding shares of NYC Bancorp Common Stock at Closing are as follows:

Beneficial Owner	Number of Shares of Post-Transaction NYC Bancorp on a Pro Forma Basis[18]	Percentage of 678,827,213 Shares[19] Outstanding on a Pro Forma Basis
BlackRock, Inc.	82,662,900	12.2%
The Vanguard Group, Inc.	62,300,447	9.2%

[14] Based solely on a Schedule 13G/A filed by BlackRock, Inc. with the SEC on January 26, 2021, *available at* https://www.sec.gov/Archives/edgar/data/0001033012/000083423721001357/us3379307057_012621.txt.

[15] Based solely on a Schedule 13G/A filed The Vanguard Group, Inc. with the SEC on February 10, 2021, *available at* https://www.sec.gov/Archives/edgar/data/0001033012/000110465920133977/tv0003-flagstarbancorpinc.htm.

[16] Based solely on a Schedule 13G filed by Wellington Management Group, LLP. et al. with the SEC on February 4, 2021, *available at* https://www.sec.gov/Archives/edgar/data/0001033012/000090221921000241/SEC13G_Filing.htm.

[17] Based solely on a Schedule 13G/A filed by Dimensional Fund Advisors, L.P. with the SEC on February 12, 2021, *available at* https://www.sec.gov/Archives/edgar/data/0001033012/000035420421000391/SEC13G_Filing.htm.

[18] Represents the sum of (i) the number of shares of NYC Bancorp Common Stock owned as of the date of this Notification, and (ii) the number of additional shares of NYC Bancorp Common Stock to be acquired in the Merger, based on the number of shares of Flagstar Bancorp Common Stock owned as of the date of this Notification.

[19] Represents the sum of (i) the number of shares of NYC Bancorp Common Stock issued and outstanding as of April 22, 2021, and (ii) the number of additional shares of NYC Bancorp Common Stock to be issued to Flagstar Bancorp shareholders in the Merger, calculated as described above in Section II.A.

V. STATUTORY CRITERIA

The Merger is subject to the notice requirements of Sections 4(c)(8) and 4(j) of the BHC Act, 12 U.S.C. §§ 1843(c)(8) and (j), and Regulation Y of the Board, 12 C.F.R. § 225.24. Section 4(c)(8) of the BHC Act permits a bank holding company to acquire the "shares of any company the activities of which had been determined by the Board by regulation or order under this paragraph as of the day before November 12, 1999, to be so closely related to banking as to be a proper incident thereto (subject to such terms and conditions contained in such regulation or order, unless modified by the Board)."[20] Section 225.28(b) of Regulation Y lists nonbanking activities that the Board previously determined to be permissible under Section 4(c)(8) of the BHC Act, including "[o]wning, controlling, or operating a savings association, if the savings association engages only in deposit-taking activities, lending, and other activities that are permissible for bank holding companies under [subpart C of Regulation Y]."[21] Flagstar Bank is a federal savings bank that at the time of the Merger will be engaged only in deposit-taking activities, lending and nonbanking activities deemed permissible by the Board for bank holding companies. Accordingly, NYC Bancorp may acquire Flagstar Bank pursuant to Section 225.28(b)(4) of Regulation Y. For the legal authority to acquire Flagstar Bancorp and its other nonbanking subsidiaries, please refer to Public Exhibit 2. As described further in Public Exhibit 2, the NYC Bancorp will acquire certain non-wholly owned, non-depository subsidiaries of Flagstar Bank that are engaged in activities relating to mortgage lending. NYC Bancorp may acquire these subsidiaries pursuant to Section 225.28(b)(1) of Regulation Y.

In considering a proposal by a bank holding company to acquire a nonbank company, the Board is required under Section 4(j)(2)(A) of the BHC Act to consider whether the proposal "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices or risk to the stability of the United States banking or financial system." As part of its consideration of these factors, the Board is required to review the financial and managerial resources of the companies involved, the effect of the proposal on competition, the risk to the stability of the United States banking or financial system and the public benefits of the proposal, and the applicant's anti-money laundering compliance program. The Board also reviews the records of the relevant insured depository institutions under the CRA.

As discussed below, the Applicant respectfully submits that the Transaction satisfies the criteria for approval under Sections 4(c)(8) and (j) of the BHC Act, as implemented by Section 225.24 of Regulation Y.

First, the Transaction will not have a significant adverse effect on competition in any relevant market. Second, NYC Bancorp, NYC Bank, Flagstar Bancorp and Flagstar Bank

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[20] 12 U.S.C. § 1843(c)(8).

[21] 12 C.F.R. § 225.28(b)(4)(ii).

have strong financial and managerial resources and, upon consummation of the Transaction, NYC Bancorp and NYC Bank will continue to have strong financial and managerial resources and be well capitalized. Third, the Transaction will further the convenience and needs of each of the communities in which NYCB and Flagstar operate, and the Transaction satisfies the applicable requirements under the Community Reinvestment Act of 1977 (the "CRA"). In this regard, we note that the Transaction is reasonably expected to produce benefits to the public that clearly outweigh any possible adverse effects. Fourth, each of NYCB and Flagstar has, and, upon consummation of the Transaction, NYCB will continue to have, comprehensive and effective anti-money laundering programs. Fifth, the Transaction will not result in greater or more concentrated risks to the stability of the U.S. banking or financial system. Sixth, upon consummation of the Transaction, NYCB will not control more than 10% of the total amount of deposits of insured depository institutions in the United States, and the Transaction will therefore comply with the interstate acquisition requirements that the Board must consider under Section 4(i)(8) of the BHC Act.

A. Competition Analysis

With regard to bank acquisitions, deposit data is generally used for determining market share of acquirers and their targets in market areas that are defined by the Board. In market areas where an acquirer and its target compete, deposit data is used to calculate the Herfindahl-Herschman Index, which is used as a numerical screening test to evaluate competitive concerns and antitrust considerations by the U.S. Department of Justice and the Board. There is no banking market in which NYC Bank and Flagstar Bank compete for deposits. The only state in which both NYC Bank and Flagstar Bank operate branches is Ohio, but the banking markets in the state in which the two institutions operate branches do not overlap. Accordingly, under the traditional merger screens used for competitive review, there is no need for further review.

Flagstar operates non-depository home loan centers in three banking markets, as defined by the relevant Federal Reserve Banks, in which NYCB has a branch presence: Phoenix, Arizona; Naples Area, Florida; and Metro New York City, New York-New Jersey-Connecticut-Pennsylvania. From its home loan centers in these banking markets, Flagstar originates residential mortgage loans. NYCB does not originate residential mortgage loans in these or any of its banking markets. Further, in these markets and nationwide, there is substantial competition, including from commercial banks, local savings banks, credit unions and non-bank financial services providers, in originating residential mortgage loans.

Therefore, the Transaction does not threaten to substantially lessen competition or tend to create a monopoly in any market.

B. Financial and Managerial Resources

NYC Bancorp, Flagstar Bancorp, NYC Bank and Flagstar Bank are strongly capitalized, and the resulting NYC Bancorp and NYC Bank will remain so upon consummation of the Transaction and will have enhanced capital-generating capabilities. The asset quality, earnings and liquidity of NYC Bancorp, Flagstar Bancorp, NYC Bank and Flagstar Bank are consistent with approval of this Notification, and following the Transaction, NYCB will have

adequate resources to absorb the costs of the Transaction. NYCB and Flagstar also have strong managerial resources and enterprise risk management systems to consummate successfully the Transaction and integrate the organizations. The Transaction brings together institutions with complementary, community-focused banking models and unique low credit risk models, as well as experienced management teams with a shared culture of integrity and compliance. Both NYCB and Flagstar have a proven track record of successful conversion and integration and are well positioned to integrate Flagstar seamlessly. NYCB's five most-senior employees have participated in an average of 11 merger or asset acquisitions and Flagstar's leadership team also enabled the integration of at least five businesses in the last four years.

The Transaction is designed to combine the existing strong financial and managerial resources of NYCB and Flagstar to create an even stronger and more diversified financial services company that is greater than the sum of its parts. Complementary geographies of the two institutions will provide NYCB with national scale and strong footholds in the Northeast and Midwest and exposure to high-growth markets in the Southwest and Florida. With a wider product range and greater diversification in its loan portfolio, revenue streams and balance sheet, NYCB will be better able to serve its customers and to compete for additional business.

In addition, the Transaction will make NYCB a more resilient institution with reduced risk. NYCB will benefit from enhanced scale provided by the Transaction to support even greater resources for risk management, compliance, cybersecurity and technological development. These resources will enable NYCB to extend its existing robust and scalable risk management infrastructure. Each of NYCB and Flagstar also has effective liquidity risk management practices.

1. *Capital Adequacy*

As the Board has noted, "the Board considers capital adequacy to be especially important" in its evaluation of the financial factors.[22] Each of NYC Bancorp, NYC Bank, Flagstar Bancorp and Flagstar Bank currently maintains capital ratios significantly exceeding the well-capitalized standard.

On a pro forma basis, as of March 31, 2021, NYC Bancorp and NYC Bank would maintain robust capital ratios significantly exceeding the well-capitalized standard, even taking into account purchase accounting adjustments, which are expected to be limited due to Flagstar's strong asset quality. The Transaction was structured in multiple ways to ensure both that the pro forma capital ratio would be strong and that capital generation capabilities would be substantial. The entire consideration is paid in stock (except that cash is paid in lieu of fractional shares in certain circumstances) and, many of Flagstar's equity awards—including the Flagstar Bancorp RSUs and Flagstar Bancorp PSUs for which the applicable performance period is not complete—will be converted into NYC Bancorp equity awards.

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[22] Board Order Approving the Merger of Bank Holding Companies, BB&T Corporation (November 19, 2019) (the "BB&T Order") at 25; Board Order Approving the Acquisition of a Savings and Loan Holding Company and Certain Nonbanking Subsidiaries, Morgan Stanley (Sept. 30, 2020) (the "MS Order") at 5.

Further information on capital and other financial ratios for NYC Bancorp, NYC Bank, Flagstar Bancorp, and Flagstar Bank on a historical basis, and for NYC Bancorp and NYC Bank on a pro forma basis, is attached as Confidential Exhibit 4.

2. *Earnings*

Each of NYC Bancorp, NYC Bank, Flagstar Bancorp and Flagstar Bank currently has sound earnings. For the quarter ended March 31, 2021, NYC Bancorp and NYC Bank had net income of approximately $146 million and $155 million, respectively, and NYC Bancorp had returns on average assets ("ROA") of 1.0%. During the same period, Flagstar Bancorp and Flagstar Bank had net income of approximately $149 million and $154 million, respectively, and Flagstar Bancorp had an ROA of 2.0%.

The Transaction is expected to enhance NYCB's earnings potential by, among other things, diversifying NYCB's business lines, improving NYCB's core funding and reducing reliance on wholesale borrowings, expanding NYCB's geographic footprint and scale and creating efficiencies. The increased earnings, in turn, create meaningful additional capital-raising capability. The complementary nature of NYCB's and Flagstar's businesses will enable NYCB to provide expanded product offerings and invest in advanced technologies and innovation to deliver an enhanced client experience.

The Transaction is projected to deliver approximately 16% earnings per share accretion to NYC Bancorp beginning in 2022, assuming fully phased-in cost savings. The Transaction is projected to deliver approximately $125 million in fully phased-in cost savings. These accretion expectations do not include revenue synergies, which NYC Bancorp has identified.

3. *Asset Quality*

Each of NYCB and Flagstar has strong asset quality and credit underwriting administration practices that are consistent with the Board's approval of this Notification. Both NYCB and Flagstar have limited exposure impacted by the COVID-19 pandemic, with only $13 million in full payment deferrals across industries. In addition, both institutions have created substantial additional reserves to cover future losses. As of March 31, 2021, NYC Bancorp had ratios of (a) allowance for losses on loans to total loans of 0.46%, (b) non-performing loans to total loans of 0.08% and (c) net charge-offs to average loans of 0.00%. For the same period, Flagstar Bancorp had ratios of (a) allowance for credit losses, including allowance for loan losses and the reserve on unfunded commitments, to LHFI of 1.78%, (b) non-performing LHFI and troubled debt restructurings to LHFI of 0.40% and (c) net charge-offs to LHFI of 0.08%. Please see Confidential Exhibit 4 for the pro forma asset quality information.

4. *Management*

NYCB has an experienced senior management team with a strong history of leading a regional bank and successfully executing and integrating transactions. Following consummation of the Transaction, each of NYC Bancorp and NYC Bank will continue to be led by a Board of Directors and senior management team with diverse banking expertise, and each

Board of Directors and senior management team will be further enhanced by the addition of experienced and effective leaders of Flagstar.

- *Boards of Directors*

NYC Bancorp and Flagstar Bancorp have agreed that, pursuant to the NYCB Bylaws Amendment, effective as of the effective time of the Holdco Merger, the number of directors that will comprise the full Boards of Directors of NYC Bancorp and NYC Bank will each be twelve, of which eight will be directors of NY Bancorp immediately prior to the Effective Time, which will include Thomas Cangemi, the current Chairman, President and Chief Executive Officer of NYC Bancorp, Robert Wann, a current director and Chief Operating Officer of NYC Bancorp, Hanif Dahya, a current director of NYC Bancorp who will serve as the Presiding Director, and such other directors as determined by NYC Bancorp. The other four directors will be directors of Flagstar immediately prior to the Effective Time, which will include Alessandro DiNello, the current President and Chief Executive Officer of Flagstar Bancorp, who will serve as the Non-Executive Chairman of the Board of Directors of each of NYC Bancorp and NYC Bank, David Treadwell, a current director of Flagstar Bancorp who will serve as the Risk Assessment Committee Chairman of NYC Bancorp and NYC Bank and such other directors of Flagstar Bancorp immediately prior to the Effective Time as mutually agreed to by Flagstar and NYCB, who will be independent of NYCB in accordance with applicable stock exchange standards.

On the Closing Date, NYC Bancorp will invite all directors of Flagstar Bancorp immediately prior to the Effective Time, other than the directors of Flagstar Bancorp that join the Boards of Directors of NYC Bancorp and NYC Bank, to become members of NYC Bancorp's Advisory Board, and will cause all such individuals who accept such invitation to be elected or appointed for a two-year term as members of the Advisory Board. Such members of the Advisory Board will serve on the Advisory Board until the second anniversary of the Closing Date or until their respective earlier death or resignation, during which period such members will each receive quarterly compensation of $10,000 per quarter served. The Chief Executive Officer of NYC Bancorp will meet with the Advisory Board at least one time per quarter during the two-year period.

The current directors of NYC Bancorp and NYC Bank are set forth below:

Directors of NYC Bancorp and NYC Bank	
Name	Principal Occupation
Thomas R. Cangemi	Chairman, President and Chief Executive Officer of NYCB
Dominick Ciampa	Founder and former Partner in the Ciampa Organization
Hanif "Wally" Dahya	Chief Executive Officer of The Y Company LLC
Leslie D. Dunn	Former Partner at Jones Day
James J. O'Donovan	Former Chief Lending Officer of NYC Bancorp
Lawrence Rosano, Jr.	President of Associated Development Corp.
Ronald A. Rosenfeld	Former Chairman of the Federal Housing Finance Board

Lawrence J. Savarese	Former Audit Partner of KPMG
John M. Tsimbinos	Former Chairman of the Board of Roslyn Bancorp
Robert Wann	Senior Executive Vice President and Chief Operating Officer of NYCB

The current directors of Flagstar Bancorp and Flagstar Bank are set forth below:

Directors of Flagstar Bancorp and Flagstar Bank	
Name	Principal Occupation
John D. Lewis	Chairman of the Board; Former Managing Director of Donnelly Penman & Partners and previously Vice Chairman of Comerica, Incorporated (parent company of Comerica Bank)
Alessandro P. DiNello	President and Chief Executive Officer of Flagstar
Jay J. Hansen	Co-founder and Managing Partner of O2 Investment Partners, LLC
Toan C. Huynh	Seasoned cloud and digital leader
Lori Jordan	Strategic Product Leader of Amazon Flex Last Mile
David J. Matlin[23]	Chief Executive Officer of MP Global Advisers
Bruce E. Nyberg	Former Regional President–East Michigan of Huntington Bancshares Incorporated
James A. Ovenden	President and Chief Executive Officer of Purpose Financial, Inc. (parent company of Advance America, Cash Advance Centers, Inc. and other affiliated entities)
Peter H. Schoels	Managing Partner of MP Global Advisers
David L. Treadwell	Former President and Chief Executive Officer of EP Management Corporation (formerly EaglePicher Corporation)
Jennifer R. Whip	Principal of Cambridge One, LLC and former executive of Fannie Mae (FNMA)

- *Officers*

Following consummation of the Transaction, Thomas Cangemi is expected to remain the President and Chief Executive Officer of NYC Bancorp and NYC Bank, and John Pinto is expected to remain the Senior Executive Vice President and Chief Financial Officer of NYC Bancorp and NYC Bank.

Lee M. Smith and Reginald E. Davis, currently Flagstar employees, are expected to join the management committees of NYC Bancorp and NYC Bank in connection with the Transaction. Mr. Smith joined Flagstar in 2013, after serving as a partner at a New York City-based private equity fund, and has served as President of Mortgage at Flagstar Bank since September 2020. Following consummation of the Transaction, Mr. Smith is expected to serve as Senior Executive Vice President and President of Mortgage. Mr. Davis joined Flagstar in 2020 as Executive Vice President and President of Banking and has over 35 years of banking

[23] Mr. Matlin is not standing for reelection at Flagstar's next annual meeting, which is scheduled for May 25, 2021.

experience at SunTrust (where he was Head of Business Banking), the U.S. operations of the Royal Bank of Canada and Wachovia. Following consummation of the Transaction, Mr. Davis is expected to serve as Senior Executive Vice President and President of Banking.

Additional officials that will serve in senior management of NYC Bancorp and NYC Bank following consummation of the Transaction will be determined so that the institution's management combines the best talent from NYCB and Flagstar.

- *Integration Planning and Experience*

NYCB and Flagstar are keenly aware of the importance of an effective integration and will make every effort to ensure that the integration of the two holding companies and NYC Bank and Flagstar Bank will be well planned and effectively managed and implemented. In all events, effectiveness will take priority over speed. Throughout diligence, management of the two organizations talked on a daily basis, and regular and appropriate dialogue and communication lines will be maintained as integration planning proceeds. In addition, integration will be managed by long-time employees of NYCB and Flagstar who have been actively involved in diligence and previous integrations. The management teams of NYCB, as well as of Flagstar, have extensive experience in integrating strategic acquisitions. Since 2000, NYCB has completed nine whole-bank acquisitions and additional FDIC-assisted acquisitions. Flagstar has also completed several acquisitions, including, in 2018, the acquisition of 52 Midwest branches from Wells Fargo Bank, N.A. Accordingly, NYCB believes that it has the necessary skill and experience to integrate and operate NYC Bancorp and NYC Bank in a safe and sound manner following consummation of the Transaction. The experienced management and employees of NYCB and Flagstar will work together to execute a seamless integration process. Additional details regarding the framework for integration planning are included as Confidential Exhibit 5.

To assist in the integration planning process, NYCB has conducted extensive initial due diligence. A description of the due diligence process followed by NYCB is attached as Confidential Exhibit 6. NYCB plans to retain its existing comprehensive governance, controls, change management, systems and risk management practices, and, through the integration planning process, will evaluate and identify any such practices at Flagstar that may enhance NYCB's existing practices. NYCB and Flagstar have developed an integration framework for the Transaction, and they will carefully plan and control the integration process to ensure a successful integration of business operations, risk management and systems conversions. The systems conversion process will prioritize a seamless experience for customers, with final systems conversion tentatively anticipated to occur six to eight months following the receipt of all required regulatory approvals.[24] Integration processes include training activities, and regular and appropriate dialogue and communication lines will be maintained as integration planning gets under way. NYCB and Flagstar also have experienced

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[24] This anticipated timing is subject to confirmation, including through the integration planning process and following the Closing.

leaders and project managers that will apply prudent change management practices to the integration planning and implementation.

NYCB and Flagstar will also take steps to ensure that, following the Closing, NYC Bancorp and NYC Bank will continue to have appropriate leadership and staffing to continue providing a high level of service to all customers, operating in a safe and sound manner and maintaining the effectiveness of their business activities and operations. Prior to the Effective Time, Flagstar Bancorp will establish a pool for retention awards to key employees. These programs are intended to retain key senior leaders and critical contributors following the Transaction and facilitate an effective integration and the success of NYCB following the Closing.

5. Risk Management

- *Enterprise-wide risk management*

NYCB has enterprise-wide risk management policies, procedures and systems in place, including for capital, liquidity, credit, market, operational, technology, compliance, reputation and strategic risks. The enterprise-wide risk management program of NYCB is supported by an effective committee governance structure, which allows for proper oversight by the NYC Bancorp and NYC Bank Board of Directors and executive management. An overview of NYCB's risk management program is included in Confidential Exhibit 7.

NYCB will seek, in connection with the Transaction, to integrate the best practices of NYCB's and Flagstar's risk management and compliance organizations. NYCB intends to build on the strong programs that each of NYCB and Flagstar has in place in these areas and to continue to elevate the stature of second line of defense functions so that, post-Transaction, NYCB maintains strong, independent, effective challenge processes for all risk management decision-making activities among NYCB's management team, business lines and committees. Following consummation of the Transaction, NYCB will maintain and further develop a comprehensive enterprise-wide approach to risk identification, risk measurement, risk monitoring, risk response and risk reporting. The Boards of Directors and senior management of NYC Bancorp and NYC Bank will continue to provide effective oversight, and NYC Bancorp and NYC Bank will continue to have in place an independent risk management framework and comprehensive control function, including internal audit. NYCB has made significant investment in its enterprise-wide risk management, including to expand compliance staff and strengthen bottoms-up capital planning and stress testing, which will continue to support the institution following consummation of the Transaction.

Through a robust risk governance framework, NYCB will continue to promote accountability and transparency within its risk taking functions and hold regulatory compliance as critical to the ongoing success of the institution. With a broader risk and compliance platform, and augmented resources available following consummation of the Transaction, NYCB believes there is opportunity to accelerate its ongoing initiatives that include adoption of newer regulatory focus areas such as environmental-, social- and governance-related reporting.

- *Compliance risk management*

NYC Bancorp has robust compliance risk management programs that enable a strong compliance culture and adherence to all applicable laws, regulations and supervisory guidance. Following the Transaction, NYCB will maintain a Compliance Management System that provides a framework to facilitate compliance with applicable laws and regulations. The details surrounding this framework, and any changes from NYCB's existing framework, will be set forth in a written Compliance Management Policy approved by the Board of Directors of NYC Bancorp and NYC Bank. The Compliance Management System will, in line with how it is implemented currently, focus on three independent elements working in concert: (1) Board and executive management oversight and commitment; (2) a compliance management program; and (3) compliance monitoring. Within these three independent elements, the Compliance Department will establish program components to monitor adherence with consumer compliance. Each component will focus on scheduled compliance monitoring and testing of compliance-related controls within the business units, based upon the results of an annual risk assessment, a formal bank-wide compliance training program, monitoring and trending of consumer complaints (including the performance of root cause analyses), review and approval of compliance-related bank forms, disclosures and marketing materials and monitoring and dissemination of regulatory changes (including assisting in the implementation of any changes to policies, processes or procedures related to such regulatory changes). Monitoring will include reviews of compliance-related policies and procedures, transaction testing, identification and escalation of compliance-related issues that warrant attention and working with the business units to establish and execute corrective action plans to remediate issues. Corrective action will be monitored until resolution and validation. Once validated, issues will be considered closed.

Following consummation of the Transaction, the Compliance Department will have in place an established reporting process to keep the Boards of Directors and executive management of NYC Bancorp and NYC Bank apprised regarding the status of the Compliance Management Program and the escalation of any critical issues that arise. The Compliance Officer will chair the Compliance Committee, which will be comprised of management across all lines of business. The Compliance Committee will meet on a quarterly basis to discuss compliance-related issues and their impact on NYCB's operations. The minutes from these meetings will be reported to the Boards of Directors. The Compliance Officer will also chair the Compliance Steering Committee, comprised of select executive management, as well as management from the second and third lines of defense. The Compliance Steering Committee will meet on a quarterly basis and will provide a summary of each of the components of the Compliance Management Program. The minutes from this meeting will be reported to the Boards of Directors. The Compliance Officer will provide a compliance presentation to the Risk Assessment Committee of the Boards of Directors on a quarterly basis. This presentation will include a written summary regarding each component of the Compliance Management Program.

- *Information security risk management*

NYCB maintains cyber risk identification, monitoring and control strategies for its information security program. NYCB will perform a detailed operational review for the purpose of identifying best-in-class processes and systems from NYCB and Flagstar that can enrich NYCB's information security risk management program, so as to facilitate continued

regulatory compliance and protection of information and information assets from malicious actors. Following consummation of the Transaction, NYCB will benefit from the increased scale and sophistication of its cybersecurity and fraud-risk oversight capabilities. In addition, ongoing training and testing exercises, appropriate updates to Board and management committees and rigorous internal and external audits will be critical components of NYCB's information security program, as they are for NYCB's existing program. Further, NYCB has substantial familiarity with Flagstar's core banking systems service provider, which will enable a smooth data conversion process. Prioritizing these measures will further strengthen NYCB's ability to secure and protect customer, client, employee and company information.

- *Internal audit*

NYCB has a rigorous corporate internal audit function ("Internal Audit"), supported by a Board-approved charter, effective policies and procedures and qualified employees, and the function is led by qualified and tenured banking professionals. Internal Audit is designed to provide independent, risk-based, objective and proactive assurance services to improve continually the operations of the organization. NYCB's internal audit department will be headed by NYCB's determination of the best candidate from the combined organization.

Following consummation of the Transaction, the internal audit departments of NYCB and Flagstar will implement a transition plan to integrate their respective strategy, governance, processes, people and systems to provide effective coverage for the resulting organization. The Chief Audit Executive's reporting lines will, following consummation of the Transaction, remain fully independent with the Chief Audit Executive reporting functionally to the Audit Committee of NYC Bancorp's Board of Directors and the Audit and Examining Committee of NYC Bank's Board of Directors. The Chief Audit Executive will retain an administrative reporting line to the Chief Executive Officer. The Chief Audit Executive will have full access to all executive-level committee meetings, company meetings, records, property, technologies and personnel of NYCB. Upon consummation of the Transaction, Internal Audit will continue to serve as a third line of defense function, providing executive management and the Boards of Directors of NYC Bancorp and NYC Bank with independent, objective and timely assessments of the management of risks to achieve organizational objectives.

- *Credit Risk Review/Management*

The credit risk review/management function at NYCB is designed to provide an independent perspective on the institution's credit risk appetite, credit quality and credit administration practices. NYCB intends to incorporate the most efficient and effective practices from both NYCB and Flagstar to provide the foundation of NYCB's post-Transaction credit risk review/management framework. NYCB has extensive experience with multi-family, CRE and ADC lending, and has developed highly reliable and efficient processes for ongoing portfolio review and monitoring functions. NYCB anticipates that these processes and the associated personnel will remain in place following consummation of the Transaction and that the relevant processes will be expanded to incorporate the reviews and monitoring of legacy Flagstar portfolio segments. Based on diligence completed by NYCB to date, Flagstar appears to have developed a thorough and well-structured credit review process for their various C&I portfolio segments. NYCB anticipates that, given its limited C&I portfolio size, it will consolidate

NYCB's C&I credit review function, which is currently being performed within the respective business units, with Flagstar's existing credit review framework and personnel. Additionally, given NYCB's current lack of infrastructure with respect to one-to-four family lending and related business operations, NYCB expects to leverage Flagstar's existing credit review processes and personnel to provide credit risk review and management for these operations. Existing portfolio management systems as well as risk rating systems at both NYCB and Flagstar will be reviewed and evaluated and, where possible, consolidated under the best performing system. Similarly, the various lending and credit review policies at both institutions will be reviewed and compared. Each policy will then be consolidated, using best practices from both existing policies, into a single version for use by NYCB. NYCB expects that consolidated portfolio monitoring and reporting will fall under the responsibility of the Office of the Chief Credit Officer.

C. Compliance with the CRA; Convenience and Needs of the Community; Public Benefits

NYCB and Flagstar are banking organizations that are both built on the communities they serve; NYCB is a leading producer of multi-family and other loans in New York City and other markets and Flagstar is a leading producer of commercial and consumer loans. Both institutions have been long recognized for their community commitments and longstanding support of civic organizations.

To help organizations that make a positive difference in the lives of NYCB's neighbors, NYCB contributes to numerous non-profits, contributing more than $60 million in the last decade. Founded in 1997, NYCB Foundation is committed to providing grants to further community development and expand home ownership opportunities in local communities of NYCB, and has granted to date a total of over $25 million; Richmond County Savings Foundation, established in 1998 to enhance the quality of life in the communities of NYCB, has contributed to date over $50 million. In 2019, NYCB donated $1.2 million to approximately 400 organizations throughout NYCB's five-state footprint. In addition to the financial support NYCB provides, many of NYCB's employees give back to the communities with their time and talent: in 2019, NYCB employees donated approximately 2,000 hours to worthy causes in their communities. In its most recent FDIC CRA performance evaluation, NYC Bank received an overall rating of "Satisfactory," state ratings of "Satisfactory" for Ohio, Florida, Arizona and New Jersey, and a rating of "Satisfactory" for the New York/New Jersey multi-state region. Further, the latest New York State community reinvestment act rating received by NYC Bank was "Outstanding."

Flagstar has a 30-year tradition of supporting local charitable causes. Flagstar looks to support charitable causes and provide grants through the Flagstar Foundation to nonprofit organizations within its key market areas, including Michigan, Northern Indiana (primarily South Bend and Fort Wayne), Northern Wisconsin (Gillett, Marinette, Mountain and Oconto Falls) and California (High Desert of San Bernardino County). The Flagstar Foundation awards grants to nonprofit organizations that align with the bank's philanthropic priorities and have measurable outcomes. In 2019, the Flagstar Foundation awarded more than $2.5 million across 189 organizations. The Flagstar Foundation's three areas of focus are workforce readiness, arts and culture and financial capability. The board of the Flagstar Foundation places

special emphasis on direct grant funding to nonprofits that serve racial and ethnic groups, the LGBTQ community, people with disabilities, women and veterans to ensure that the Flagstar Foundation is supporting and promoting Flagstar's commitment to diversity and inclusion. As of 2019, Flagstar employees have provided more than 10,000 hours of community service, and raised more than $383,000 to support charitable causes. In its most recent OCC CRA performance evaluation, Flagstar Bank received an overall rating of "Satisfactory."

Following consummation of the Transaction, NYCB will continue its and Flagstar's strong commitments to serving their customers and to satisfying their obligations to meet the needs of low- and moderate-income ("LMI") communities. Each of NYCB and Flagstar is committed to meeting the needs of the communities it serves and its obligations under the CRA, as demonstrated by their respective records under the CRA. As a result of the Transaction, NYCB will be able to leverage its enhanced financial and managerial resources to compete more effectively with larger financial institutions. Because NYCB will be a more effective competitor following the Transaction, NYCB anticipates there will be greater competition for pricing, service quality and new product development, which will benefit current and potential new customers in all the markets, including LMI communities, served by NYCB and Flagstar.

1. *NYCB CRA Performance Record*

- *2020 NYC Bank CRA Evaluation*

NYCB's most recent FDIC CRA evaluation (the "NYCB CRA Evaluation"), dated September 24, 2020, evaluated NYC Bank for compliance with the CRA. The NYCB CRA Evaluation covered the period from October 17, 2017 to September 24, 2020. In this evaluation, NYC Bank's performance rating for each of the lending, investment and service tests was "High Satisfactory," and its overall CRA performance rating was "Satisfactory." The NYCB CRA Evaluation evaluated NYC Bank's CRA activities in each of its assessment areas ("AAs"): New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area ("MSA"), Cleveland-Akron-Canton, OH Combined Statistical Area ("CSA"), Miami-Port St. Lucie-Fort Lauderdale, FL CSA, Cape Coral-Fort Myers-Naples, FL CSA, Phoenix-Mesa-Chandler, AZ MSA, Prescott Valley-Prescott, AZ MSA and Trenton-Princeton, NJ MSA.

With respect to the lending test, the FDIC assigned NYC Bank a "High Satisfactory" overall rating, noting NYC Bank's "good performance in the Lending Activity, Geographic Distribution, and Innovative or Flexible Lending Practices criteria, and its outstanding performance in the Community Development Lending criterion." The FDIC also noted that NYC Bank's "geographic distribution of loans reflects good penetration throughout its assessment areas." In addition, the FDIC noted that NYC Bank's distribution of borrowers reflects adequate penetration among retail customers of different income levels, and that NYC Bank uses innovative and/or flexible lending practices to serve the credit needs of its assessment area, including through: (1) NYC Bank's participation in the Paycheck Protection Program Loan of the Small Business Administration, (2) COVID-19 loan modifications, providing relief for NYC Bank's borrowers affected by the COVID-19 pandemic and (3) nonprofit fee waivers, including origination fees, interest rate floors (minimums) and other underwriting criteria provided to a number of nonprofit borrowing entities. The FDIC also recognized that NYC Bank

is "a leader in making community development loans" that primarily helped finance affordable housing initiatives and revitalization efforts in LMI areas, consistent with the needs identified by community contacts.

With respect to the investment test, the FDIC assigned NYC Bank a "High Satisfactory" overall rating, noting NYC Bank's "significant level of qualified community development investments and grants." During the evaluation period, NYC Bank reported 950 qualified investments totaling $277.1 million, including 18 new investments totaling $98.3 million, 71 outstanding prior period investments with a balance of $172.2 million and 861 grants totaling $6.6 million. These total qualified investments and grants represent 0.6% of NYC Bank's average total assets and 5.6% of NYC Bank's average total securities. Total qualified investments declined slightly since the prior evaluation, during which NYC Bank reported total qualified investments of $283.8 million. The FDIC also noted that NYC Bank "exhibits good responsiveness to assessment area credit and community economic development needs" and that NYC Bank's qualified investments primarily promoted affordable housing efforts, which is a community development need within its AAs. In addition, NYC Bank uses innovative and/or complex investments to support community development initiatives, including investments in low-income housing tax credits ("LIHTCs"), which support the federal government's programs to provide affordable rental housing for low-income households. Investments in LIHTCs represent approximately 23.2% of NYC Bank's qualified investments and, according to the FDIC, present a higher degree of complexity than other investments, such as in mortgage-backed securities.

With respect to the service test, the FDIC assigned NYC Bank a "High Satisfactory" overall rating, noting NYC Bank's "good performance in the Community Development Services criterion." The FDIC noted that NYC Bank's "delivery systems are reasonably accessible to essentially all portions of NYC Bank's AAs, including low- and moderate-income areas." Further, NYC Bank's "opening and closing of branches has generally not adversely affected the accessibility of delivery systems, particularly in low- and moderate-income census tracts." In addition to the reasonable business hours and services NYC Bank provides, NYC Bank "provided a relatively high level of community development services." During the evaluation period, NYC Bank staff provided 4,318 instances of community development services, representing an increase from the 3,026 instances provided during the prior evaluation period.

- *NYCB's CRA Activities Since the NYCB 2020 CRA Evaluation*

Since the NYCB 2020 CRA Evaluation, NYCB has continued its commitment to meeting the needs of the communities in its AAs, including the needs of LMI neighborhoods and consumers, consistent with safe and sound operations. The following are examples of NYCB's continuing commitment to its community since the NYCB NY CRA Evaluation:

Community Lending. NYCB continued to actively originate community development loans that addressed the needs of LMI communities and individuals. Between September 22, 2020 and March 31, 2021, NYCB originated 207 community development loans in an aggregate amount of $2.5 billion. NYCB originated 110 community development loans totaling over $878.6 million that financed collateral properties in primarily LMI census tracts to

provide affordable rental housing to primarily LMI families and individuals; 89 community development loans totaling $1.6 billion that addressed economic development and the redevelopment or stabilization goals of geographic areas or zones; and eight community development loans totaling approximately $39 million that facilitated the continued provision of community development services in LMI neighborhoods, addressed community basic needs and conveniences, including health services, and provided stable employment to residents. Examples of NYCB's recent community lending include:

- A $280 million blanket loan providing economic development with respect to three retail, 176 offices and 181 industrial spaces. The 36 properties within scope of the loan are currently taxed under an Industrial Development Agency ("IDA") payment in lieu of taxes agreement. The mission of IDA is to help keep companies in Nassau and Suffolk Counties, New York, to promote development and increase the amount of jobs. The benefits of the loan are targeted to the in-place tenants and not the real estate.

- An $11.6 million loan consisting of 15 two-story walk-up apartment buildings containing 165 residential units. This loan in Maricopa County, Arizona revitalizes and stabilizes a low-income high-poverty census tract.

- A $7.3 million loan on a property in New Jersey containing 150 residential units, of which 30 units are deed-restricted affordable units. Of these 30 units, two are very-low-income units for households whose total gross annual income is less than 30% of the median gross income; 13 are low-income units for households whose total gross annual income is equal to 50% percent or less of the median gross income; and the remaining 15 are moderate-income units for households whose total gross annual income is equal to or more than 50% but less than 80% of the median gross income.

- A $5.5 million first mortgage loan on two apartment buildings containing 51 residential units, including one rent-free super's unit, in Jersey City, Hudson County, New Jersey. The entire property is encumbered by a Housing Assistance Payments contract of the United States Department of Housing and Urban Development. Further, the property benefits from a payment in lieu of taxes agreement as long as the property continues to provide low-income affordable housing.

Community Investment. Between September 22, 2020 and March 31, 2021, NYCB's current and prior period CRA investments totaled approximately $262 million. As of March 31, 2021, CRA qualified investments represented approximately 4.23% of NYCB's total securities, approximately 0.48% of its total assets and over 0.82% of its total deposits. CRA qualified investments included over 110 NYCB contributions and NYCB Foundation and Richmond County Savings Foundation grants, totaling approximately $820,000. The recipient organizations provide community development services to LMI communities, affordable housing to LMI persons, economic development financing to small businesses and revitalization or stabilization of LMI geographies. Examples of community development investments include:

- NYCB invested $15.8 million in shares of the "CRA Qualified Investment Fund," which are intended to address affordable housing in select AAs. This fund invests in bonds, most of which qualify under the CRA, that have direct and measurable positive environmental and societal impacts. The fund offers CRA targeting, in which bank shareholders can direct their capital to support specific AAs and receive customized CRA reporting for each earmarked investment.

- NYCB purchased a $19.6 million project note in Marina Bay Apartments, a 192-unit multi-family property in Palm Beach County, Florida. This LIHTC property, located in a moderate-income census tract, is 100% affordable to persons at or below 60% of the area median income.

NYCB also maintains approximately $82.3 million in qualified LIHTC investments. The LIHTC program is the federal government's primary program for encouraging the investment of private equity in the development of affordable rental housing for low-income households.

Community Service. NYC Bank's 236 retail branches, as of March 31, 2021, serve the banking and credit needs of NYCB's customer base and others that are reasonably expected to be served by these branches, including LMI persons and others in LMI areas. NYCB also provides banking services and products to customers throughout its AAs through channels other than retail branches, such as mobile, internet banking and remote deposit capture. These channels provide flexibility, accessibility and convenience. Further, NYCB offers retail banking products and services that are responsive to the identified needs of distressed communities and LMI income individuals and families. NYCB's products and services became even more important during the COVID-19 pandemic as NYCB maintained financial services across its communities, including those that faced the greatest impacts.

NYCB developed programs, products and services to respond to identified needs within distressed communities or for LMI individuals and families. Accounts, activities and special programs developed to meet the credit and banking needs of these communities, individuals and families include a January 2, 2021 change to identification requirements to address impediments to opening accounts for unbanked and underbanked individuals. NYCB now accepts foreign passports (with or without a visa) and valid visas as primary identification. NYCB also accepts other forms of primary identification, including Cedula and Consular Matricula cards, with a photo. Further, NYCB will continue to accept the "IDNYC" as a secondary form of identification.

Notable recent examples of community development services include the following projects:

- Enterprise Community Partners in Cleveland, Ohio: NYCB employees received training and became certified as volunteer income tax assistance preparers to assist LMI individuals and families file taxes and benefit from the Earned Income Tax Credit. This assistance is provided at no cost to the families or individuals. Last year, NYCB employees assisted with over 60 returns.

- Maggie's Place in Phoenix, Arizona: This facility provides pregnant and parenting women and their children a safe and loving community, while offering life-changing programs and ongoing services to help them to become self-sufficient. NYCB employees volunteer at Maggie's Place by serving on the board of directors of the organization and facilitating financial literacy workshops with residents. During the COVID-19 pandemic, all workshops were conducted virtually.

- Miami Rescue Mission in Miami, Florida: This organization assists the homeless and people with food insecurities. An NYCB senior executive serves on the Board of Directors. NYCB employees also assist in fundraising and serve on committees for the organization. NYCB employees also facilitated over 100 workshops on financial literacy.

A copy of NYC Bank Home Mortgage Disclosure Act ("HMDA") data for the calendar year 2020 is attached as Confidential Exhibit 8.

2. *Flagstar CRA Performance Record*

- *Flagstar Bank 2017 CRA Evaluation*

Flagstar Bank received an overall CRA performance rating of "Satisfactory" in its most recent performance evaluation by the OCC, dated October 16, 2017, which covered the period from January 1, 2014 and December 31, 2016 (the "Flagstar CRA Evaluation"). Flagstar Bank's overall performance level for each of the lending, investment, and service tests was rated "Low Satisfactory." The Flagstar CRA Evaluation evaluated Flagstar's performance in three AAs, the Detroit-Warren-Dearborn, MI MSA, the Grand Rapids-Wyoming MI, MSA and the Jackson MI, MSA.

- *Flagstar's CRA Activities Since the Flagstar CRA Evaluation*

Since the Flagstar CRA Evaluation, Flagstar has continued its commitment to meeting the needs of the communities in its AAs, including the needs of LMI neighborhoods and consumers, consistent with safe and sound operations.

Flagstar's CRA strategy has been continuously evolving based on community needs that it gathers directly from community partners, market conditions affecting those communities, Flagstar's operations and other factors. Flagstar's community impact strategy was established after ascertaining commonalities of input Flagstar heard from community partners and strategic discussions with senior leaders of Flagstar to determine how Flagstar could best use its resources to effect meaningful, lasting impact. It was determined that a collaboration of resources and efforts among Flagstar's business lines and services would give the greatest chance at success in its CRA mission, and that focusing on several areas of need—homeownership, financial literacy, small business, community services, community and economic development and others—concentrated in distressed communities could both make a large short-term impact and leave a long-term infrastructure within Flagstar's communities. The communities chosen for these initiatives are LMI communities such as: Detroit neighborhoods

outside of the high-income corridors, and cities like Pontiac, Inkster and Ypsilanti, Michigan and areas experiencing disinvestment.

In addition to deploying Flagstar's community impact approach in distressed communities, Flagstar strives to ensure that it is providing its CRA products and investments in all its AAs. Flagstar determined that the most natural fit for its CRA strategy is using its mortgage expertise to innovate products specifically suited to the needs of LMI communities and borrowers. Flagstar Bank has designed several mortgage products that have been custom-tailored around needs and opportunities in certain areas such as its Detroit Land Bank, Community Comeback and Destination Home products. Flagstar also held a leadership role in the development of a multi-bank collaborative product for the city of Detroit, the Detroit Home Mortgage.

Since the Flagstar CRA Evaluation, Flagstar has undertaken two acquisitions, each of which expanded Flagstar Bank's retail banking presence. Flagstar now has AAs in California, Indiana, Ohio and Wisconsin, in addition to Michigan.

Flagstar has advised NYCB that notable CRA activities since the 2017 Flagstar CRA Evaluation include:

Community Lending. In 2019, Flagstar initiated a new community development lending program to increase its activity across Flagstar Bank's expanded footprint. Flagstar Bank hired a Senior Community Development Lender with experience in LIHTCs, multi-family lending and investments to work with the CRA Director to build and launch the initiative. A community development policy and credit process were developed, approved by the Board of Directors of Flagstar and the program was launched in 2020. Additionally, the CRA Director and Fair Lending Director work closely with the marketing team to develop specific marketing materials to appeal to LMI and minority-minority communities, including the use of billboards, direct mail and digital marketing efforts that reflect people of color in the communities Flagstar serves.

The Detroit Home Mortgage loan is an example of how Flagstar has tailored a product to meet community needs. The product provides a first and second mortgage to meet the appraisal gap. Flagstar Bank services the first mortgage loan, selling the second mortgage loan to the Community Reinvestment Fund. The program includes the participation of a national foundation that guarantees the second loan if the borrower defaults. An additional example of community lending is a program developed by Flagstar to help individuals and families displaced by COVID-19. The program provided $3,000 at a 3% rate for a three-year term, with payments deferred on the loan for up to 180 days.

Community Investment and Service. Flagstar makes a concerted effort through its community impact model to take a proactive approach to serving its communities, reaching out to community stakeholders and building relationships and collaborations to address community needs. Examples of some of that work include programs and initiatives conducted in Pontiac and Detroit, Michigan and San Bernardino County, California.

In Pontiac, Michigan, Flagstar implemented a comprehensive strategy that engaged the participation of government, residents, business and the education community, with the goal of providing maximum community buy-in and community impact. Flagstar provided $1.5 million to rehabilitate a downtown attraction, and listened to the community and allocated $2.5 million in grant funding to the Pontiac Big Idea small business grant program to support small businesses. Flagstar also helped mitigate the city's appraisal gap and workforce skills gap.

In Detroit, Michigan, Flagstar provided neighborhood branch banking services and invested in innovation and economic development by creating several programs, including the Flagstar's Black, Indigenous, and People of Color Small Business Program, Smart Cities Digital Divide Project and others. Flagstar also offered a variety of loan products to meet the needs of LMI communities.

In San Bernardino County, California, Flagstar maintains two community benefit agreements and exceeded its overall obligation of making loans and investments. Flagstar developed a Destination Home Loan product which is being widely used in the MSA, and established strong relationships with minority business owners. The Destination Home Loan product's success has been driven by dramatically cutting costs of the mortgage transaction and making homeownership within reach for LMI borrowers.

Technology Upgrade. Flagstar has been enhancing its CRA program with better data analysis and a new tracking program. In early 2021, Flagstar further enhanced its CRA program with the hiring of an experienced Data Analyst who is responsible for, among other things, extracting data from several systems and preparing reports that better track and analyze Flagstar's CRA performance. Additionally, this employee will assist in preparing for any changes in CRA regulations. This role has been crucial to ensuring Flagstar's CRA Department can appropriately monitor, track and respond to areas of weakness. Also, in 2021, due to Flagstar's growing small business activity, the CRA Department added a small business demographic and peer data enhancement to its existing "CRA Wiz" subscription. Further, Flagstar implemented a new "Kadince" volunteer platform, which automatically geocodes all volunteer entries to Flagstar's AAs, thereby making it easier to align volunteer activities with Flagstar's CRA, lending, investment and services activities. Moreover, Flagstar's CRA Department works closely with Employee Resource Groups to coordinate and post volunteer requests. Flagstar also encourages service by providing all employees one Community Involvement Day to use toward community service activities.

A copy of Flagstar Bank's HMDA data is attached as Confidential Exhibit 9.

3. *CRA Compliance Following the Merger*

NYCB and Flagstar have commenced community outreach efforts, with the objective of identifying and better understanding the range of lending, investment and service opportunities in the communities to be served by NYCB following consummation of the Transaction.

Following Closing, NYCB will continue its existing CRA commitments, along with those of Flagstar, in their respective existing AAs. NYCB will maintain its successful

processes, policies, procedures and technology platforms to keep in place a strong, comprehensive and sustainable CRA program for the combined bank. Post-Transaction, NYCB will continue to strive for excellence in being responsive to community development needs in the communities it serves.

- *CRA Lending Changes.*

The combination of NYCB and Flagstar will enable a transformation to a full-service financial institution by broadening product offerings while expanding geographic reach. The resulting organization will continue to be a leading multi-family mortgage portfolio lender that originates loans throughout its combined AAs. It will originate CRE loans; ADC loans; C&I loans; mortgage warehouse lines of credit; targeted small business loans; Small Business Administration loans; business lines of credit; and letters of credit. The resulting organization will continue to effectively address the credit needs of its AAs. NYCB's lending opportunities, investments and services will also be provided in each of its AAs, which will include all current AAs of both NYCB and Flagstar. Please see Public Exhibit 9 for pro forma changes to NYCB's CRA AAs that will result from the Transaction.

The resulting organization will continue to offer innovative lending products that address residential and consumer credit needs. These will include products that address one-to-four family residential mortgage lending, provide proprietary down-payment assistance programs or participate in state or local down-payment assistance programs. The resulting organization will further explore participation in state housing finance and evaluate existing and expanded Federal Home Loan Bank programs. NYCB will also offer an array of other loans, including home equity, home renovation, home construction and construction-to-permanent loans. Further, NYCB will continue its consumer loan offerings, which include auto, boat, motorcycle, recreational vehicle and snowmobile loans.

The resulting organization will maintain existing commitments to support local communities. These commitments will include:

- A $5 million pledge made in 2019 for the Old Redford neighborhood in Detroit, through a partnership supporting the city's Strategic Neighborhood Fund and Affordable Housing Leverage Fund.

- A five-year pledge that began in 2018 to the California Reinvestment Coalition, committing that a minimum of 20% of California deposits would be used in CRA-qualified lending, investments and other activities.

- A $10 million pledge in Pontiac Michigan as part of the city's Big Idea grant program, which is intended to provide an economic catalyst for both the downtown area and Pontiac's greater region. The commitment consisted of $5 million in one-to-four family mortgages and $5 million in loans, investments and grants.

- *CRA Qualified Investments*

Post-Transaction, NYCB will make CRA-qualified investments that benefit its AAs, or broader statewide or regional areas that include the AAs. NYCB's CRA qualified investments will include innovative, responsive or complex investments, such as LIHTCs, CRA-targeted multi-family property notes, small business investment companies, equity equivalent investments, minority depository institution investments, mortgage backed securities and other qualifying investments.

In addition to corporate investment instruments, the resulting organization will support organizations and activities, including those that address a community development purpose and community needs throughout its AAs. Corporate donations and contributions will be complemented by activities that originate from the NYCB Foundation, Flagstar Bank Foundation and Richmond County Savings Foundation.

- *CRA Qualified Services*

Following consummation of the Transaction, NYCB will have a retail franchise and ATM network that will be accessible to geographies and individuals of different income levels throughout its AAs. Because there is no branch overlap between NYC Bank and Flagstar Bank, no branch closings are planned in connection with the Transaction. The combined bank will instead stand apart from its competitors by emphasizing service and convenience and by offering a comprehensive menu of traditional and non-traditional products and services that are expected to be tailored to the convenience and needs of its AAs, including for LMI geographies or LMI individuals.

As much as community will remain the core of, and is fundamentally important to, NYCB's business model, so too are the community relationships that each of NYCB and Flagstar will contribute to the NYCB corporate culture. These unique relationships further impact NYCB's involvement within and the services provided to its communities. These relationships will remain the basis for innovative community engagement. Additionally, the extent and variety of innovative services conducted by NYCB post-Transaction will be directly related to the unique, complementary corporate cultures of NYCB and Flagstar that will joined together.

NYCB will strive to be a leader in providing community development services that are highly responsive to community needs. NYCB employees will continue to be involved in community development activities, often in a leadership capacity. In addition, employees of NYCB will continue to expand its efforts to encourage positive savings habits for all persons and to take a leadership role in promoting financial education through its retail branch network.

- *Community Advisory Council*

NYCB will continue Flagstar's Community Advisory Council and expand its geographic scope to include all of NYCB's AAs. This council will provide insight and feedback on NYCB's CRA strategy.

- *CRA Management*

Following consummation of the Transaction, the NYCB CRA Department, which will be combined with Flagstar's CRA Department, will work with executive management under the oversight of NYCB's Board of Directors to support the institution's resolve to meet the banking and credit needs of its communities, including in LMI geographies and for LMI families. The CRA Department, with appropriate executive management and Board oversight, will initiate, document, monitor and report on NYCB's lending, investments, and services activities, and overall compliance with the CRA. The CRA Department will partner with appropriate business units to ensure that products and services are responsive to community needs, including in LMI areas. CRA Department employees will support other business units to encourage engagement with schools, community-based organizations, business leaders and local governments to identify, participate in or facilitate mutually beneficial community development initiatives that assist LMI communities and families.

Following consummation of the Transaction, NYCB will continue its strong commitment to serving its customers and to meeting the needs of LMI communities. The Transaction is expected to provide additional benefits to the public, as the communities and customers that are currently served by NYCB and Flagstar will be even better served as a result of the Transaction.

4. <u>*Fair Lending*</u>

Following consummation of the Transaction, NYCB's Fair Lending Program will continue NYCB's existing program that seeks to enable compliance with all applicable Fair Lending laws and regulations. Any changes to NYCB's existing program will be included in an updated, written, Board-approved Fair Lending Policy. The existing policy and any updates will include accountabilities and responsibilities for the Board, management and staff, and address all aspects of discrimination as could apply to NYCB's products and services.

The Fair Lending Program for NYCB will focus on the following elements, in line with the policies and procedures that NYCB currently has in place with respect to Fair Lending: (1) Board and executive management oversight and commitment; (2) completion of an annual fair lending risk assessment; (3) monitoring and auditing, including of production from loan officers and brokers for Fair Lending violations, performance of a market penetration analysis in relation to NYCB's peers, review of the rate of exceptions for deviations from underwriting and pricing policies and matched pair testing for underwriting and pricing to ensure similarly situated individuals are treated similarly; (4) review of all Fair Lending-related policies and procedures to adequately address Fair Lending concerns; (5) a Fair Lending training program for existing and new hires; (6) monitoring of all marketing materials and communications for Fair Lending impacts; (7) monitoring, researching and resolving consumer complaints; (8) managing third-party vendors though due diligence, contract structuring, training, review and oversight; and (9) reporting on the performance of the Fair Lending Program on a regular basis to the Fair Lending Committee to demonstrate follow-up on, and resolution of, any concerns. The minutes from meetings of the Fair Lending Committee will be reported to the Board of Directors, and the Fair Lending Officer will provide regular updates to the Risk Assessment Committee.

5. <u>Convenience and Needs</u>

The Transaction will combine two complementary franchises and will enable NYCB to deliver a broader set of products and services to its customers in more markets. Together with increased technology spending and capabilities that will provide an enhanced client experience and with a larger balance sheet and increased capital, NYCB will, as a result of the Transaction, better serve the convenience and needs of the communities in which it operates. Both NYCB and Flagstar prioritize customer service, community reinvestment and active community involvement, as demonstrated in this <u>Section V.C</u>. As noted above, NYCB will continue the excellent level of community reinvestment by both NYCB and Flagstar, including home mortgage lending, small business lending and community development lending, investment and services, taking into account the increased size and footprint of NYCB post-Transaction. Through its and Flagstar's foundations, NYCB will continue to support charitable activities in the communities currently served by Flagstar. NYCB will provide additional funds dedicated to supporting community development and reinvestment, and civic and charitable activities in the Flagstar footprint.

- *Credit Availability*

Following the merger, NYCB would have a strong base of stable core deposit funding, with additional deposit growth opportunities supported by its expanded footprint and limited reliance on higher-cost wholesale funding. The increased size of the balance sheet of NYCB will enable NYCB to offer larger amounts of credit to individual customers while maintaining risk-appropriate levels of concentrations. Overall portfolio limits will also be able to be increased, providing the flexibility to offer credit to more customers given the enhanced diversification NYCB's balance sheet.

- *Products and Services*

The current suite of products and services offered by NYCB and Flagstar will continue to be available following the Closing. Through the integration planning process, there will be an evaluation of specific product offerings, and in some cases, customers will be mapped to a substantially similar product on the go-forward platform. Legacy NYCB customers will gain access to Flagstar's experience and capabilities in mortgage banking, mortgage warehouse, residential/home equity line of credit portfolio lending and custodial deposits, which NYCB does not offer today. Legacy Flagstar customers will gain access to NYCB's experience and capabilities in asset-based lending, equipment leasing and dealer floor plan, which Flagstar does not offer today. In addition, NYCB's and Flagstar's experience and capabilities in these and other areas will complement each other's experience and capabilities in a wide range of commercial and retail banking products and services. Further, as noted above, the increased size of NYCB's balance sheet will facilitate increased lending to customers following completion of the Transaction.

Both NYCB and Flagstar are individually strong companies dedicated to serving their customers' evolving needs through technological innovation, and the Transaction will enable NYCB to deliver more transformational digital innovation to customers. The enhanced scale will provide resources to strengthen online and mobile platforms and transform products

and services through advanced technology and innovation to provide an even better customer experience. In addition, NYCB will be in a position to make more efficient investments in future technology enhancements by eliminating duplicative investments and enabling NYCB to broaden the scope of its technological investment. Further, the integration of the respective technology platforms for NYCB will result in an enhanced platform for its customers. The increased technological investment will also enable NYCB to enhance its back office infrastructure, risk management, cyber protections and information technology resiliency.

- *Environmental, Social and Governance Efforts*

NYCB is committed to prioritizing integration of environmental, social and governance considerations into its strategies through: corporate governance, human capital, responsible investments, risk management, ethics and integrity, and the environment. For example, in early 2021, NYCB's Chief Risk Officer established a management level committee, including senior leadership from key areas within NYCB, which is charged with responsibility to address climate risks in all areas of NYCB's business. NYCB also focuses significant attention on attracting and retaining talented and experienced individuals to manage and support its operations, and maintains a diverse and inclusive workforce that reflects the demographics of the communities in which it does business. All NYCB employees are expected to exhibit and promote honest, ethical and respectful conduct in the workplace. The health and safety of NYCB's employees is also of critical importance as illustrated by NYCB's actions in response to the COVID-19 pandemic. Additional information about NYCB's environmental, social and governance efforts is available in NYC Bancorp's most recent Proxy Statement.[25]

As part of the integration planning process and following the Closing, NYC Bank will incorporate into its environmental, social and governance efforts Flagstar's existing, strong focus in this area, including with respect to human capital management and environmental impacts. For example, in 2020 and 2021, Flagstar was recognized by DiversityInc in 2020 and 2021 as a "Noteworthy Company" due to its performance in talent pipeline, talent development, leadership accountability and supplier diversity. In 2019, Flagstar also formed a corporate responsibility team to help it deliver on its commitment to create positive and equitable opportunities for Flagstar employees, communities, suppliers, customers and the environment.

- *Consumer Complaint Management*

NYCB maintains an enterprise-wide complaint management program that provides a common framework and guidelines to enable it to effectively record, retain, categorize, analyze and escalate consumer complaints. Following consummation of the Transaction, NYCB will build on its existing program to implement a Board-approved Consumer Complaint Response Policy to detail the process for responding to consumer complaints. The policy will define the responsibilities of the business lines and compliance personnel in investigating and responding to complaints, including appropriate response timeframes. NYCB will maintain a centralized database in which all consumer complaints will be logged and

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[25] *Available at* https://www.sec.gov/Archives/edgar/data/0000910073/000119312521118948/d29363ddef14a.htm.

tracked. The Compliance Department will conduct a monthly root cause analysis to identify any potential trends. In addition, the Compliance Department, as part of its compliance monitoring program, will conduct a quarterly review of all complaints received by NYC Bank and third-party service providers. The Compliance Officer will report on complaints, including any trends, to the Operations Oversight Committee, Compliance Steering Committee and the Risk Assessment Committee of the Board of Directors.

- *Branching*

The Transaction will benefit the legacy customers of NYCB and Flagstar by providing them with more extensive branch and ATM branch networks. NYC Bank has bank branches in New York, New Jersey, Arizona and Florida, in which Flagstar Bank currently does not operate branches. Flagstar Bank has bank branches in the states of Michigan, Indiana, California and Wisconsin, in which NYC Bank does not operate branches. In addition, in Ohio, the only state in which both banks operate branches, there will be more branches available to the legacy customers of each. NYCB and Flagstar believe that customers will be well served by the resulting branch network upon consummation of the Transaction. Please see <u>Public Exhibit 10</u> for a list of the current main office, branch offices and ATMs of Flagstar Bank that would become branches or ATMs of NYC Bank.

The expanded branch footprint is a key advantage of the Transaction, given the minimal overlap between NYC Bank and Flagstar Bank locations. Further, NYCB does not expect to close any legacy NYC Bank or Flagstar Bank branches in connection with the Transaction.

- *Competition*

The Transaction will result in a combined institution with a broader customer base, which will be able to develop or enhance products and services and compete more effectively with other financial institutions. To the extent that NYCB will be a more effective competitor, there will be greater competition for pricing, available services, service quality, and new product development. As a result, all levels and types of consumers of financial products and services will benefit.

D. <u>Anti-Money Laundering Compliance</u>

NYCB has a substantive, written Bank Secrecy Act/Anti-Money Laundering ("<u>BSA/AML</u>") and Office of Foreign Assets Control ("<u>OFAC</u>") compliance framework that is designed to comply with all applicable laws and regulations, including to meet the five pillars of an effective BSA/AML compliance program. Moreover, NYCB's basic business model does not include areas that traditionally have led to significant BSA/AML concerns, such as correspondent banking, foreign operations and relationships with money services businesses and third-party payment processors. NYCB also has a framework in place to address sanctions compliance. Flagstar also has a substantive BSA/AML and OFAC compliance program, consisting of sound policies that are designed to ensure compliance with all applicable laws and regulations, including to meet the five pillars of an effective BSA/AML compliance program and to address sanctions compliance.

NYCB expects that Flagstar's existing BSA/AML/OFAC compliance program will be maintained to some extent after the Closing of the Merger until systems conversion is completed. In designing a BSA/AML/OFAC compliance program for the combined institution, NYCB will consider the strongest aspects of both NYCB's and Flagstar's existing programs to determine what future program enhancements should be made. NYCB will also integrate the organizational structures and maintain appropriate staff dedicated to BSA/AML/OFAC oversight. Data and system integration will also be reviewed, including to optimize screening processes related to sanctions, Section 314(a) of the USA PATRIOT Act, negative news and politically exposed persons. The combined BSA/AML/OFAC program will continue to address the five required pillars of an effective BSA/AML program: establishing internal policies and controls tailored to relevant risks; designating a compliance officer and team dedicated to compliance; independent auditing and testing; ongoing training of personnel as deemed appropriate based on job function and level of customer interaction; and effective customer due diligence and know your customer activities.

Please see Confidential Exhibit 10 and Confidential Exhibit 11 for further information regarding NYC Bancorp's and Flagstar Bancorp's respective BSA/AML/OFAC programs.

E. Financial Stability

Pursuant to Section 4(j)(2) of the BHC Act, 12 U.S.C. § 1843(j)(2), the Board must take into consideration, as one of the factors for consideration of an acquisition under Section 4 of the BHC Act, the extent to which the Transaction poses a risk to the stability of the U.S. banking or financial system (the "Financial Stability Factor").

The Board's recent approval orders[26] under Section 3 and Section 4 of the BHC Act have delineated five factors through which the Board evaluates financial stability considerations: (1) the size of the resulting firm; (2) availability of substitute providers for any critical products and services offered by the resulting firm; (3) interconnectedness of the resulting firm with the banking or financial system; (4) the extent to which the resulting firm contributes to the complexity of the financial system; and (5) the extent of the cross-border activities of the resulting firm. In addition to these largely quantitative measures, the Board has considered qualitative factors, such as the opacity and complexity of an institution's internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. The Board has stated that it reviews the foregoing factors individually and in combination.

[26] *See*, *e.g.*, Board Order Approving the Acquisition of a Bank Holding Company, Bangor Bancorp, MHC (Oct. 22, 2020); MS Order; Board Order Approving the Merger of Bank Holding Companies, the Merger of Banks, and the Establishment of Branches, First Horizon National Corporation (June 15, 2020) (the "First Horizon Order"); BB&T Order; Board Order Approving the Acquisition of a Savings and Loan Holding Company, the Acquisition of a Federal Savings Bank, the Merger of Depository Institutions, and the Establishment of Branches, Texas Independent Bancshares, Inc. (June 27, 2019); Board Order Approving the Merger of Bank Holding Companies, People's United Financial, Inc. (March 16, 2017) (the "People's United Order"). Each of these orders cites to the Board's Order approving Capital One Financial Corporation's acquisition of ING Direct fsb (February 14, 2012). *See also* Board Order Approving Acquisition of a State Member Bank, PNC Bancorp, Inc. (December 23, 2011).

The Board presumes that a proposal that involves an acquisition of less than $10 billion in assets or results in a firm with less than $100 billion in total consolidated assets will not pose significant risks to the financial stability of the United States, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities or other risk factors.[27] As discussed below, the resulting firm will have less than $100 billion in total consolidated assets, and an evaluation of the other risk factors identified by the Board in its consideration of the impact of a potential transaction on the stability of the U.S. banking or financial system demonstrates no adverse effects as a result of this Transaction. The Transaction should therefore be presumed not to raise financial stability concerns.

The following analysis of the Board's five systemic risk factors further demonstrates that the Transaction would not result in greater or more concentrated risks to the stability of the U.S. banking or financial system.

1. _Size_

As the Board has noted, the size of the resulting organization "is one important indicator of the risk that the organization may pose to the U.S. banking or financial system."[28] Based on multiple metrics, the size of NYCB post-Transaction does not raise concerns under the Financial Stability Factor.

Upon consummation of the Transaction, NYC Bancorp will have approximately $87 billion in total consolidated assets, below the $100 billion threshold established in the People's United Order.[29] Following the Closing, the total assets of NYC Bank as of March 31, 2021 would represent approximately 0.40% of total assets of all insured depository institutions in the United States,[30] and a smaller share of the total assets of the U.S. financial system. The total deposits of NYC Bank as of March 31, 2021 would account for approximately 0.34% of total deposits of all insured depository institutions in the United States,[31] and the Transaction is therefore not precluded under the BHC Act, which has a 10% national deposit cap.[32] In addition, NYC Bancorp would hold approximately 0.34% of the aggregate consolidated liabilities of all financial companies, and the Transaction is therefore not precluded under Section 622 of the Dodd-Frank Act and the Board's Regulation XX promulgated thereunder, which has a 10%

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27 *See* People's United Order at 25-26. The Board noted in the People's United Order that "[t]ransactions below either of these asset thresholds have typically not involved, or resulted in, firms with activities, structures and operations that are complex or opaque."

28 BB&T Order at 55.

29 Based on financial information as of March 31, 2021.

30 Total assets data is derived from the FDIC's statistics on depository institutions report as of December 31, 2020.

31 Total deposits data is derived from the FDIC's statistics on depository institutions report as of December 31, 2020.

32 12 U.S.C. § 1842(d)(2)(A).

liability cap.[33] The Transaction is far below these size metrics and comparable to, with respect to total size metrics, those noted in the First Horizon Order, where the Board noted the presumption described above and approved the transaction.

2. *Substitutability*

The products and services provided by NYCB and Flagstar are offered in a highly competitive environment with numerous banks and other financial institutions that provide, and therefore are substitutes for, the same products and services nationally, regionally and in the relevant local banking markets. NYCB and Flagstar do not engage in any activities that are critical to the functioning of the U.S. financial system or provide services that are available from only a small number of providers. Indeed, to the contrary, both organizations primarily offer traditional banking products and services for which there are numerous providers of each of their products and services that could continue to provide such products and services should the combined organization be unable to do so as a result of severe financial distress. Further, as described above, there is no banking market in which NYCB and Flagstar branches overlap, and, following consummation of the Transaction, NYCB's market share of any activity would not be substantial enough to cause significant disruption in the activity if NYCB were to experience distress, due to the availability of substitute providers that could assume the relevant business. Accordingly, the Transaction would not raise financial stability risk concerns under the substitutability factor.

3. *Interconnectedness*

The Transaction would not materially increase the interconnectedness of the U.S. banking or financial system. Similar to the Board's analysis in the First Horizon Order, and as demonstrated throughout this Notification, NYCB would not constitute a critical services provider or be so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.[34] Neither NYCB nor Flagstar is dependent on uncommitted short-term or wholesale funding from other financial institutions. Further, following consummation of the Transaction, NYCB will benefit from a stronger funding profile, which will rely even more heavily on core deposits, which include checking accounts, small denomination-time deposits and other retail deposits that are typically insured, which today are principal sources of funds for use in lending and other business purposes for NYCB and Flagstar. Furthermore, the NYCB's and Flagstar's use of derivatives is predominantly related to risk management and would not pose a material financial stability risk.

Accordingly, based on NYCB's and Flagstar's limited use of wholesale funding and limited intra-financial system assets and liabilities, securities outstanding and notional

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[33] NYC Bancorp and Flagstar Bancorp had consolidated liabilities of $51.7 billion and $20.9 billion, respectively, as of March 31, 2021. Assuming national liabilities of $21.2 trillion, following the Transaction, NYC Bancorp would hold approximately 0.34% of total liabilities on consummation of the Transaction. This percentage is estimated using the method of calculation in the Board's Regulation XX, 12 CFR part 251.

[34] *See* First Horizon Order at 22.

derivatives, the Transaction would not increase the interconnectedness of the combined organization to any meaningful degree.

4. *Complexity and Resolution*

The Transaction would not contribute to the overall complexity of the U.S. banking or financial system. Neither NYCB nor Flagstar has complex assets or liabilities that would hinder the timely and efficient resolution of NYC Bancorp in the event that NYCB were to experience financial distress. Neither NYCB nor Flagstar engages in complex activities, such as acting as a core clearing and settlement organization for critical financial markets, that might complicate the resolution process by increasing the complexity, costs or timeframes involved in a resolution. In addition, the parties' involvement in capital markets, derivatives or trading activity is limited and predominantly related to risk management and would not pose a material financial stability risk.

The majority of NYCB's revenue following consummation of Transaction is expected to be derived from net interest income, and NYCB's revenue composition would be diversified by adding meaningful fee income from Flagstar's existing mortgage business. In addition, the majority of NYCB's assets will be made up of a more diversified loan mix across industries, geographies and clients, including multi-family loans, commercial real estate loans, residential mortgage loans and commercial loans. Of NYCB's $87 billion in total consolidated assets, post-Transaction, a substantial majority is expected to be made up of loans. NYC Bancorp and Flagstar Bancorp each maintains a limited number of securities available for sale and/or held to maturity. NYC Bancorp's pro forma limited securities portfolio post-Transaction would be made up of diversified, liquid securities such as U.S. Treasuries and mortgage-backed securities. Resolving NYCB would not involve a level of cost, time or difficulty such that it would cause a significant increase in risk to the stability of the U.S. banking or financial system. Moreover, because NYCB's business model focuses on straightforward products and services, NYCB would not be so complicated or so opaque as to hinder resolvability.

5. *Cross-Border Activity*

The Board has previously considered whether an applicant's cross-border activities would create difficulties in coordinating any resolution and, thereby, significantly increase the risk to the stability of the U.S. banking or financial system. Neither NYCB nor Flagstar Bancorp has locations or material operations, activities, assets or liabilities outside the United States. Accordingly, the Transaction will not result in any increased risks to the stability of the U.S. banking or financial systems due to NYCB's cross-border activity.

6. *Financial Stability Factors in Combination*

An assessment of the foregoing factors in combination results in the conclusion that the Transaction would not exacerbate the very low level of risk to the U.S. banking or financial system demonstrated by analyzing the factors individually. Moreover, the stabilizing effects of a stronger balance sheet and enhanced earnings capacity should also mitigate any potential concerns regarding risks posed by NYCB to the stability of the U.S. banking or financial system.

Thus, based on an analysis of the foregoing factors, the Transaction will not result in "greater or more concentrated risks" to the stability of the U.S. banking or financial system. To the contrary, the Transaction will have the opposite effect by decreasing such risks based on the creation of a more diversified and financially stronger institution. Please see Confidential Exhibit 12 for additional information relevant to the Financial Stability Factor.

F. Interstate Banking

Section 4(i)(8) of the BHC Act prohibits the Board from approving an application by a bank holding company to acquire an insured depository institution if the home state of the insured depository institution is a state other than the home state of the bank holding company, and the applicant controls, or upon consummation of the proposed transaction would control, more than 10% of the total amount of deposits of insured depository institutions in the United States.[35] For the purpose of this provision, the home state of NYC Bancorp is New York and the home state of Flagstar Bank is Michigan.[36]

FDIC-insured banks and thrifts hold approximately $16.3 trillion in total domestic deposits.[37] As of March 31, 2021, NYC Bank, the only insured depository institution controlled by NYC Bancorp, held approximately 0.21% of this total and, upon consummation of the Transaction, the pro forma total deposits of NYC Bank would represent only approximately 0.34% of nationwide deposits. Thus, the Transaction will comply with the 10% nationwide concentration limit.

VI. PUBLICATION CRITERIA

Notice under the BHC Act and Regulation Y[38] in connection with this Notification will be published in the following newspapers:

New York Post serving NYC Bancorp's and NYC Bank's main office

Detroit Free Press serving Flagstar Bancorp's and Flagstar Bank's main office

A copy of the form of notice to be published is attached as Public Exhibit 11. Affidavits of publication for each of the above notices will be submitted once they are received from each of the newspapers.

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35 12 U.S.C. § 1843(i)(8)(A).

36 For the purpose of Section 4(i)(8) of the BHC Act, (i) a bank holding company's home state is the state in which, as of the later of July 1, 1966 and the date it became a bank holding company, the total deposits of its banking subsidiaries were largest and (ii) a federal savings bank's home state is the state in which its home office (as defined by the regulations of the OCC) is located. *See* 12 U.S.C. § 1841(o)(4)(C), (E).

37 Total deposits data is derived from the FDIC's statistics on depository institutions report as of December 31, 2020.

38 12 U.S.C. § 1828(c)(3); 12 C.F.R. Part 262.3(b)(3).

VII. CONCLUSION

NYCB believes that the foregoing discussion, together with the information contained in this Notification and the attached Exhibits, amply demonstrates that the Transaction satisfies all applicable statutory standards and would produce substantial benefits for the two banking organizations and their employees, customers and communities. Therefore, NYCB submits that Board has the authority to approve this Notification and respectfully requests the Board to do so at the earliest opportunity.

Board of Governors of the Federal Reserve System

Notification by a Bank Holding Company to Acquire a Nonbank Company and/or Engage in Nonbanking Activities—FR Y-4

New York Community Bancorp, Inc.
Corporate Title of Notificant

615 Merrick Avenue
Street Address

Westbury	NY	11590
City	State	Zip Code

Hereby provides the Board with a notice pursuant to:

☐ (1) Section 4(c)(8) and 4(j) of the Bank Holding Company Act of 1956, as amended ("BHC Act"— 12 U.S.C. § 1843), under the "Expedited action for certain nonbanking proposals by well-run bank holding companies" as described in section 225.23 of Regulation Y; or

☒ (2) Section 4(c)(8) and 4(j) of the BHC Act, under the "Procedures for other nonbanking proposals" as described in section 225.24 of Regulation Y;

for prior approval to engage directly or indirectly in certain nonbanking activities, *de novo*, through acquisition of the assets of a going concern, or through direct or indirect ownership, control, or power to vote at least 52,752,606 (Number) (100 %) of the voting shares of:

Flagstar Bancorp, Inc.
Corporate Title of Company to be Acquired and/or Description of Nonbanking Activity (refer to section 225.28 of Regulation Y, as applicable)

5151 Corporate Drive
Street Address

Troy	MI	48098
City	State	Zip Code

Does notificant request confidential treatment for any portion of this submission?

☒ Yes

☒ As required by the General Instructions, a letter justifying the request for confidential treatment is included.

☒ The information for which confidential treatment is being sought is separately bound and labeled "Confidential."

☐ No

Public reporting burden for this collection of information is estimated to average 0.5 hours for a post-consummation notification, 5 hours for an expedited notification, and 12 hours for a complete notification, including the time to gather and maintain data in the required form, to review instructions, and to complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0121), Washington, DC 20503. The Federal Reserve may not conduct or sponsor, and an organization or a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

Name, title, address, telephone number, and facsimile number of person(s) to whom inquiries concerning this notification may be directed:

Name: Mark J. Menting
Title: Partner
Street Address: 125 Broad Street
City: New York State: New York Zip Code: 10004
Area Code / Phone Number: (212) 558-4859
Email Address: mentingm@sullcrom.com

Name: Jared M. Fishman
Title: Partner
Street Address: 125 Broad Street
City: New York State: New York Zip Code: 10004
Area Code / Phone Number: (212) 558-1689
Email Address: fishmanj@sullcrom.com

Certification

I certify that the information contained in this notification has been examined carefully by me and is true, correct, and complete, and is current as of the date of this submission to the best of my knowledge and belief. I acknowledge that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject me to legal sanctions provided by 18 U.S.C. §§ 1001 and 1007.

I also certify, with respect to any information pertaining to an individual and submitted to the Board in (or in connection with) this notification, that the notificant has the authority, on behalf of the individual, to provide such information to the Board and to consent or to object to public release of such information I certify that the notificant and the involved individual consent to public release of any such information, except to the extent set forth in a written request by the notificant or the individual, submitted in accordance with the Instructions to this form and the Board's Rules Regarding Availability of Information (12 C.F.R. Part 261), requesting confidential treatment for the information.

I acknowledge that approval of this notification is in the discretion of the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Actions or communications, whether oral, written, or electronic, by the Federal Reserve or its employees in connection with this filing, including approval if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, the United States or any other entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of the Federal Reserve to exercise its supervisory, regulatory, or examination powers under applicable laws and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agency of the Federal Reserve or of the United States.

Signed this 19th (Day) day of May (Month), 2021 (Year).

R.Patrick Quinn Digitally signed by R.Patrick Quinn Date: 2021.05.18 21:27:04 -04'00'

Signature of Chief Executive Officer or Designee

Print or Type Name: R. Patrick Quinn
Title: Executive Vice President, General Counsel and Corporate Secretary

NOTICE TO THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
PURSUANT TO SECTIONS 4(C)(8) AND (J) OF
THE BANK HOLDING COMPANY ACT OF 1956
AND SECTION 225.24 OF REGULATION Y

Information Required by Section 225.24(a)(2) of Regulation Y

i) A description of the proposal, including a description of each proposed activity, and the effect of the proposal on competition among entities engaging in each proposed activity in each relevant market with relevant market indexes.

Please refer to Sections I and II of the Preliminary Statement for a description of the proposal and the activities of Flagstar Bancorp.

Please refer to Section V.A of the Preliminary Statement for a description of the effect of the proposal on competition.

ii) The identity of any entity involved in the proposal, and, if the notificant proposes to conduct the activity through an existing subsidiary, a description of the existing activities of the subsidiary.

Please refer to Section IV of the Preliminary Statement for a description of the parties involved in the Transaction.

iii) A statement of the public benefits that can reasonably be expected to result from the proposal.

Please refer to the discussion in Section V.C of the Preliminary Statement for a description of the expected public benefits of the Transaction.

iv) If the bank holding company has consolidated assets of $150 million or more:

1) Parent company and consolidated pro forma balance sheets for the acquiring bank holding company as of the most recent quarter showing credit and debit adjustments that reflect the proposed transaction.

Please refer to Confidential Exhibit 4.

2) Consolidated pro forma risk-based capital and leverage ratio calculations for the acquiring bank holding company as of the most recent quarter (or, in the case of a qualifying community banking organization that is subject to the community bank leverage ratio framework, consolidated pro forma leverage ratio calculations for the acquiring bank holding company as of the most recent quarter).

Please refer to Confidential Exhibit 4.

3) A description of the purchase price and the terms and sources of funding for the transaction.

Please refer to Section II of the Preliminary Statement for a description of the Merger Consideration.

v) If the bank holding company has consolidated assets of less than $150 million:

1) A *pro forma* parent-only balance sheet as of the most recent quarter showing credit and debit adjustments that reflect the proposed transaction.

Not applicable.

2) A description of the purchase price and the terms and sources of funding for the transaction and, if the transaction is debt funded, *one*-year income statement and cash flow projections for the parent company, and the sources and schedule for retiring any debt incurred in the transaction.

Not applicable.

vi)

1) For each insured depository institution (that is not a qualifying community banking organization) that is subject to the community bank leverage ratio framework whose Tier 1 capital, total capital, total assets or risk-weighted assets change as a result of the transaction, the total risk-weighted assets, total assets, Tier 1 capital and total capital of the institution on a pro forma basis;

Please refer to Confidential Exhibit 4.

2) For each insured depository institution that is a qualifying community banking organization that is subject to the community bank leverage ratio framework whose Tier 1 capital or total assets change as a result of the transaction, the total assets and Tier 1 capital of the institution on a pro forma basis;

Not applicable.

vii) A description of the management expertise, internal controls and risk management systems that will be utilized in the conduct of the proposed activities.

Please refer to the discussion in Section V.B. of the Preliminary Statement.

viii) A copy of the purchase agreements, and balance sheet and income statements for the most recent quarter and year-end for any company to be acquired.

A copy of the Merger Agreement is included as Public Exhibit 1. A copy of Flagstar Bancorp's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 is included as Public Exhibit 6, and Flagstar Bancorp's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 is included as Public Exhibit 7. Flagstar Bank's Consolidated Report of Condition and Income for the quarter period ended March 31, 2021 has been included as Public Exhibit 8. The other nonbanking subsidiaries of Flagstar Bancorp listed in Public Exhibit 2 that are to be acquired by the Applicant pursuant to Section 4 of the BHC Act are included in Flagstar Bancorp's balance sheet and income statements on a consolidated basis.

APPLICATION ON FORM FR Y-3

I. Proposed Transaction

1 Describe the transaction's purpose. Identify any changes to the business plan of the Bank/Bank Holding Company to be acquired or the Resultant Institution. Identify any new business lines.

a) *Transaction Purpose*. The purpose of the Transaction is to create a dynamic, top-tier regional bank with significant scale, broader diversification, an improved funding profile and interest rate positioning that can better serve the customers and communities of Flagstar and NYCB. Through the Transaction, NYC Bancorp seeks to expand its presence in attractive markets and to serve its customers through a broader, comprehensive set of commercial and retail banking offerings.

b) *Business Plans*. NYCB does not expect that the business plan of NYCB following consummation of the Transaction will differ materially from the current business plans of NYCB and Flagstar.

c) *Business Lines*. NYCB currently does not anticipate initiating new products, business lines or operations as part of the Transaction that either NYCB or Flagstar does not engage in at present. Legacy NYCB customers will gain access to Flagstar's experience and capabilities in mortgage banking, mortgage warehouse, residential/home equity line of credit portfolio lending and custodial deposits, which NYCB does not offer today. Legacy Flagstar customers will gain access to NYCB's experience and capabilities in asset-based lending, equipment leasing and dealer floor plan, which Flagstar does not offer today. In addition, NYCB's and Flagstar's experience and capabilities in these and other areas will complement each other's experience and capabilities in a wide range of commercial and retail banking products and services. Furthermore, the increased size of NYCB's balance sheet will facilitate increased lending to customers following completion of the Transaction.

Please see Section III of the Preliminary Statement for additional responsive information.

2 Provide the following with respect to the Bank/Bank Holding Company to be acquired:

a. Total number of shares of each class of stock outstanding;

As of April 22, 2021, there were: (i) 52,752,606 shares of Flagstar Bancorp Common Stock issued and outstanding, plus 26,244 Flagstar Bancorp Restricted Shares; (ii) 340,909 shares of Executive Long-Term

Incentive Program Performance Shares; (iii) 379,880 shares of Flagstar Bancorp Common Stock reserved for issuance upon the settlement of outstanding Flagstar Bancorp PSUs (assuming performance goals are satisfied at the target level) or 472,213 shares of Flagstar Bancorp Common Stock reserved for issuance upon the settlement of outstanding Flagstar Bancorp PSUs (assuming performance goals are satisfied at the maximum level); (iv) 299,453 shares of Flagstar Bancorp Common Stock reserved for issuance upon the settlement of outstanding Flagstar Bancorp RSUs; (v) no shares of preferred stock of Flagstar Bancorp issued and outstanding; (vi) 1,305,797 shares of Flagstar Bancorp Common Stock reserved for issuance pursuant to future grants under the Flagstar Stock Plan; (vii) 287,592 shares of Flagstar Bancorp Common Stock reserved for issuance under Flagstar Bancorp's 2017 Employee Stock Purchase Plan; (viii) 498,775 shares of Flagstar Bancorp Common Stock reserved for issuance under Flagstar Bancorp's dividend reinvestment plan; and (ix) 122,292 shares of Flagstar Bancorp Common Stock issued and held in trust under the Flagstar Bank 401(k) Plan.

b. Number of shares of each class now owned or under option by the applicant, by subsidiaries of the applicant, by principals of the applicant, by trustees for the benefit of the applicant, its subsidiaries, shareholders, and employees as a class, or by an escrow arrangement instituted by the applicant;

To the best of NYC Bancorp's knowledge, none of NYC Bancorp, its subsidiaries or principals, nor any trustee for the benefit of any of the foregoing or employees of NYC Bancorp or its subsidiaries (as a class), owns or holds an option to acquire any shares of Flagstar Bancorp.

c. Number of shares of each class to be acquired by cash purchase; the amount to be paid, per share and in total; and the source of funds to be applied to the purchase;

Not applicable. As discussed in Section II of the Preliminary Statement, the Transaction is structured as a share exchange. The only cash payment will be paid to holders of Flagstar Bancorp Common Stock in lieu of any fractional shares.

d. Number of shares of each class to be acquired by exchange of stock, the exchange ratio, and the number and description of each class of Applicant's shares to be exchanged; and

As discussed in Section II of the Preliminary Statement, each outstanding share of Flagstar Bancorp Common Stock will be converted into the right to receive 4.0151 shares of NYC Bancorp Common Stock.

At the Effective Time, except as otherwise agreed between NYC Bancorp and Flagstar Bancorp, each Flagstar Bancorp RSU under the Flagstar Stock Plan, whether vested or unvested, will, automatically and without any action on the part of the holder thereof, cease to represent a restricted stock unit denominated in shares of Flagstar Bancorp Common Stock and will be converted into a NYC Bancorp RSU. The number of shares of NYC Bancorp Common Stock subject to each such NYC Bancorp RSU will be equal to the product (rounded up to the nearest whole number) of (i) the number of shares of Flagstar Bancorp Common Stock subject to such Flagstar Bancorp RSU immediately prior to the Effective Time (including any applicable dividend equivalents), multiplied by (ii) the Exchange Ratio.

At the Effective Time, except as otherwise agreed between NYC Bancorp and Flagstar Bancorp, each outstanding Flagstar Bancorp PSU for which the applicable performance period is complete, including awards granted prior to the date of the Merger Agreement under Flagstar's Executive Long-Term Incentive Program and Flagstar Bancorp PSUs granted in 2019, whether vested or unvested, will, automatically and without any action on the part of the holder thereof, cease to represent a performance share unit denominated in shares of Flagstar Bancorp Common Stock and will be converted into the right to receive the Merger Consideration in respect of the number of shares of Flagstar Bancorp Common Stock subject to such Flagstar Bancorp PSU immediately prior to the Effective Time based on actual performance through completion of the applicable performance period as determined by the Flagstar Bancorp Compensation Committee in its reasonable judgement, less applicable tax withholding.

At the Effective Time, except as otherwise agreed between NYC Bancorp and Flagstar Bancorp, each Flagstar Bancorp PSU for which the applicable performance period is not complete will, automatically and without any action on the part of the holder thereof, cease to represent a performance share unit denominated in shares of Flagstar Bancorp Common Stock and will be converted into an NYC Bancorp RSU. The number of shares of NYC Bancorp Common Stock subject to each such NYC Bancorp RSU will be equal to the product (rounded up to the nearest whole number) of (A) the number of shares of Flagstar Bancorp Common Stock subject to such Flagstar Bancorp PSU immediately prior to the Effective Time (including any applicable dividend equivalents) based on (1) in the case of Flagstar Bancorp PSUs granted in 2020, 150% of the target level of performance and (2) in the case of Flagstar Bancorp PSUs granted in 2021 and thereafter, the target level of performance multiplied by (B) the Exchange Ratio.

Except as specifically provided in the Merger Agreement, at and following the Effective Time, each converted NYC Bancorp RSU will continue to be governed by the same terms and conditions as were applicable to the

applicable Flagstar Bancorp RSU or Flagstar Bancorp PSU immediately prior to the Effective Time, provided that any "change in control" post-termination protections will be extended to apply until 18 months after the closing of the merger.

Except as otherwise agreed between NYC Bancorp and Flagstar Bancorp, at the Effective Time, each outstanding Flagstar Bancorp Restricted Share held by a Flagstar director under the Flagstar Stock Plan, whether vested or unvested, will accelerate in full and be converted into, and become exchanged for, the Merger Consideration in respect of the number of shares of Flagstar Bancorp Common Stock subject to each such Flagstar Bancorp Restricted Share.

Based on the number of shares of Flagstar Bancorp Common Stock outstanding or reserved for issuance under Flagstar Bancorp's outstanding equity awards as of April 22, 2021, upon consummation of the Merger, NYC Bancorp expects to issue approximately 211,806,988 shares of NYC Bancorp Common Stock in respect of outstanding shares of Flagstar Bancorp Common Stock, approximately 105,372 shares of NYC Bancorp Common Stock in respect of Flagstar Bancorp Restricted Shares and approximately 1,840,996 shares of NYC Bancorp Common Stock in respect of outstanding Flagstar Bancorp equity awards that will be converted into a right to receive the Merger Consideration.[39] These shares do not include shares of NYC Bancorp Common Stock that will be reserved for issuance in respect of Flagstar Bancorp equity awards that will be converted into NYC Bancorp equity awards, as described above.

e. **A copy of the purchase, operating, share- holder, trust or other agreements associated with the proposed transaction. Also, provide the expiration dates of any contractual arrangement between the parties involved in this application and a brief description of any unusual contractual terms, especially those terms not disclosed elsewhere in the application. Note any other circumstances that might affect timing of the proposal.**

A copy of the Merger Agreement is attached as Public Exhibit 1.[40] A copy of the Bank Merger Agreement is attached as Confidential Exhibit 3.

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39 For further details regarding this calculation, please see the description in Section II.A of the Preliminary Statement.

40 NYC Bancorp has filed with the Securities and Exchange Commission (the "SEC") a Form 8-K dated April 26, 2021, *available at* https://www.sec.gov/ix?doc=/Archives/edgar/data/910073/000119312521131914/d176004d8k.htm, and Flagstar Bancorp has filed with the SEC a Form 8-K dated April 26, 2021, *available at* https://www.sec.gov/ix?doc=/Archives/edgar/data/0001033012/000119312521131907/d339289d8k.htm, in each case in connection with its entry into the Merger Agreement.

Certified copies of the resolutions of NYC Bancorp's Board of Directors approving the Merger, and of NYC Bank's Board of Directors approving the Bank Merger, are attached as Confidential Exhibit 1, and certified copies of the resolutions of Flagstar Bancorp's Board of Directors approving the Merger, and of Flagstar Bank's Board of Directors approving the Bank Merger, are attached as Confidential Exhibit 2. For a summary of the principal terms of the Merger Agreement, please see Section II of the Preliminary Statement. There are no unusual contractual terms. The Termination Date is April 24, 2022.

3 If the proposed transaction is an acquisition of assets and assumption of liabilities, indicate the total price and the source of funds that Applicant intends to use for the proposed purchase, and discuss the effect of the transaction on the operations of Applicant.

Not applicable.

4 If the proposed transaction involves the acquisition of an unaffiliated banking operation or otherwise represents a change in ownership of established banking operations, describe briefly the due diligence review conducted on the target operations by the applicant. Indicate the scope of and resources committed to the review, explain any significant adverse findings, and describe the corrective action(s) to be taken to address those weaknesses.

Please see Confidential Exhibit 6 for the response to this item.

5 Provide a list of all regulatory approvals and filings required for the proposed transaction and the status of each filing.

Please see Section II.E of the Preliminary Statement for the response to this item.

6 Provide a copy of any findings, orders, approvals, denials or other documentation regarding the proposed transaction issued by any regulatory authority.

There is no such documentation regarding the Transaction issued by any regulatory authority.

7 For applications filed pursuant to section 3(a)(1) of the BHC Act, if the proposed transaction would result in an organization other than a shell one-bank holding company, submit a pro forma organization chart showing the applicant's percentage of ownership of all banks and companies, both domestic and foreign, in which it directly or indirectly will own or control more than 5 percent of the outstanding voting shares.

Not applicable. This Application is filed pursuant to Sections 4(c)(8) and 4(j) of the Bank Holding Company Act.

II. Financial and Managerial Information

8

a. For an applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction, provide a parent company balance sheet as of the end of the most recent quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by detailed footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheet. The pro forma balance sheet should reflect the adjustments required under business combination and fair value accounting standards;

Not applicable.

b. For an applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction provide parent company and consolidated balance sheets as of the end of the most recent quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by detailed footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheets; and

The financial information provided should be prepared in accordance with GAAP, and be in sufficient detail to reflect any:

- **Common equity and preferred stock;**
- **Other qualifying capital;**
- **Long- and short-term debt;**
- **Goodwill and all other types of intangible assets;**
- **Material changes between the date of the balance sheet and the date of the application (explained by footnotes).**

Please see Confidential Exhibit 4 for the response to this item.

c. **Provide a broad discussion on the valuation of the target entity and any anticipated goodwill and other intangible assets. Also discuss the application of fair value and any election to apply push-down accounting adjustments, as appropriate.**

As announced, the purchase price valued Flagstar Bancorp at approximately $2.6 billion, which is equivalent to 9.3 times Flagstar Bancorp's 2022 analyst earnings estimates and 1.15 times tangible book value. That price point falls within the pricing range of recent precedent transactions, and was deemed fair by both the investment bankers advising NYC Bancorp (Piper Sandler & Co. and Goldman Sachs & Co. LLC) and Flagstar Bancorp (Morgan Stanley & Co. LLC and Jefferies LLC).

Upon completion of the transaction, NYC Bancorp plans to record $40.3 million identifiable intangible assets other than goodwill.

Flagstar Bank will be merged into NYC Bank, and its subsidiaries will become subsidiaries of NYC Bank. Pushdown accounting will not apply to the transaction because Flagstar will not have separate company financial statements subsequent to the transaction for which pushdown accounting could be applied.

9 **For an applicant that is or would be subject to consolidated capital requirements under Regulation Q (12 CFR part 217) following consummation of the proposed transaction, provide a breakdown of the organization's existing and pro forma risk-weighted assets as of the end of the most recent quarter, showing each principal group of on and off-balance sheet assets and the relevant risk-weight. Also, identify the existing and pro forma components of common equity tier 1, additional tier 1 and tier 2 capital pursuant to the capital adequacy regulations as of the end of the most recent quarter, and provide calculations of applicant's existing and pro forma common equity tier 1 capital, tier 1 capital, total capital, and leverage ratios pursuant to the capital adequacy regulations. If applicable, also provide the applicant's existing and pro forma supplementary leverage ratio pursuant to the capital adequacy regulations.**

Please see Confidential Exhibit 4 for the response to this item.

10 **Provide for Applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal:**

a. **A description of any plans (in connection with the proposed transaction, or otherwise) to issue, incur, or assume additional common equity, preferred stock, other qualifying capital, and/or debt. Specify the amount, purpose, name and location of the issuer and/or lender; provide a copy of any loan agreement, loan commitment letter**

from the lender, or other underlying agreement which provides the interest rate, maturity, collateral, and proposed amortization schedule; and discuss what resources would be used to service any debt or capital instruments arising from the proposed transaction; and

Please see Section II of the Preliminary Statement for a description of the NYC Bancorp Common Stock that NYC Bancorp expects to issue as the Merger Consideration in connection with the Transaction.

NYC Bancorp expects to assume Flagstar Bancorp's outstanding debt listed below:

- 4.125% Fixed-to-Floating Rate Subordinated Notes due 2030 under the Indenture dated as of October 28, 2020, between Flagstar Bancorp and Wilmington Trust, National Association.

- Floating Three Month LIBOR Plus 3.25% Trust Preferred Securities due 2032 under the Indenture dated as of December 19, 2002, between Flagstar Bancorp and State Street Bank and Trust Company of Connecticut, National Association.

- Floating Three Month LIBOR Plus 3.25% Trust Preferred Securities due 2032 under the Indenture, dated as of February 19, 2003, between Flagstar Bancorp and Wells Fargo Bank, National Association.

- Floating Three Month LIBOR Plus 3.25% Trust Preferred Securities due 2033 under the Indenture, dated as of March 19, 2003, between Flagstar Bancorp and The Bank of New York.

- Floating Three Month LIBOR Plus 2.00% Trust Preferred Securities due 2035 under the Indenture, dated as of December 29, 2004, between Flagstar Bancorp and Wells Fargo Bank, National Association.

- Floating Three Month LIBOR Plus 2.00% Trust Preferred Securities due 2035 under the Indenture, dated as of March 30, 2005, between Flagstar Bancorp and Wells Fargo Bank, National Association.

- Floating Three Month LIBOR Plus 1.75% Trust Preferred Securities due 2035 under the Indenture, dated as of March 31, 2005, between Flagstar Bancorp and Wilmington Trust Company.

- Floating Three Month LIBOR Plus 1.50% Trust Preferred Securities due 2035 under the Indenture, dated as of September 22,

2005, between Flagstar Bancorp and Wells Fargo Bank, National Association.

- Floating Three Month LIBOR Plus 1.45% Trust Preferred Securities due 2037 under the Indenture, dated as of June 28, 2007, between Flagstar Bancorp and Wells Fargo Bank, National Association.

- Floating Three Month LIBOR Plus 2.50% Trust Preferred Securities due 2037 under the Indenture, dated as of August 31, 2007, between Flagstar Bancorp and LaSalle Bank National Association.

NYC Bank expects to assume Flagstar Bank's outstanding Federal Home Loan Bank advances, which totaled $4.6 billion as of December 31, 2020.

b. Cash flow projections under the following limited circumstances;

(i) For an applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt in the proposal such that parent company long-term debt would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next three years, along with supporting schedules for each material cash receipt and disbursement. If an applicant projects that dividends or other payments from subsidiary banks will be used to service parent company debt and/or other obligations, provide projections of subsidiary bank(s) assets, earnings, and dividends, as well as common equity tier 1, additional tier 1, total capital, and leverage ratios (including the supplementary leverage ratio, if applicable) pursuant to the capital adequacy regulations. If the combined assets of the subsidiary banks exceed the asset threshold of the Board's Small Bank Holding Company Policy Statement, subsidiary bank data may be shown on an aggregate basis.

Not applicable.

(ii) For an applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt or other obligations in the proposal such that parent company debt would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next twelve years, along with supporting schedules for each material cash receipt and disbursement.

These projections must clearly demonstrate the ability of the parent company to reduce the debt to equity ratio to 30 percent or less within twelve years of consummation and must take into account the schedule of principal reduction required by the parent company's creditor(s). Include projections of subsidiary bank(s) assets, earnings, dividends, and other payments to affiliates, as well as common equity tier 1 capital, tier 1 capital, total capital and leverage ratios. Explain the methods and assumptions utilized in the projections, and support all assumptions that deviate from historical performance.

Not applicable.

c. **If the proposed transaction results in a change in ownership of the company (e.g., due to an exchange of stock), provide a current and pro forma shareholders list.**

Please see Section IV.C of the Preliminary Statement for the response to this item.

d. **If the subject transaction will be funded in whole, or in part, through the issuance of additional stock instruments, describe the current status of the stock raising efforts. Provide copies of the prospectus, private placement memorandum, and other documents associated with the capital raise. In addition, provide copies of any stock commitments, subscription agreements, or escrow account statements evidencing capital raised. Before submitting a final application, please contact the appropriate Reserve Bank to discuss the timing considerations of the capital raising efforts with regard to submission of the application.**

NYC Bancorp will supplement this Notification with a copy of the S-4 registration statement that it will file with the SEC in connection with the issuance of NYC Bancorp Common Stock in exchange for Flagstar Bancorp Common Stock.

11 **For applications filed pursuant to section 3(a)(1) of the BHC Act, provide for the applicant and the Bank a list of principals (including changes or additions to this list to reflect consummation of the transaction), providing information with respect to each as follows:**

a. **Name and address (City and State/Country). If the principal's country of citizenship is different from his or her country of residence, then state the country of citizenship;**

b. **Title or positions with the applicant and Bank;**

c. **Number and percentage of each class of shares of the applicant and the Bank owned, controlled, or held with power to vote by this individual;**

d. **Principal occupation if other than with the applicant or the Bank; and**

e. **Percentage of direct or indirect ownership, if such ownership represents 10 percent or more of any class of shares, or positions held in any other depository institution or depository institution holding company. Give the name and location of such other depository institution or depository institution holding company. (Information that has been collected or updated within the past 12 months may be submitted, unless Applicant has reason to believe that such information is incorrect.)**

f. **Interagency Biographical and Financial Reports (IBFRs) are required for certain individuals. Consult with the appropriate Reserve Bank for guidance on who should provide an IBFR. See SR 15-8 Name Check Process for Domestic and International Applications for more details; and**

g. **If the principal is a corporation or partnership, provide financial statements (balance sheets and income statements) for the two most recent fiscal years and the most recent quarter end. Discuss any negative trends in the financial statements.**

Not applicable. This Notification is being filed under Sections 4(c)(8) and 4(j) of the BHC Act.

12 **For applications filed pursuant to sections 3(a)(3) or 3(a)(5) of the BHC Act, list any changes in management or other principal relationships for the applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal. For any existing or proposed principal of the applicant or Bank/Bank Holding Company that is also a principal of any other depository institution or depository institution holding company, provide the following information:**

a. **Name, address, and title or position with Applicant, Bank/Bank Holding Company, and the other depository institution or depository institution holding company (give the name and location of the other depository institution or depository institution holding company);**

b. **Number and percentage of each class of shares of the applicant and the Bank/Bank Holding Company owned, controlled, or held with power to vote by this individual;**

c. **Principal occupation if other than with the applicant or the Bank/Bank Holding Company;**

d. **Percentage of direct or indirect ownership held in the other depository institution or depository institution holding company if such ownership represents 10 percent of more of any class of shares. (Information that has been collected or updated within the past 12 months may be submitted, unless Applicant has reason to believe that such information is incorrect); and**

e. **For any new (to applicant) principal shareholders, directors, or senior executive officer, provide an IBFR including completion of all required financial information.**

Please see Section II.D and Section V.B.4 of the Preliminary Statement for information on the pro forma directors and senior executive officers of NYC Bancorp and NYC Bank upon consummation of the Transaction. As discussed therein, NYC Bancorp and Flagstar Bancorp have agreed that, pursuant to the NYCB Bylaws Amendment, effective as of the effective time of the Holdco Merger, the number of directors that will comprise the full Boards of Directors of NYC Bancorp and NYC Bank will each be twelve, of which eight will be directors of NY Bancorp immediately prior to the Effective Time, which will include Thomas Cangemi, the current Chairman, President and Chief Executive Officer of NYC Bancorp, Robert Wann, a current director and Chief Operating Officer of NYC Bancorp, Hanif Dahya, a current director of NYC Bancorp who will serve as the Presiding Director, and such other directors as determined by NYC Bancorp. The other four directors will be directors of Flagstar immediately prior to the Effective Time, which will include Alessandro DiNello, the current President and Chief Executive Officer of Flagstar Bancorp, who will serve as the Non-Executive Chairman of the Board of Directors of each of NYC Bancorp and NYC Bank, David Treadwell, a current director of Flagstar Bancorp and Flagstar Bank who will serve as the Risk Assessment Committee Chairman of NYC Bancorp, and such other directors of Flagstar Bancorp immediately prior to the Effective Time as mutually agreed to by Flagstar and NYCB, who will be independent of NYCB in accordance with applicable stock exchange standards.

On the Closing Date, NYC Bancorp will invite all directors of Flagstar Bancorp immediately prior to the Effective Time, other than the directors of Flagstar Bancorp that join the Boards of Directors of NYC Bancorp and NYC Bank, to become members of NYC Bancorp's Advisory Board, and will cause all such individuals who accept such invitation to be elected or appointed for a two-year term as members of the Advisory Board. Such members of the Advisory Board will serve on the Advisory Board until the second anniversary of the Closing Date or until their respective earlier death or resignation, during which period such members will each receive quarterly compensation of $10,000 per quarter served. The Chief

Executive Officer of NYC Bancorp will meet with the Advisory Board at least one time per quarter during the two-year period.

Following consummation of the Transaction, Thomas Cangemi is expected to remain the President and Chief Executive Officer of NYC Bancorp and NYC Bank, and John Pinto is expected to remain the Senior Executive Vice President and Chief Financial Officer of NYC Bancorp and NYC Bank.

Lee M. Smith and Reginald E. Davis, currently Flagstar employees, are expected to join the NYC Bancorp and NYC Bank management committee as a result of the Transaction. Mr. Smith joined Flagstar in 2013, after serving as a partner at a New York City-based private equity fund, and has served as President of Mortgage at Flagstar Bank since September 2020. Following consummation of the Transaction, Mr. Smith is expected to serve as Senior Executive Vice President and President of Mortgage. Mr. Davis joined Flagstar in 2020 as Executive Vice President and President of Banking and has over 35 years of banking experience at SunTrust (where he was Head of Business Banking), the U.S. operations of Royal Bank of Canada and Wachovia. Following consummation of the Transaction, Mr. Smith is expected to serve as Senior Executive Vice President and President of Banking.

Additional officials who will serve in senior management of NYC Bancorp and NYC Bank following consummation of the Transaction will be determined so that the institution's management combines the best talent from NYCB and Flagstar.

No principal of NYC Bancorp, NYC Bank, Flagstar Bancorp or Flagstar Bank is a principal of any other insured depository institution or insured depository institution holding company.

13 If the consolidated assets of the resulting organization are less than the asset threshold of the Board's Small Bank Holding Company Policy Statement for each principal of the applicant who either would retain personal indebtedness or act as guarantor for any debt that was incurred in the acquisition of shares of the applicant or the Bank/Bank Holding Company, provide the following:

a. Name of borrower and title, position, or other designation that makes the borrower a principal of the applicant;

b. Amount of personal indebtedness to be retained;

c. A description of the terms of the borrowing, the name and location of the lender, and a copy of any related loan agreement or loan commitment letter from the lender;

d. **Statement of net worth as of a date within three months of the applicant's final filing of the application. The statement of net worth should be in sufficient detail to indicate each principal group of assets and liabilities of the reporting principal, and the basis for the valuation of assets (provide supporting documentation, as appropriate). In addition to debts and liabilities, the reporting principal should state on a separate schedule, any endorsed, guaranteed, or otherwise indirect or contingent liability for the obligation of others; and**

e. **Statement of most current year's income. In addition to indicating each principal source of annual income, the reporting principal should list annual fixed obligations arising from amortization and other debt servicing. (If the most current year's statement is not representative of the future, the reporting principal should submit a pro forma income statement and discuss the significant changes and the basis for those changes.)**

Not applicable. The total banking assets of the resulting organization will exceed the asset threshold of the Board's Small Bank Holding Company Policy Statement.

14 **Describe any litigation or investigation by local, state, or federal authorities involving the applicant or any of its subsidiaries or the target or any of its subsidiaries that is currently pending or was resolved within the last two years.**

Please see Confidential Exhibit 13 for the response to this item.

III. Competition

If the subject transaction is a bank holding company formation involving only one bank or an application filed pursuant to section 3(a)(3) or 3(a)(5) of the BHC Act to acquire a de novo bank, a response to items 15 and 16 is not required. Otherwise, the applicant should contact the appropriate Reserve Bank to determine whether a response to items 15 and 16 will be necessary. If a response is required, the applicant should obtain a preliminary definition of the relevant banking markets from the appropriate Reserve Bank. If the applicant disagrees with the Reserve Bank's preliminary definition of the banking market(s), it may in addition to supplying the information requested on the basis of the Reserve Bank's definition of the banking market(s), include its own definition of the banking market(s), with supportive data, and answer the questions based on its definition. If later analysis leads Federal Reserve staff to alter the preliminary definition provided, the applicant will be so informed.

15 **Discuss the effects of the proposed transaction on competition considering the structural criteria specified in the Board's Rules Regarding Delegation of**

Authority (section 265.11c(11)(v)). The applicant may be required to provide additional information if Federal Reserve staff determines that the proposal exceeds existing competitive guidelines. Also, if divestiture of all or any portion of any bank or nonbanking company constitutes part of this proposal, discuss in detail the specifics and timing of such divestiture.

Please see Section V.A of the Preliminary Statement for the response to this item.

16 **If the proposal involves the acquisition of non-bank operations under sections 4(c)(8) and 4(j) of the Bank Holding Company Act, a Form FR Y-4 should be submitted in connection with FR Y-3 filing. At a minimum, the information related to the nonbank operations should include the following:**

a. **A description of the proposed activity(ies);**

b. **The name and location of the applicant's and the Bank's direct or indirect subsidiaries that engage in the proposed activity(ies);**

c. **Identification of the geographic and product markets in which competition would be affected by the proposal;**

d. **A description of the effect of the proposal on competition in the relevant markets; and**

e. **A list of major competitors in each affected market.**

Please refer to the information required by Section 225.24 of Regulation Y on Form FR Y-4 in Tab B.

In addition, the applicant should identify any other nonbank operations to be acquired, with brief descriptions of the activities provided.

Please see Section II.D and Section IV.C of the Preliminary Statement for the response to this item. In addition, an organization chart of NYC Bancorp and NYC Bank is attached as Public Exhibit 12, a list of Flagstar Bancorp subsidiaries is attached as Public Exhibit 2 and an organization chart of Flagstar Bancorp and Flagstar Bank is attached as Public Exhibit 13.

17 In an application in which any principal of the applicant or the Bank/Bank Holding Company is also a principal of any other insured depository institution or depository institution holding company, give the name and location of each office of such other institution that is located within the relevant banking market of the Bank/Bank Holding Company, and give the approximate road miles by the most accessible and traveled route between those offices and each of the offices of Bank/Bank Holding Company.

Jennifer R. Whip, a director of Flagstar Bancorp and Flagstar Bank, serves as a director of Abacus Federal Savings Bank, New York, New York ("Abacus"). There is no banking market, as defined by the Federal Reserve Banks, in which Flagstar Bank and Abacus both operate a branch.

As described in Section V.B.4 of the Preliminary Statement, as of the effective time of the Holdco Merger, Mr. DiNello, Mr. Treadwell and two other directors of Flagstar Bancorp immediately before the effective time of the Merger will join the Boards of Directors of NYC Bancorp and NYC Bank. The other directors of Flagstar Bancorp immediately prior to the effective time of the Merger will be invited to become members of the Advisory Board of NYC Bancorp. Any resulting management interlock with respect to NYC Bancorp and Ms. Whip would be permissible pursuant to 12 C.F.R. § 212.5. Abacus's total assets, as of March 31, 2021, were $358.8 million, and therefore such interlock would not be prohibited with respect to NYC Bancorp by 12 C.F.R. § 212.3(c). Further, although both NYC Bank and Abacus operate branches in the New York-Newark-Jersey City, NY-NJ-PA metropolitan statistical area, in that metropolitan statistical area and in the communities where both institutions operate branches, their combined deposit market share, based on the FDIC's summary of deposits data as of June 30, 2021, is significantly less than 20%.

No other director or senior executive officer of NYC Bancorp, NYC Bank, Flagstar Bancorp or Flagstar Bank is a principal of another insured depository institution or insured depository institution holding company.

IV. Convenience and Needs

18 Describe how the proposal would assist in meeting the convenience and needs of the community(ies) to be served, including but not limited to the following:

a. Summarize efforts undertaken or contemplated by the applicant to ascertain and address the needs of the community(ies) to be served, including community outreach activities, as a result of the proposal.

b. For the combining institutions, list any significant anticipated changes in services or products offered by the depository subsidiary (ies) of the

applicant or target that would result from the consummation of the transaction.

c. **To the extent that any products or services of the depository subsidiary (ies) of the applicant or target would be offered in replacement of any products or services to be discontinued, indicate what these are and how they would assist in meeting the convenience and needs of the communities affected by the transaction.**

d. **Discuss any enhancements in products or services expected to result from the transaction.**

Please see Section V.C.5 of the Preliminary Statement for a response to this item.

19 **Describe how the applicant and resultant institution, including its depository subsidiary (ies) would assist in meeting the existing and anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) and its implementing regulations, including the needs of low- and moderate- income geographies and individuals. This discussion should include, but not necessarily be limited to, a description of the following:**

a. **The significant current and anticipated programs, products, and activities, including lending, investments, and services, as appropriate, of the depository subsidiary (ies) of the applicant and the resultant institution.**

Please see Section V.C of the Preliminary Statement for information on the CRA performance records of NYCB and Flagstar, including the products and programs that are designed to meet the needs of LMI communities and individuals.

b. **The anticipated CRA assessment areas of the depository subsidiary(ies) of the combined institution. If assessment areas of the depository subsidiary(ies) of the resultant institution would not include any portion of the current assessment area of that subsidiary, describe the excluded areas.**

Please see Public Exhibit 9 for the changes to NYCB's CRA AAs at Closing, as a result of the Transaction.

c. **The plans for administering the CRA program for the depository subsidiary (ies) of the resultant institution following the transaction.**

Please see Section V.C.3 of the Preliminary Statement for a discussion of the plans for administering NYCB's CRA program upon consummation of the Transaction.

d. **The plans for administering the CRA program for the depository subsidiary (ies) of the resultant institution following the transaction. For a subsidiary of the applicant or target that has received a CRA composite rating of "needs to improve" or "substantial noncompliance" institution-wide or, where applicable, in a state or multi-state Metropolitan Statistical Area (MSA), or has received an evaluation of less than satisfactory performance in an MSA or in the non- MSA portion of a state in which the applicant is expanding as a result of the transaction, describe the specific actions, if any, that have been taken to address the deficiencies in the institution's CRA performance record since the rating.**

Please see Section V.C of the Preliminary Statement for the response to this item. Neither NYC Bank nor Flagstar Bank received a CRA composite rating of "needs to improve" or "substantial noncompliance" either on an institution-wide basis or with regard to a state or MSA in its most recent CRA evaluation.

20 **List all offices of the depository subsidiary (ies) of the applicant or target that (a) will be established or retained as branches, including the main office, of the target's depository subsidiary (ies), (b) are approved but unopened branch(es) of the target's depository subsidiary (ies), including the date the current federal and state agencies granted approval(s), and (c) are existing branches that will be closed or consolidated as a result of the proposal (to the extent the information is available) and indicate the effect on the branch customers served. For each branch, list the popular name, street address, city, county, state, and zip code specifying any that are in low- and moderate-income geographies.**

Please see Section V.C.5 of the Preliminary Statement for the response to this item. In addition, please see Public Exhibit 10 for a list of the current main office, branch offices and ATMs of Flagstar Bank that would become branches or ATMs of NYC Bank.

V. Interstate Banking

21 **If the transaction involves the acquisition of a bank located in a State other than the home State of the applicant, please provide the following information, as applicable:**

a. **Identify any host state(s) involved with this transaction that require the target to be in operation for a minimum number of years and discuss compliance with this age requirement.**

b. **Discuss compliance with nationwide and statewide deposit concentration limits to the transaction.**

c. **Discuss compliance with state-imposed deposit caps.**

d. Discuss compliance with community reinvestment laws.

e. Discuss any other restrictions that the host state(s) seek to apply (including state antitrust restrictions).

Please see Section V.F of the Preliminary Statement for an analysis of nationwide deposit concentration limits applicable to the Transaction. The remainder of this item is not applicable.

VI. Financial Stability

If either the acquirer or the target's total assets exceeds $10 billion as of the most recent quarter for which data is available, address the following questions:

22 If either the acquirer or the target conducts any cross-border activities, please describe the nature of these activities and the amounts of cross-border assets and liabilities as of the most recent quarter for which data is available.

Please see Section V.E.5 of the Preliminary Statement for the response to this item.

23 For each financial service below, if the dollar volume related to the service provided either by the acquirer or the target exceeds $1 billion, please report the annual volume over the past 12 months (otherwise, do not report).

Please see Confidential Exhibit 12 for the response to this item.

PUBLIC EXHIBITS

TO THE

NOTIFICATION

TO THE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

BY

NEW YORK COMMUNITY BANCORP, INC.

RELATING TO THE PROPOSED ACQUISITION OF

FLAGSTAR BANCORP, INC., FLAGSTAR BANK, FSB AND CERTAIN OF THEIR SUBSIDIARIES

PURSUANT TO SECTIONS 4(c)(8) AND 4(j)
OF THE BANK HOLDING COMPANY ACT OF 1956, AS AMENDED
AND REGULATION Y PROMULGATED THEREUNDER

MAY 19, 2021

TABLE OF EXHIBITS

Public Exhibits **TAB**

Exhibit	TAB
Agreement and Plan of Merger, dated as of April 24, 2021, by and among NYC Bancorp, Merger Sub and Flagstar Bancorp	1
List of Flagstar Bancorp and Flagstar Bank Subsidiaries	2
NYC Bancorp Annual Report on Form 10-K for the Year ended December 31, 2020	3
NYC Bancorp Quarterly Report on Form 10-Q for the Quarterly Period ended March 31, 2021	4
NYC Bank Call Report for the Quarterly Period ended March 31, 2021	5
Flagstar Bancorp Annual Report on Form 10-K for the Year ended December 31, 2020	6
Flagstar Bancorp Quarterly Report on Form 10-Q for the Quarterly Period ended March 31, 2021	7
Flagstar Bank Call Report for the Quarterly Period ended March 31, 2021	8
Pro Forma Changes to NYC Bank's Assessment Areas	9
List of Flagstar Bank Main Office, Branches, Home Loan Offices and ATMs	10
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Public Exhibit 1

Agreement and Plan of Merger, dated as of April 24, 2021, by and among NYC Bancorp, Merger Sub and Flagstar Bancorp

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and among

NEW YORK COMMUNITY BANCORP, INC.,

615 CORP.

and

FLAGSTAR BANCORP, INC.

Dated as of April 24, 2021

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of April 24, 2021 (this "Agreement"), by and among New York Community Bancorp, Inc., a Delaware corporation ("NYCB"), 615 Corp., a Delaware corporation and direct, wholly-owned subsidiary of NYCB ("Merger Sub"), and Flagstar Bancorp, Inc., a Michigan corporation ("Flagstar").

RECITALS

A. The Boards of Directors of NYCB, Merger Sub and Flagstar have determined that it is in the best interests of their respective companies and their stockholders and shareholders, as applicable, to consummate the strategic business combination transaction provided for in this Agreement, pursuant to which Merger Sub will, subject to the terms and conditions set forth herein, merge with and into Flagstar (the "Merger"), so that Flagstar is the surviving entity (hereinafter sometimes referred to in such capacity, the "Interim Surviving Entity") in the Merger, and, as soon as reasonably practicable following the Merger and as part of a single integrated transaction for purposes of the Internal Revenue Code of 1986, as amended (the "Code"), the Interim Surviving Entity will, subject to the terms and conditions set forth herein, merge with and into NYCB (the "Holdco Merger"), so that NYCB is the surviving entity in the Holdco Merger (hereinafter sometimes referred to in such capacity as the "Surviving Entity").

B. At a date and time following the Holdco Merger as determined by NYCB, Flagstar Bank, FSB, a federally chartered stock savings bank and Subsidiary of Flagstar ("Flagstar Bank"), will, subject to the terms and conditions set forth herein and in the Bank Merger Agreement, merge with and into New York Community Bank, a New York State-chartered savings bank and Subsidiary of NYCB ("NYCB Bank") (the "Bank Merger"), so that NYCB Bank is the surviving bank in the Bank Merger (hereinafter sometimes referred to in such capacity as the "Surviving Bank").

C. In furtherance thereof, the respective Boards of Directors of NYCB, Merger Sub and Flagstar have approved, adopted and declared advisable this Agreement and the transactions contemplated hereby and have resolved to submit this Agreement to their respective stockholders and shareholders, as applicable, for approval and to recommend that their respective stockholders and shareholders, as applicable, approve this Agreement.

D. For U.S. federal income tax purposes, it is intended that the Merger and the Holdco Merger, taken together, shall qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and this Agreement is intended to be and is adopted as a plan of reorganization for purposes of Sections 354 and 361 of the Code.

E. In this Agreement, the parties desire to make certain representations, warranties and agreements in connection with the transactions contemplated hereby and also to prescribe certain conditions to the transactions contemplated hereby.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained in this Agreement, and intending to be legally bound, the parties agree as follows:

ARTICLE I

THE MERGER

1.1 The Merger. Subject to the terms and conditions of this Agreement, in accordance with the Michigan Business Corporation Act (the "MBCA") and Delaware General Corporation Law (the "DGCL"), at the Effective Time, Merger Sub shall merge with and into Flagstar pursuant to this Agreement. Flagstar shall be the Interim Surviving Entity in the Merger, and shall continue its corporate existence under the laws of the State of Michigan. Upon consummation of the Merger, the separate corporate existence of Merger Sub shall terminate.

1.2 Closing. Subject to the terms and conditions of this Agreement, the closing of the Merger (the "Closing") will take place remotely by electronic exchange of documents at 10:00 a.m., New York City time, on a date which shall be no later than the second (2nd) business day after the satisfaction or waiver (subject to applicable law) of all the conditions set forth in Article VII hereof (other than those conditions that by their nature can only be satisfied at the Closing, but subject to the satisfaction or waiver thereof), unless another date, time or place is agreed to in writing by NYCB and Flagstar. The date on which the Closing occurs is referred to as the "Closing Date."

1.3 Effective Time. Subject to the terms and conditions of this Agreement, on or prior to the Closing Date, NYCB shall cause to be filed a certificate of merger with the Department of Licensing and Regulatory Affairs of the State of Michigan (the "Michigan LARA") and a certificate of merger with the Secretary of State of the State of Delaware (the "Delaware Secretary") (collectively, the "Certificates of Merger"). The Merger shall become effective as of the date and time specified in the Certificates of Merger in accordance with the relevant provisions of the MBCA or DGCL, as applicable, or at such other date and time as shall be provided by applicable law (such date and time hereinafter referred to as the "Effective Time").

1.4 Effects of the Merger. At and after the Effective Time, the Merger shall have the effects set forth in the applicable provisions of the MBCA, DGCL and this Agreement.

1.5 Conversion of Flagstar Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of NYCB, Merger Sub, Flagstar or the holder of any securities of NYCB or Flagstar:

(a) Subject to Section 2.2(e), each share of the common stock, par value $0.01 per share, of Flagstar issued and outstanding immediately prior to the Effective Time (the "Flagstar Common Stock"), except for shares of Flagstar Common Stock owned by Flagstar or NYCB (in each case, other than shares of Flagstar Common Stock (i) held in trust accounts, managed accounts, mutual funds and the like, or otherwise held in a fiduciary or agency capacity, that are beneficially owned by third parties, or (ii) held, directly or indirectly, by Flagstar or NYCB in respect of debts previously contracted (collectively, the "Excluded Shares")), shall be converted into the right to receive 4.0151 shares (the "Exchange Ratio") of common stock, par value $0.01 per share, of NYCB (the "NYCB Common Stock") (the "Merger Consideration").

(b) All the shares of Flagstar Common Stock converted into the right to receive the Merger Consideration pursuant to this Article I shall no longer be outstanding and shall automatically be cancelled and shall cease to exist as of the Effective Time, and each certificate (each, an "Old Certificate"; it being understood that any reference herein to "Old Certificate" shall be deemed to include reference to book-entry account statements relating to the ownership of shares of Flagstar Common Stock) previously representing any such shares of Flagstar Common Stock shall thereafter represent only the right to receive (i) a New Certificate representing the number of whole shares of NYCB Common Stock that such shares of Flagstar Common Stock have been converted into the right to receive, (ii) cash in lieu of fractional shares which the shares of Flagstar Common Stock represented by such Old Certificate have been converted into the right to receive pursuant to this Section 1.5 and Section 2.2(e), without any interest thereon, and (iii) any dividends or distributions that the holder thereof has the right to receive pursuant to Section 2.2, in each case, without any interest thereon. If, between the date of this Agreement and the Effective Time, the outstanding shares of NYCB Common Stock or Flagstar Common Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in capitalization, or there shall be any extraordinary dividend or distribution, an appropriate and proportionate adjustment shall be made to the Exchange Ratio to give NYCB and the holders of Flagstar Common Stock the same economic effect as contemplated by this Agreement prior to such event; provided, that nothing contained in this sentence shall be construed to permit Flagstar or NYCB to take any action with respect to its securities or otherwise that is prohibited by the terms of this Agreement.

(c) Notwithstanding anything in this Agreement to the contrary, at the Effective Time, all shares of Flagstar Common Stock that are owned by Flagstar or NYCB (in each case, other than shares of Flagstar Common Stock (i) held in trust accounts, managed accounts, mutual funds and the like, or otherwise held in a fiduciary or agency capacity, that are beneficially owned by third parties, or (ii) held, directly or indirectly, by Flagstar or NYCB in respect of debts previously contracted) shall be cancelled and shall cease to exist and no NYCB Common Stock or other consideration shall be delivered in exchange therefor.

1.6 Merger Sub Stock. At and after the Effective Time, each share of common stock of Merger Sub, par value $0.01 per share ("Merger Sub Common Stock"), issued and outstanding immediately prior to the Effective Time shall at the Effective Time be converted into and become one share of common stock, no par value, of the Interim Surviving Entity.

1.7 Treatment of Flagstar Equity Awards.

(a) Restricted Stock Unit Awards. Except as otherwise agreed between NYCB and Flagstar, at the Effective Time, each outstanding time-based restricted stock award unit (a "Flagstar RSU") under the Flagstar Stock Plans, whether vested or unvested, shall, automatically and without any action on the part of the holder thereof, cease to represent a restricted stock unit denominated in shares of Flagstar Common Stock and shall be converted into a time-based restricted stock unit denominated in shares of NYCB Common Stock (each, an "NYCB RSU"). The number of shares of NYCB Common Stock subject to each such NYCB RSU shall be equal to the product (rounded up to the nearest whole number) of (i) the number of

shares of Flagstar Common Stock subject to such Flagstar RSU immediately prior to the Effective Time (including any applicable dividend equivalents), multiplied by (ii) the Exchange Ratio. Except as specifically provided above, at and following the Effective Time, each such NYCB RSU shall continue to be governed by the same terms and conditions (including vesting terms, after giving effect to any "change in control" post-termination protections under the applicable Flagstar Stock Plan or award agreement; provided that such protections shall be extended to apply until eighteen (18) months after the Effective Time) as were applicable to the applicable Flagstar RSU immediately prior to the Effective Time.

(b) Performance Share Unit Awards.

(i) *Performance Period Complete*. Except as otherwise agreed between NYCB and Flagstar, at the Effective Time, each outstanding performance share unit award under the Flagstar Stock Plans (a "Flagstar PSU") for which the applicable performance period is complete, including awards granted prior to the date of this Agreement under the Executive Long-Term Incentive Program and Flagstar PSUs granted in 2019, whether vested or unvested, shall, automatically and without any action on the part of the holder thereof, cease to represent a performance share unit denominated in shares of Flagstar Common Stock and shall be converted into the right to receive the Merger Consideration in respect of the number of shares of Flagstar Common Stock subject to such Flagstar PSU immediately prior to the Effective Time based on actual performance through completion of the applicable performance period as determined by the compensation committee of the Flagstar Board (the "Flagstar Compensation Committee") in its reasonable judgement, less applicable Tax withholding, which shall be delivered as soon as reasonably practicable following the Closing Date and in no event later than five (5) days following the Closing Date; provided, that, with respect to any Flagstar PSUs that constitute nonqualified deferred compensation subject to Section 409A of the Code and that are not permitted to be paid at the Effective Time without triggering a Tax or penalty under Section 409A of the Code, such payment shall be made at the earliest time permitted under the applicable Flagstar Stock Plan and award agreement that will not trigger a Tax or penalty under Section 409A of the Code.

(ii) *Performance Period Incomplete*. Except as otherwise agreed between NYCB and Flagstar, at the Effective Time, each Flagstar PSU for which the applicable performance period is not complete shall, automatically and without any action on the part of the holder thereof, cease to represent a performance share unit denominated in shares of Flagstar Common Stock and shall be converted into an NYCB RSU. The number of shares of NYCB Common Stock subject to each such NYCB RSU shall be equal to the product (rounded up to the nearest whole number) of (A) the number of shares of Flagstar Common Stock subject to such Flagstar PSU immediately prior to the Effective Time (including any applicable dividend equivalents) based on (1) in the case of Flagstar PSUs granted in 2020, 150% of the target level of performance and (2) in the case of Flagstar PSUs granted in 2021 and thereafter, the target level of performance multiplied by (B) the Exchange Ratio. Except as specifically provided above, at and following the Effective Time, each such NYCB RSU shall continue to be governed by the same terms and conditions (including employment vesting terms but excluding performance conditions, after giving effect to any "change in control" post-termination protections under the applicable Flagstar Stock Plan or award agreement; provided that such

protections shall be extended to apply until eighteen (18) months after the Effective Time) as were applicable to the applicable Flagstar PSU immediately prior to the Effective Time.

(b) *Director Restricted Share Awards.* Except as otherwise agreed between NYCB and Flagstar, at the Effective Time, each outstanding restricted stock award held by a Flagstar director (a "Flagstar Restricted Share") under the Flagstar Stock Plans, whether vested or unvested, shall, automatically and without any action on the part of the holder thereof, accelerate in full and shall be converted into, and become exchanged for, the Merger Consideration, pursuant to Section 1.5(a).

(c) *Employee Stock Purchase Plan*. As soon as reasonably practicable following the date of this Agreement and in any event prior to the Effective Time, Flagstar shall take all actions (including obtaining any necessary determinations and/or resolutions of the Flagstar Board or Flagstar Compensation Committee and, if appropriate, amending the terms of the Flagstar's 2017 Employee Stock Purchase Plan (the "ESPP")) that may be necessary or required under the ESPP and applicable laws to ensure that (i) except for the three-month offering period under the ESPP that commenced on April 1, 2021 (the "Final Offering"), no offering period shall be authorized or commenced on or after the date of this Agreement, (ii) the Final Offering shall end on a date no later than the business day immediately preceding the Closing Date (the earlier of the date the Final Offering ends and the business day immediately preceding the Closing Date, the "ESPP Termination Date"), (iii) each ESPP participant's accumulated contributions under the ESPP shall be used to purchase shares of Flagstar Common Stock in accordance with the ESPP as of the end of the Final Offering, with any remaining contributions returned to the participant (without interest) as soon as administratively practicable thereafter, (iv) the applicable purchase price for shares of Flagstar Common Stock shall not be decreased below the levels set forth in the ESPP as of the date of this Agreement and (v) the ESPP shall terminate in its entirety upon the ESPP Termination Date and no further rights shall be granted or exercised under the ESPP thereafter other than in accordance with the preceding clause (iii).

(d) At or prior to the Effective Time, Flagstar, the Board of Directors of Flagstar and the Flagstar Compensation Committee, as applicable, shall adopt any resolutions and take any actions that are necessary or appropriate to effectuate the provisions of this Section 1.7 and to provide for the net-settlement of all Flagstar RSUs and Flagstar PSUs in respect of any applicable taxes, at the time such taxes may be incurred.

(e) NYCB shall take all corporate actions that are necessary for the treatment of the Flagstar Equity Awards pursuant to Sections 1.7(a) through 1.7(c), including the reservation, issuance and listing of NYCB Common Stock as necessary to effect the transactions contemplated by this Section 1.7. As soon as practicable following the Effective Time, NYCB shall file with the SEC a post-effective amendment to the S-4 or a registration statement on Form S-8 (or any successor or other appropriate form) with respect to the shares of NYCB Common Stock underlying the NYCB RSUs issued as contemplated by this Section 1.7, and shall maintain the effectiveness of such registration statement for so long as such NYCB RSUs remain outstanding and such registration of shares of NYCB Common Stock issuable thereunder continues to be required.

1.8 Articles of Incorporation of the Interim Surviving Entity. At the Effective Time, the second amended and restated articles of incorporation of Flagstar (the "Flagstar Charter") shall be amended and restated in the form attached hereto as Exhibit A and thereafter shall be the articles of incorporation of the Interim Surviving Entity until thereafter amended in accordance with its terms and applicable law.

1.9 Bylaws of the Interim Surviving Entity. At the Effective Time, the sixth amended and restated bylaws of Flagstar (the "Flagstar Bylaws") shall be amended and restated in the form attached hereto as Exhibit B and thereafter shall be the bylaws of the Interim Surviving Entity until thereafter amended in accordance with its terms and applicable law.

1.10 Directors and Officers of the Interim Surviving Entity. At the Effective Time, the directors and officers of Merger Sub as of immediately prior to the Effective Time shall, at and after the Effective Time, be the directors and officers, respectively, of the Interim Surviving Entity, such individuals to serve in such capacities until such time as their respective successors shall have been duly elected or appointed and qualified or until their respective earlier death, resignation or removal from office.

1.11 Tax Consequences. It is intended that the Merger and the Holdco Merger, taken together, shall be treated as an integrated transaction described in Revenue Ruling 2001-46, 2001-2 C.B. 321, and shall qualify as a "reorganization" within the meaning of Section 368(a) of the Code, and that this Agreement is intended to be and is adopted as a plan of reorganization for the purposes of Sections 354 and 361 of the Code.

1.12 Holdco Merger.

(a) *General*. As soon as reasonably practicable following the Merger and as part of a single integrated transaction for U.S. federal income tax purposes, NYCB shall cause the Interim Surviving Entity to be, and the Interim Surviving Entity shall be, merged with and into NYCB in accordance with the Chapter 7 of the MBCA and Section 253 of the DGCL. NYCB shall be the Surviving Entity in the Holdco Merger, and shall continue its corporate existence under the laws of the State of Delaware. Upon consummation of the Holdco Merger, the separate corporate existence of the Interim Surviving Entity shall terminate. NYCB and the Interim Surviving Entity shall enter into a separate agreement and plan of merger to effect the Holdco Merger immediately after the Effective Time. The principal place of business of NYCB, as the surviving entity in the Holdco Merger, will be located at Hicksville, Long Island, New York.

(b) *Holdco Merger Effective Time*. NYCB and the Interim Surviving Entity shall cause to be filed a certificate of merger with the Delaware Secretary and a certificate of merger with the Michigan LARA (together, the "Holdco Merger Certificates"). The Holdco Merger shall become effective at such date and time as specified in the Holdco Merger Certificates in accordance with the relevant provisions of the Chapter 7 of the MBCA and Section 253 of the DGCL, as applicable, or at such other date and time as shall be provided by applicable law (such date and time hereinafter referred to as the "Holdco Merger Effective Time").

(c) *Effects of the Holdco Merger*. At and after the Holdco Merger Effective Time, the Holdco Merger shall have the effects set forth in the applicable provisions of the MBCA, the DGCL and this Agreement.

(d) *Cancellation of Interim Surviving Entity Stock*. Each share of common stock, no par value, of the Interim Surviving Entity, as well as each share of any other class or series of capital stock of the Interim Surviving Entity, in each case that is issued and outstanding immediately prior to the Holdco Merger Effective Time, shall, at the Holdco Merger Effective Time, solely by virtue and as a result of the Holdco Merger and without any action on the part of any holder thereof, automatically be cancelled and retired for no consideration and shall cease to exist.

(e) *NYCB Stock*. At and after the Holdco Merger Effective Time, each share of NYCB Common Stock and each share of preferred stock of NYCB, par value $0.01 per share ("NYCB Preferred Stock") issued and outstanding immediately prior to the Holdco Merger Effective Time shall remain an issued and outstanding share of common stock or preferred stock, as applicable, of NYCB and shall not be affected by the Holdco Merger.

(f) *Charter of the Surviving Entity*. At the Holdco Merger Effective Time, the amended and restated certificate of incorporation of NYCB (the "NYCB Charter"), as in effect immediately prior to the Holdco Merger Effective Time, shall be the certificate of incorporation of the Surviving Entity until thereafter amended in accordance with its terms and applicable law.

(g) *Bylaws of the Surviving Entity*. At the Holdco Merger Effective Time, the amended and restated bylaws of NYCB as in effect immediately prior to the Holdco Merger Effective Time (including as amended as set forth in Exhibit C) (such amendment, the "NYCB Bylaws Amendment"), shall be the bylaws of the Surviving Entity until thereafter amended in accordance with its terms and applicable law.

(h) *Directors and Officers of the Surviving Entity.* Subject to Section 6.12, at the Holdco Merger Effective Time, the directors and officers of NYCB as of immediately prior to the Holdco Merger Effective Time shall, at and after the Holdco Merger Effective Time, be the directors and officers, respectively, of the Surviving Entity, such individuals to serve in such capacities until such time as their respective successors shall have been duly elected or appointed and qualified or until their respective earlier death, resignation or removal from office.

1.13 Bank Merger. At a date and time following the Holdco Merger as determined by NYCB, Flagstar Bank shall merge with and into NYCB Bank. NYCB Bank shall be the Surviving Bank in the Bank Merger and, following the Bank Merger, the separate corporate existence of Flagstar Bank shall terminate. The Bank Merger shall be implemented pursuant to an agreement and plan of merger (the "Bank Merger Agreement") entered into by NYCB Bank and Flagstar Bank on the date of this Agreement. Each of NYCB and Flagstar shall approve the Bank Merger Agreement and the Bank Merger as the sole voting shareholder of NYCB Bank and Flagstar Bank, respectively, and NYCB and Flagstar shall, and shall cause NYCB Bank and Flagstar Bank, respectively, to, execute any certificates or articles of merger and such other agreements, documents and certificates as are necessary to make the Bank Merger effective ("Bank Merger Certificates") at the Bank Merger Effective Time. The Bank Merger

shall become effective promptly following the Holdco Merger Effective Time or at such date and time as specified in the Bank Merger Agreement in accordance with applicable law (such date and time hereinafter referred to as the "Bank Merger Effective Time").

ARTICLE II

EXCHANGE OF SHARES

2.1 NYCB to Make Consideration Available. At or prior to the Effective Time, NYCB shall deposit, or shall cause to be deposited, with an exchange agent designated by NYCB and reasonably acceptable to Flagstar (the "Exchange Agent"), for exchange in accordance with this Article II for the benefit of the holders of Old Certificates, (a) certificates or, at NYCB's option, evidence in book-entry form, representing shares of NYCB Common Stock to be issued pursuant to Section 1.5 (collectively, referred to herein as "New Certificates"), and (b) cash in lieu of any fractional shares to be paid pursuant to Section 2.2(e) (such cash and New Certificates, together with any dividends or distributions with respect to shares of NYCB Common Stock payable in accordance with Section 2.2(b), being hereinafter referred to as the "Exchange Fund").

2.2 Exchange of Shares.

(a) As promptly as practicable after the Effective Time, but in no event later than five (5) business days thereafter, NYCB shall cause the Exchange Agent to mail to each holder of record of one or more Old Certificates representing shares of Flagstar Common Stock immediately prior to the Effective Time that have been converted at the Effective Time into the right to receive NYCB Common Stock pursuant to Article I, a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Old Certificates shall pass, only upon proper delivery of the Old Certificates to the Exchange Agent) and instructions for use in effecting the surrender of the Old Certificates in exchange for New Certificates representing the number of whole shares of NYCB Common Stock and any cash in lieu of fractional shares, which the shares of Flagstar Common Stock represented by such Old Certificate or Old Certificates shall have been converted into the right to receive pursuant to this Agreement as well as any dividends or distributions to be paid pursuant to Section 2.2(b). Upon proper surrender of an Old Certificate or Old Certificates for exchange and cancellation to the Exchange Agent, together with such properly completed letter of transmittal, duly executed, the holder of such Old Certificate or Old Certificates shall be entitled to receive in exchange therefor, as applicable, (i) a New Certificate representing that number of whole shares of NYCB Common Stock to which such holder of Flagstar Common Stock shall have become entitled pursuant to the provisions of Article I, and (ii) a check representing the amount of (A) any cash in lieu of fractional shares which such holder has the right to receive in respect of the Old Certificate or Old Certificates surrendered pursuant to the provisions of this Article II, and (B) any dividends or distributions which the holder thereof has the right to receive pursuant to Section 2.2(b), and the Old Certificate or Old Certificates so surrendered shall forthwith be cancelled. No interest will be paid or accrued on any cash in lieu of fractional shares or dividends or distributions payable to holders of Old Certificates. Until surrendered as contemplated by this Section 2.2, each Old Certificate shall be deemed at any time after the Effective Time to represent only the right to receive, upon surrender, the number of whole shares of NYCB Common Stock which the shares

of Flagstar Common Stock represented by such Old Certificate have been converted into the right to receive and any cash in lieu of fractional shares or in respect of dividends or distributions as contemplated by this Section 2.2.

(b) No dividends or other distributions declared with respect to NYCB Common Stock shall be paid to the holder of any unsurrendered Old Certificate until the holder thereof shall surrender such Old Certificate in accordance with this Article II. After the surrender of an Old Certificate in accordance with this Article II, the record holder thereof shall be entitled to receive any such dividends or other distributions, without any interest thereon, which theretofore had become payable with respect to the whole shares of NYCB Common Stock that the shares of Flagstar Common Stock represented by such Old Certificate have been converted into the right to receive.

(c) If any New Certificate representing shares of NYCB Common Stock is to be issued in a name other than that in which the Old Certificate or Old Certificates surrendered in exchange therefor is or are registered, it shall be a condition of the issuance thereof that the Old Certificate or Old Certificates so surrendered shall be properly endorsed (or accompanied by an appropriate instrument of transfer) and otherwise in proper form for transfer, and that the person requesting such exchange shall pay to the Exchange Agent in advance any transfer or other similar Taxes required by reason of the issuance of a New Certificate representing shares of NYCB Common Stock in any name other than that of the registered holder of the Old Certificate or Old Certificates surrendered, or required for any other reason, or shall establish to the satisfaction of the Exchange Agent that such Tax has been paid or is not payable.

(d) After the Effective Time, there shall be no transfers on the stock transfer books of Flagstar of the shares of Flagstar Common Stock that were issued and outstanding immediately prior to the Effective Time. If, after the Effective Time, Old Certificates representing such shares are presented for transfer to the Exchange Agent, they shall be cancelled and exchanged for New Certificates representing shares of NYCB Common Stock, cash in lieu of fractional shares and dividends or distributions as contemplated by this Section 2.2, as applicable.

(e) Notwithstanding anything to the contrary contained in this Agreement, no New Certificates or scrip representing fractional shares of NYCB Common Stock shall be issued upon the surrender for exchange of Old Certificates, no dividend or distribution with respect to NYCB Common Stock shall be payable on or with respect to any fractional share, and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a shareholder of NYCB. In lieu of the issuance of any such fractional share, NYCB shall pay to each former holder of Flagstar Common Stock who otherwise would be entitled to receive such fractional share an amount in cash (rounded to the nearest cent) determined by multiplying (i) the average of the closing-sale prices of NYCB Common Stock on the New York Stock Exchange (the "<u>NYSE</u>") as reported by *The Wall Street Journal* for the consecutive period of five (5) full trading days ending on the day preceding the Closing Date by (ii) the fraction of a share (after taking into account all shares of Flagstar Common Stock held by such holder immediately prior to the Effective Time and rounded to the nearest one-thousandth when expressed in decimal form) of NYCB Common Stock which such holder would otherwise be entitled to receive pursuant to Section 1.5. The parties acknowledge that payment of such cash consideration in

lieu of issuing fractional shares is not separately bargained-for consideration, but merely represents a mechanical rounding off for purposes of avoiding the expense and inconvenience that would otherwise be caused by the issuance of fractional shares.

(f) Any portion of the Exchange Fund that remains unclaimed by the shareholders of Flagstar for twelve (12) months after the Effective Time shall be paid to the Surviving Entity. Any former holders of Flagstar Common Stock who have not theretofore complied with this Article II shall thereafter look only to the Surviving Entity for payment of the shares of NYCB Common Stock, cash in lieu of any fractional shares and any unpaid dividends and distributions on the NYCB Common Stock deliverable in respect of each former share of Flagstar Common Stock such holder holds as determined pursuant to this Agreement, without any interest thereon. Notwithstanding the foregoing, none of NYCB, Flagstar, the Surviving Entity, the Exchange Agent or any other person shall be liable to any former holder of shares of Flagstar Common Stock for any amount delivered in good faith to a public official pursuant to applicable abandoned property, escheat or similar laws.

(g) NYCB shall be entitled to deduct and withhold, or cause the Exchange Agent to deduct and withhold, from any cash in lieu of fractional shares of NYCB Common Stock, cash dividends or distributions payable pursuant to this Section 2.2 or any other amounts otherwise payable pursuant to this Agreement to any holder of Flagstar Common Stock, such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign Tax law. To the extent that amounts are so withheld by NYCB or the Exchange Agent, as the case may be, and paid over to the appropriate Governmental Entity, the withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of Flagstar Common Stock in respect of which the deduction and withholding was made by NYCB or the Exchange Agent, as the case may be.

(h) In the event any Old Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Old Certificate to be lost, stolen or destroyed and, if required by NYCB or the Exchange Agent, the posting by such person of a bond in such amount as NYCB or the Exchange Agent may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such Old Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Old Certificate the shares of NYCB Common Stock and any cash in lieu of fractional shares, and dividends or distributions, deliverable in respect thereof pursuant to this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF FLAGSTAR

Except (a) as disclosed in the disclosure schedule delivered by Flagstar to NYCB concurrently with the execution and delivery of this Agreement (the "Flagstar Disclosure Schedule") (it being understood that (i) no such item is required to be set forth as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect, (ii) the mere inclusion of an item in Flagstar Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by Flagstar that such item represents a material exception or fact, event or

circumstance or that such item would reasonably be expected to have a Material Adverse Effect, and (iii) any disclosures made with respect to a section of this Article III shall be deemed to qualify (A) any other section of this Article III specifically referenced or cross-referenced, and (B) other sections of this Article III to the extent it is reasonably apparent on its face (notwithstanding the absence of a specific cross-reference) from a reading of the disclosure that such disclosure applies to such other sections), or (b) as disclosed in any Flagstar Reports publicly filed with or furnished to the SEC by Flagstar since January 1, 2020 and prior to the date hereof (but disregarding risk factor disclosures contained under the heading "Risk Factors," or disclosures of risks set forth in any "forward-looking statements" disclaimer or any other statements that are similarly non-specific or cautionary, predictive or forward-looking in nature), Flagstar hereby represents and warrants to NYCB and Merger Sub as follows:

3.1 Corporate Organization.

(a) Flagstar is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan, and is a savings and loan holding company duly registered under the Home Owners' Loan Act. Flagstar has the corporate power and authority to own, lease or operate all of its properties and assets and to carry on its business as it is now being conducted in all material respects. Flagstar is duly qualified to do business and in good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned, leased or operated by it makes such qualification or standing necessary, except where the failure to be so qualified or to be in good standing would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar. As used in this Agreement, the term "Material Adverse Effect" means, with respect to NYCB, Flagstar or the Surviving Entity, as the case may be, any effect, change, event, circumstance, condition, occurrence or development that, either individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (i) the business, properties, assets, liabilities, results of operations or financial condition of such party and its Subsidiaries, taken as a whole (provided, however, that, with respect to this clause (i), Material Adverse Effect shall not include the impact of (A) changes, after the date hereof, in U.S. generally accepted accounting principles ("GAAP") or applicable regulatory accounting requirements, (B) changes, after the date hereof, in laws, rules or regulations of general applicability (including the Pandemic Measures) to companies in the industries in which such party and its Subsidiaries operate, or interpretations thereof by courts or Governmental Entities, (C) changes, after the date hereof, in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in economic or market (including equity, credit and debt markets, as well as changes in interest rates and mortgage rates and terms) conditions affecting the industries in which such party or its Subsidiaries operate (including any such changes arising out of the Pandemic or any Pandemic Measures) and not specifically relating to such party or its Subsidiaries, (D) changes, after the date hereof, resulting from hurricanes, earthquakes, tornados, floods or other natural disasters or from any epidemic, pandemic, outbreak of any disease or other public health event (including the Pandemic), (E) public disclosure of the execution of this Agreement, public disclosure or consummation of the transactions contemplated hereby (including any effect on a party's relationships with its customers or employees) (it being understood that the foregoing shall not apply for purposes of the representations and warranties in Sections 3.3(b), 3.4, 4.3(b) or 4.4) or actions expressly required by this Agreement or that are taken with the prior written consent of the other party in

contemplation of the transactions contemplated hereby, or (F) a decline in the trading price of a party's common stock or the failure, in and of itself, to meet earnings projections or internal financial forecasts (it being understood that the underlying causes of such decline or failure may be taken into account in determining whether a Material Adverse Effect has occurred); except, with respect to subclauses (A), (B), (C) or (D), to the extent that the effects of such change are materially disproportionately adverse to the business, properties, assets, liabilities, results of operations or financial condition of such party and its Subsidiaries, taken as a whole, as compared to other companies in the financial services sectors in which such party and its Subsidiaries operate, or (ii) the ability of such party to timely consummate the transactions contemplated hereby. As used in this Agreement, "Pandemic" means any outbreaks, epidemics or pandemics relating to SARS-CoV-2 or COVID-19, or any evolutions or mutations thereof, or any other viruses (including influenza), and the governmental and other responses thereto; "Pandemic Measures" means any quarantine, "shelter in place," "stay at home," workforce reduction, social distancing, shut down, closure, sequester, forbearance, moratorium or other laws, directives, policies, guidelines or recommendations promulgated by any Governmental Entity, including the Centers for Disease Control and Prevention and the World Health Organization, in each case, in connection with or in response to the Pandemic; and "Subsidiary" when used with respect to any person, means any "subsidiary" of such person within the meaning ascribed to such term in either Rule 1-02 of Regulation S-X promulgated by the SEC or the Bank Holding Company Act of 1956, as amended (the "BHC Act"). True and complete copies of the Flagstar Charter and the Flagstar Bylaws, in each case, as in effect as of the date of this Agreement, have previously been made available by Flagstar to NYCB.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, each Subsidiary of Flagstar (a "Flagstar Subsidiary") (i) is duly organized and validly existing under the laws of its jurisdiction of organization, (ii) is duly qualified to do business and, where such concept is recognized under applicable law, in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership, leasing or operation of property or the conduct of its business requires it to be so qualified or in good standing, and (iii) has all requisite corporate power and authority to own, lease or operate its properties and assets and to carry on its business as now conducted. There are no restrictions on the ability of Flagstar or any Flagstar Subsidiary to pay dividends or distributions except, in the case of Flagstar or a Flagstar Subsidiary that is a regulated entity, for restrictions on dividends or distributions generally applicable to all similarly regulated entities. Flagstar Bank is the only Flagstar Subsidiary that is a depository institution, and the deposit accounts of Flagstar Bank are insured by the Federal Deposit Insurance Corporation (the "FDIC") through the Deposit Insurance Fund (as defined in Section 3(y) of the Federal Deposit Insurance Act of 1950) to the fullest extent permitted by law, all premiums and assessments required to be paid in connection therewith have been paid when due, and no proceedings for the termination of such insurance are pending or threatened. Section 3.1(b) of the Flagstar Disclosure Schedule sets forth a true and complete list of all Flagstar Subsidiaries as of the date hereof. True and complete copies of the organizational documents of Flagstar Bank, as in effect as of the date of this Agreement, have previously been made available by Flagstar to NYCB. There is no person whose results of operations, cash flows, changes in stockholders' equity or financial position are consolidated in the financial statements of Flagstar other than the Flagstar Subsidiaries.

3.2 Capitalization.

(a) The authorized capital stock of Flagstar consists of 80,000,000 shares of Flagstar Common Stock and 25,000,000 shares of preferred stock, par value $0.01 per share ("Flagstar Preferred Stock"). As of April 22, 2021, there were: (i) 52,752,606 shares of Flagstar Common Stock issued and outstanding, plus 26,244 Flagstar Restricted Shares; (ii) 340,909 shares of Executive Long-Term Incentive Program Performance Shares; (iii) 379,880 shares of Flagstar Common Stock reserved for issuance upon the settlement of outstanding Flagstar PSUs (assuming performance goals are satisfied at the target level) or 472,213 shares of Flagstar Common Stock reserved for issuance upon the settlement of outstanding Flagstar PSUs (assuming performance goals are satisfied at the maximum level); (iv) 299,453 shares of Flagstar Common Stock reserved for issuance upon the settlement of outstanding Flagstar RSUs; (v) no shares of Flagstar Preferred Stock issued and outstanding; (vi) 1,305,797 shares of Flagstar Common Stock reserved for issuance pursuant to future grants under the Flagstar Stock Plans; (vii) 287,592 shares of Flagstar Common Stock reserved for issuance under the ESPP; (viii) 498,775 shares of Flagstar Common Stock reserved for issuance under Flagstar's dividend reinvestment plan; and (ix) 122,292 shares of Flagstar Common Stock issued and held in trust under the Flagstar Bank 401(k) Plan. As of the date of this Agreement, except as set forth in the immediately preceding sentence, and for changes since April 22, 2021 resulting from the exercise, vesting or settlement of any Flagstar RSUs, Flagstar PSUs, Flagstar Restricted Shares and accumulated contributions to purchase shares of Flagstar Common Stock under the ESPP (collectively, "Flagstar Equity Awards") described in the immediately preceding sentence there are no shares of capital stock or other voting securities or equity interests of Flagstar issued, reserved for issuance or outstanding. As used herein, the "Flagstar Stock Plans" shall mean: the Flagstar 2016 Stock Award and Incentive Plan. All the issued and outstanding shares of Flagstar Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. There are no bonds, debentures, notes or other indebtedness that have the right to vote on any matters on which shareholders of Flagstar may vote. Except as set forth in Section 3.2(a) of the Flagstar Disclosure Schedule, no trust preferred or subordinated debt securities of Flagstar or any Flagstar Subsidiary are issued or outstanding. Other than Flagstar Equity Awards, as of the date of this Agreement, there are no outstanding subscriptions, options, warrants, stock appreciation rights, phantom units, scrip, rights to subscribe to, preemptive rights, anti-dilutive rights, rights of first refusal or similar rights, puts, calls, commitments or agreements of any character relating to, or securities or rights convertible or exchangeable into or exercisable for, shares of capital stock or other voting or equity securities of or ownership interest in Flagstar, or contracts, commitments, understandings or arrangements by which Flagstar may become bound to issue additional shares of its capital stock or other equity or voting securities of or ownership interests in Flagstar, or that otherwise obligate Flagstar to issue, transfer, sell, purchase, redeem or otherwise acquire, any of the foregoing (collectively, "Flagstar Securities"). Other than Flagstar Equity Awards, no equity-based awards (including any cash awards where the amount of payment is determined, in whole or in part, based on the price of any capital stock of Flagstar or any of the Flagstar Subsidiaries) are outstanding. There are no voting trusts, shareholder agreements, proxies or other agreements in effect to which Flagstar or any of the Flagstar Subsidiaries is a party with respect to the voting or transfer of Flagstar Common Stock, capital stock or other voting or equity securities or ownership interests of Flagstar or granting any shareholder of Flagstar or other person any registration rights.

(b) Section 3.2(b) of the Flagstar Disclosure Schedule sets forth, as of April 8, 2021, a true and complete list of all holders of Flagstar RSUs and Flagstar PSUs, the number of shares of Flagstar Common Stock subject to each Flagstar RSU or Flagstar PSU, the date of grant, the vesting commencement date, the vesting schedule and any applicable performance period. During the period of April 8, 2021 through the date hereof, (i) no Flagstar Equity Awards have been granted and (ii) no Flagstar Equity Awards have been settled in Flagstar Common Stock.

(c) Flagstar, Flagstar owns, directly or indirectly, all the issued and outstanding shares of capital stock or other equity ownership interests of each of the Flagstar Subsidiaries, free and clear of any liens, claims, title defects, mortgages, pledges, charges, encumbrances and security interests whatsoever ("Liens"), and all such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable (except, with respect to Flagstar Bank, as may be provided under Home Owners' Loan Act) and free of preemptive rights, with no personal liability attaching to the ownership thereof, except, in the case of all Subsidiaries other than Flagstar Bank, as would not, either individually or in the aggregate, reasonably be expected to have Material Adverse Effect on Flagstar. No Flagstar Subsidiary has or is bound by any outstanding subscriptions, options, warrants, calls, rights, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

3.3 Authority; No Violation.

(a) Flagstar has full corporate power and authority to execute and deliver this Agreement and, subject to the shareholder and other actions described below, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved by the Board of Directors of Flagstar. The Board of Directors of Flagstar has determined that the transactions contemplated hereby, on the terms and conditions set forth in this Agreement, are advisable and in the best interests of Flagstar and its shareholders, has approved, adopted and declared advisable this Agreement and the transactions contemplated hereby (including the Merger, the Holdco Merger and the Bank Merger), has directed that this Agreement and the transactions contemplated hereby be submitted to Flagstar's shareholders for approval and adoption at a meeting of such shareholders, has recommend that its shareholders approve and adopt this Agreement and the transactions contemplated hereby and has adopted resolutions to the foregoing effect. The Board of Directors of Flagstar Bank has determined that the Bank Merger, on the terms and conditions set forth in the Bank Merger Agreement, is advisable and in the best interests of Flagstar Bank and its sole shareholder, has adopted and approved the Bank Merger Agreement and the Bank Merger, has directed that the Bank Merger Agreement be submitted to Flagstar Bank's sole shareholder for approval, and has adopted resolutions to the foregoing effect. Except for (i) the adoption and approval of this Agreement by the affirmative vote of a majority of the outstanding shares of Flagstar Common Stock entitled to vote on this Agreement (the "Requisite Flagstar Vote"), (ii) the adoption and approval of the Bank Merger Agreement by Flagstar as Flagstar Bank's sole shareholder, and (iii) if applicable, the submission to the shareholders of Flagstar of an advisory (non-binding) vote on the compensation that may

be paid or become payable to Flagstar's named executive officers that is based on or otherwise related to the transactions contemplated by this Agreement, no other corporate proceedings on the part of Flagstar are necessary to approve and adopt this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Flagstar and (assuming due authorization, execution and delivery by NYCB and Merger Sub) constitutes a valid and binding obligation of Flagstar, enforceable against Flagstar in accordance with its terms (except in all cases as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, forbearance, moratorium, reorganization or similar laws of general applicability relating to or affecting insured depositary institutions or their parent companies or the rights of creditors generally and the availability of equitable remedies (the "Enforceability Exceptions")).

(b) Neither the execution and delivery of this Agreement by Flagstar nor the consummation by Flagstar of the transactions contemplated hereby (including the Merger and the Bank Merger), nor compliance by Flagstar with any of the terms or provisions hereof, will (i) violate any provision of the Flagstar Charter, the Flagstar Bylaws or the amended and restated organizational certificate (as amended) or bylaws of Flagstar Bank, or (ii) assuming that the consents, approvals and filings referred to in Section 3.4 are duly obtained and/or made, (A) violate any law, statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Flagstar or any of the Flagstar Subsidiaries or any of their respective properties or assets, or (B) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of Flagstar or any of the Flagstar Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Flagstar or any of the Flagstar Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound, except (in the case of clauses (A) and (B) above) for such violations, conflicts, breaches, defaults, terminations, cancellations, accelerations or creations that would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar.

3.4 Consents and Approvals. Except for (a) the filing of any required applications, filings and notices, as applicable, with the NYSE, (b) the filing of any required applications, filings and notices, as applicable, with the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") under the BHC Act and approval or waiver of such applications, filings and notices, (c) the filing of any required applications, filings and notices, as applicable, with the FDIC, including under the Bank Merger Act (12 USC 1828(c)) and the approval or waiver of such applications, filings and notices, (d) the filing of any required applications, filings and notices, as applicable, with the New York State Department of Financial Services (the "NYDFS"), and approval or waiver of such applications, filings and notices, (e) the filing of any required filings and notices, as applicable, with the Office of the Comptroller of the Currency (the "OCC"), (f) the filing of any required applications, filings and notices, as applicable, with any state bank regulatory authority with respect to NYCB Bank's establishment and operation of Flagstar Bank's branches and other offices following the Bank Merger Effective Time, and the approvals or waivers of such applications, filings and notices, (g) the filing of any

required applications, filings and notices, as applicable, with each Mortgage Agency and the receipt of any required consents or approvals from each Mortgage Agency, (h) the filing of those additional applications, filings and notices, if any, listed on Section 3.4 of the Flagstar Disclosure Schedule or Section 4.4 of the NYCB Disclosure Schedule and approval or non-objection of such applications, filings and notices, (i) the filing with the Securities and Exchange Commission (the "SEC") of a joint proxy statement in definitive form relating to the meetings of Flagstar's shareholders and NYCB's stockholders to be held in connection with this Agreement and the transactions contemplated hereby (including any amendments or supplements thereto, the "Joint Proxy Statement"), and the registration statement on Form S-4 in which the Joint Proxy Statement will be included as a prospectus, to be filed with the SEC by NYCB in connection with the transactions contemplated by this Agreement (the "S-4") and the declaration by the SEC of the effectiveness of the S-4, (j) the filing of the Certificates of Merger with the Michigan LARA pursuant to the MBCA and Delaware Secretary pursuant to the DGCL and the filing of the Holdco Merger Certificates with the Michigan LARA pursuant to the MBCA and the Delaware Secretary pursuant to the DGCL, as applicable, the filing of the Bank Merger Certificates with the applicable Governmental Entities as required by applicable law, and (k) such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of NYCB Common Stock pursuant to this Agreement ("NYCB Share Issuance") and the approval of the listing of such NYCB Common Stock on the NYSE, no consents or approvals of or filings or registrations with any court, administrative agency or commission or other governmental or regulatory authority or instrumentality (including any government-sponsored enterprise) or SRO (each a "Governmental Entity") are necessary in connection with (i) the execution and delivery by Flagstar of this Agreement, (ii) the execution and delivery by Flagstar Bank of the Bank Merger Agreement or (iii) the consummation by Flagstar and Flagstar Bank of the Merger and the other transactions contemplated hereby (including the Holdco Merger and the Bank Merger). As used in this Agreement, "SRO" means (x) any "self-regulatory organization" as defined in Section 3(a)(26) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and (y) any other United States or foreign securities exchange, futures exchange, commodities exchange or contract market. As of the date hereof, Flagstar has no knowledge of any reason why the necessary regulatory approvals and consents will not be received by Flagstar to permit consummation of the Merger, the Holdco Merger and the Bank Merger on a timely basis.

3.5 Regulatory Reports. Flagstar and each of the Flagstar Subsidiaries have timely filed (or furnished, as applicable) all reports, forms, correspondence, registrations and statements, together with any amendments required to be made with respect thereto, that they were required to file (or furnish, as applicable) since January 1, 2018 with any Governmental Entity, including any report, form, correspondence, registration or statement required to be filed (or furnished, as applicable) pursuant to the laws, rules or regulations of the United States, any state, any foreign entity or any Governmental Entity, and have paid all fees and assessments due and payable in connection therewith, except where the failure to file (or furnish, as applicable) such report, form, correspondence, registration or statement or to pay such fees and assessments would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar. Subject to Section 9.15 and except for normal examinations conducted by a Governmental Entity in the ordinary course of business of Flagstar and the Flagstar Subsidiaries, no Governmental Entity has initiated or has pending any proceeding or, to the knowledge of Flagstar, investigation into the business or operations of Flagstar or any of the

Flagstar Subsidiaries since January 1, 2018, except where such proceedings or investigations would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar. Subject to Section 9.15, there (x) is no unresolved violation, criticism, or exception by any Governmental Entity with respect to any report or statement relating to any examinations or inspections of Flagstar or any of the Flagstar Subsidiaries, and (y) has been no formal or informal inquiries by, or disagreements or disputes with, any Governmental Entity with respect to the business, operations, policies or procedures of Flagstar or any of the Flagstar Subsidiaries since January 1, 2018, in each case, except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar.

3.6 Financial Statements.

(a) The financial statements of Flagstar and the Flagstar Subsidiaries included (or incorporated by reference) in the Flagstar Reports (including the related notes, where applicable) (i) have been prepared from, and are in accordance with, the books and records of Flagstar and the Flagstar Subsidiaries in all material respects, (ii) fairly present in all material respects the consolidated results of operations, cash flows, changes in stockholders' equity and consolidated financial position of Flagstar and the Flagstar Subsidiaries for the respective fiscal periods or as of the respective dates therein set forth (subject in the case of unaudited statements to year-end audit adjustments normal in nature and amount), (iii) complied, as of their respective dates of filing with the SEC, in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, and (iv) have been prepared in accordance with GAAP consistently applied during the periods involved, except, in each case, as indicated in such statements or in the notes thereto. The books and records of Flagstar and the Flagstar Subsidiaries have been, since January 1, 2018, and are being, maintained in all material respects in accordance with GAAP and any other applicable legal and accounting requirements. No independent public accounting firm of Flagstar has resigned (or informed Flagstar that it intends to resign) or been dismissed as independent public accountants of Flagstar as a result of or in connection with any disagreements with Flagstar on a matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, neither Flagstar nor any of the Flagstar Subsidiaries has any liability of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether due or to become due) required by GAAP to be included on a consolidated balance sheet of Flagstar, except for those liabilities that are reflected or reserved against on the consolidated balance sheet of Flagstar included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (including any notes thereto) and for liabilities incurred in the ordinary course of business consistent with past practice since December 31, 2020, or in connection with this Agreement and the transactions contemplated hereby.

(c) The records, systems, controls, data and information of Flagstar and the Flagstar Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of Flagstar or the Flagstar Subsidiaries or accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership

and non-direct control that would not reasonably be expected to have a Material Adverse Effect on Flagstar. Flagstar (i) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) to ensure that material information relating to Flagstar, including the Flagstar Subsidiaries, is made known to the chief executive officer and the chief financial officer of Flagstar by others within those entities as appropriate to allow timely decisions regarding required disclosures and to make the certifications required by the Exchange Act and Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), and (ii) has disclosed, based on its most recent evaluation prior to the date hereof, to Flagstar's outside auditors and the audit committee of Flagstar's Board of Directors (A) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to adversely affect Flagstar's ability to record, process, summarize and report financial information, and (B) to the knowledge of Flagstar, any fraud, whether or not material, that involves management or other employees who have a significant role in Flagstar's internal controls over financial reporting. Any such disclosures were made in writing by management to Flagstar's auditors and audit committee and true and complete copies of such disclosures have been made available to NYCB. To the knowledge of Flagstar, there is no reason to believe that Flagstar's outside auditors and its chief executive officer and chief financial officer will not be able to give the certifications and attestations required pursuant to the rules and regulations adopted pursuant to Section 404 of the Sarbanes-Oxley Act, without qualification, when next due.

(d) Since January 1, 2018, (i) neither Flagstar nor any of the Flagstar Subsidiaries, nor, to the knowledge of Flagstar, any director, officer, auditor, accountant or representative of Flagstar or any of the Flagstar Subsidiaries, has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods (including with respect to loan loss reserves, write-downs, charge-offs and accruals) of Flagstar or any of the Flagstar Subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that Flagstar or any of the Flagstar Subsidiaries has engaged in questionable accounting or auditing practices, and (ii) no employee of or attorney representing Flagstar or any of the Flagstar Subsidiaries, whether or not employed or retained by Flagstar or any of the Flagstar Subsidiaries, has reported evidence of a material violation of securities laws or banking laws, breach of fiduciary duty or similar violation by Flagstar or any of the Flagstar Subsidiaries or any of their respective officers, directors, employees or agents to the Board of Directors of Flagstar or any committee thereof or the Board of Directors or similar governing body of any Flagstar Subsidiary or any committee thereof, or, to the knowledge of Flagstar, to any director or officer of Flagstar or any Flagstar Subsidiary.

3.7 Broker's Fees. With the exception of the engagement of Morgan Stanley & Co. LLC ("Morgan Stanley") and Jefferies LLC ("Jefferies"), neither Flagstar nor any Flagstar Subsidiary nor any of their respective officers or directors has employed any broker, finder or financial advisor or incurred any liability for any broker's fees, commissions or finder's fees in connection with the Merger or the other transactions contemplated by this Agreement. Flagstar has disclosed to NYCB as of the date hereof the aggregate fees provided for in connection with the engagement by Flagstar of each of Morgan Stanley and Jefferies related to the Merger and the other transactions contemplated hereunder.

3.8 Absence of Certain Changes or Events.

(a) Since December 31, 2020, except for changes resulting from or related to the Pandemic or the Pandemic Measures, there has not been any effect, change, event, circumstance, condition, occurrence or development that has had or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar.

(b) Since December 31, 2020, through the date of this Agreement, except with respect to the transactions contemplated hereby and changes resulting from or related to the Pandemic or the Pandemic Measures, Flagstar and the Flagstar Subsidiaries have carried on their respective businesses in all material respects in the ordinary course.

3.9 Legal and Regulatory Proceedings.

(a) Neither Flagstar nor any of the Flagstar Subsidiaries is a party to any, and there are no outstanding or pending or, to the knowledge of Flagstar, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against Flagstar or any of the Flagstar Subsidiaries or any of their current or former directors or executive officers (i) that would, individually or in the aggregate, be reasonably likely to result in a material restriction on Flagstar or any of the Flagstar Subsidiaries' businesses, (ii) that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar or (iii) challenging the validity or propriety of this Agreement or the transactions contemplated by this Agreement.

(b) Subject to Section 9.15, there is no injunction, order, judgment, decree, or regulatory restriction imposed upon Flagstar, any of the Flagstar Subsidiaries or the assets of Flagstar or any of the Flagstar Subsidiaries (or that, upon consummation of the Merger and Holdco Merger, would apply to the Surviving Entity or any of its affiliates) that (i) would, individually or in the aggregate, be reasonably likely to result in a material restriction on Flagstar or any of the Flagstar Subsidiaries' businesses or (ii) would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar.

3.10 Taxes and Tax Returns.

(a) Each of Flagstar and the Flagstar Subsidiaries has duly and timely filed (including all applicable extensions) all material Tax Returns in all jurisdictions in which Tax Returns are required to be filed by it, and all such Tax Returns are true and complete in all material respects. All material Taxes of Flagstar and the Flagstar Subsidiaries (whether or not shown on any Tax Returns) that are due have been fully and timely paid. Each of Flagstar and the Flagstar Subsidiaries has withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor, shareholder, independent contractor or other third party. Neither Flagstar nor any of the Flagstar Subsidiaries has received any written notice of assessment or proposed assessment in connection with any material amount of Taxes, and there are no threatened in writing or pending disputes, claims, audits, examinations or other proceedings regarding any material Tax of Flagstar and the Flagstar Subsidiaries or the assets of Flagstar and the Flagstar Subsidiaries. Neither Flagstar nor any of the Flagstar Subsidiaries is a party to or is bound by any Tax sharing, allocation or

indemnification agreement or arrangement (other than such an agreement or arrangement exclusively between or among Flagstar and the Flagstar Subsidiaries and other than customary provisions contained in commercial arrangements the primary subject of which is not Taxes and which effect is not material). Neither Flagstar nor any of the Flagstar Subsidiaries (i) has been a member of an affiliated group filing a consolidated federal income Tax Return for which the statute of limitations is open (other than a group the common parent of which was Flagstar), or (ii) has any liability for the Taxes of any person (other than Flagstar or any of the Flagstar Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise (other than pursuant to agreements not primarily related to Taxes and entered into in the ordinary course of business consistent with past practice). Neither Flagstar nor any of the Flagstar Subsidiaries has been, within the past two (2) years or otherwise as part of a "plan (or series of related transactions)" within the meaning of Section 355(e) of the Code of which the Merger is also a part, a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intending to qualify for tax-free treatment under Section 355 of the Code. Neither Flagstar nor any of the Flagstar Subsidiaries has participated in a "reportable transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(1).

(b) As used in this Agreement, the term "Tax" or "Taxes" means, whether disputed or not (i) any and all U.S. federal, state, local, and foreign income, excise, gross receipts, ad valorem, profits, gains, property (real, personal, tangible and intangible), capital, sales, transfer, use, license, payroll, employment, social security, severance, unemployment, withholding, duties, excise, windfall profits, franchise, backup withholding, value added, alternative or add-on minimum, and other taxes, charges, levies or like assessments together with all penalties and additions to tax and interest thereon; (ii) any liability for the payment of any amounts of the type described in clause (i) above as a result of being a member of an affiliated, consolidated, combined, unitary or similar group (including any arrangement for group or consortium relief or similar arrangement) for any period; and (iii) liability for the payment of any amounts of the type described in clauses (i) or (ii) above as a result of any express or implied obligation to indemnify any other person as a result of any obligation under any agreement or arrangement with any other person with respect to such amounts and including any liability for Taxes of a predecessor or transferor, by contract or otherwise by operation of law.

(c) As used in this Agreement, the term "Tax Return" means any return, declaration, report, claim for refund, information return or any other document or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof, supplied or required to be supplied to a Governmental Entity.

3.11 Employees.

(a) Section 3.11(a) of the Flagstar Disclosure Schedule sets forth a true and complete list of all material Flagstar Benefit Plans. For purposes of this Agreement, "Flagstar Benefit Plan" means any benefit or compensation plan, program, policy, practice, agreement, contract, arrangement or other obligation, whether or not in writing and whether or not funded, in each case, which is sponsored or maintained by, or required to be contributed to, or with respect to which any potential liability is borne by Flagstar or any of its Subsidiaries for the benefit of

any current or former employee, officer or director of Flagstar or any of its Subsidiaries, excluding, in each case, any Multiemployer Plan, including but not limited to "employee benefit plans" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and employment, consulting, retirement, severance, termination or change in control, deferred compensation, equity-based, incentive, bonus, supplemental retirement, retention, profit sharing, insurance, medical, disability, welfare, salary continuation or fringe benefit, plan, program, agreement or arrangement.

(b) Flagstar has made available to NYCB true and complete copies of each material Flagstar Benefit Plan and the following related documents with respect to each such material Flagstar Benefit Plan, to the extent applicable, (i) all summary plan descriptions, amendments, modifications or material supplements, (ii) the most recent annual report (Form 5500) filed with the Internal Revenue Service (the "IRS"), (iii) the most recently received IRS determination letter, (iv) the most recently prepared actuarial report, and (v) all material non-routine correspondence to or from any Governmental Entity received in the last three (3) years.

(c) Except as would not result in any material liability to Flagstar and the Flagstar Subsidiaries, taken as a whole, each Flagstar Benefit Plan has been established, operated, maintained and administered in accordance with its terms and the requirements of all applicable laws, including ERISA and the Code.

(d) Each Flagstar Benefit Plan that is intended to be qualified under Section 401(a) of the Code (collectively, the "Flagstar Qualified Plans") and the related trust has been determined by the IRS to be qualified under Section 401(a) of the Code, and, to the knowledge of Flagstar, there are no existing circumstances and no events have occurred that would reasonably be expected to adversely affect the qualified status of any Flagstar Qualified Plan or the related trust.

(e) Except as would not result in any material liability to Flagstar and the Flagstar Subsidiaries, taken as a whole, with respect to each Flagstar Benefit Plan that is subject to Section 302 or Title IV of ERISA or Section 412, 430 or 4971 of the Code: (i) the minimum funding standard under Section 302 of ERISA and Sections 412 and 430 of the Code has been satisfied and no waiver of any minimum funding standard or any extension of any amortization period has been requested or granted, (ii) no such plan is in "at-risk" status for purposes of Section 430 of the Code, (iii) the present value of accrued benefits under such Flagstar Benefit Plan, based upon the actuarial assumptions used for funding purposes in the most recent actuarial report prepared by such Flagstar Benefit Plan's actuary with respect to such Flagstar Benefit Plan, did not, as of its latest valuation date, exceed the then-current fair market value of the assets of such Flagstar Benefit Plan allocable to such accrued benefits, (iv) no reportable event within the meaning of Section 4043(c) of ERISA for which the 30-day notice requirement has not been waived has occurred, (v) all premiums required to be paid to the Pension Benefit Guaranty Corporation (the "PBGC") have been timely paid in full, (vi) no material liability (other than for premiums to the PBGC) under Title IV of ERISA has been or is reasonably expected to be incurred by Flagstar or any of the Flagstar Subsidiaries, and (vii) the PBGC has not instituted proceedings to terminate any such Flagstar Benefit Plan. No Controlled Group Liability has been incurred by Flagstar or a Flagstar ERISA Affiliates that has not been satisfied in full, and, to the knowledge of Flagstar, no condition exists that presents a material risk to

Flagstar or a Flagstar ERISA Affiliates of incurring any such liability, except as, either individually or in the aggregate, would not reasonably be expected to result in any material liability to Flagstar and the Flagstar Subsidiaries. For purposes of this Agreement, "Controlled Group Liability" means any and all liabilities (1) under Title IV of ERISA, (2) under Section 302 of ERISA, (3) under Sections 412 and 4971 of the Code, and (4) as a result of a failure to comply with the continuing coverage requirements of Section 601 et. seq. of ERISA and Section 4980B of the Code.

(f) None of Flagstar and the Flagstar Subsidiaries nor any Flagstar ERISA Affiliate has, at any time during the last six (6) years, contributed to or been obligated to contribute to any "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA (a "Multiemployer Plan") or a plan that has two or more contributing sponsors, at least two of whom are not under common control, within the meaning of Section 4063 of ERISA (a "Multiple Employer Plan"), and none of Flagstar and the Flagstar Subsidiaries nor any Flagstar ERISA Affiliate has incurred any material liability to a Multiemployer Plan or a Multiple Employer Plan as a result of a complete or partial withdrawal (as those terms are defined in Part I of Subtitle E of Title IV of ERISA) from a Multiemployer Plan or a Multiple Employer Plan that has not been satisfied in full. For purposes of this Agreement, "Flagstar ERISA Affiliate" means all employers (whether or not incorporated) that would be treated together with Flagstar or any of its Subsidiaries as a "single employer" within the meaning of Section 414 of the Code.

(g) Except as set forth in Section 3.11(g) of the Flagstar Disclosure Schedule, no Flagstar Benefit Plan provides for any post-employment or post-retirement health or medical or life insurance benefits for retired, former or current employees or beneficiaries or dependents thereof, except as required by Section 4980B of the Code.

(h) Except as would not reasonably be expected to result in any material liability to Flagstar and the Flagstar Subsidiaries, (i) all contributions required to be made to any Flagstar Benefit Plan, required to be made by Flagstar or any Flagstar Subsidiaries, by applicable law or by any plan document or other contractual undertaking, and (ii) all premiums due or payable with respect to insurance policies funding any Flagstar Benefit Plan, in each case, for any period through the date hereof, have been timely made or paid in full or, to the extent not required to be made or paid on or before the date hereof, have been fully reflected on the books and records of Flagstar.

(i) There are no pending or, to the knowledge of Flagstar, threatened (in writing) claims (other than claims for benefits in the ordinary course), lawsuits or arbitrations which have been asserted or instituted, and, to Flagstar's knowledge, no set of circumstances exists which may reasonably give rise to a claim or lawsuit, against Flagstar Benefit Plans, any fiduciaries thereof with respect to their duties to Flagstar Benefit Plans or the assets of any of the trusts under any of Flagstar Benefit Plans that would reasonably be expected to result in any liability of Flagstar or any of the Flagstar Subsidiaries in an amount that would be material to Flagstar and the Flagstar Subsidiaries, taken as a whole.

(j) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, none of Flagstar and the Flagstar Subsidiaries nor any Flagstar ERISA Affiliate has engaged in any "prohibited transaction" (as

defined in Section 4975 of the Code or Section 406 of ERISA) which would reasonably be expected to subject any of Flagstar Benefit Plans or their related trusts, Flagstar, any of the Flagstar Subsidiaries, any Flagstar ERISA Affiliate to any material Tax or penalty imposed under Section 4975 of the Code or Section 502 of ERISA.

(k) Except as set forth in Section 3.11(k) of the Flagstar Disclosure Schedule, neither the execution and delivery of this Agreement, shareholder or other approval of this Agreement nor the consummation of the transactions contemplated by this Agreement could, either alone or in combination with another event, (i) entitle any current or former employee, director, officer or independent contractor of Flagstar or any of the Flagstar Subsidiaries to payment or benefit, (ii) result in, accelerate, cause the vesting, exercisability, funding, payment or delivery of, or increase in the amount or value of, any payment, right or other benefit to any employee, officer director or independent contractor of Flagstar or the Flagstar Subsidiaries, (iii) accelerate the timing of or directly or indirectly cause Flagstar to transfer or set aside any assets to fund any material benefits under any Flagstar Benefit Plan, (iv) otherwise give rise to any material liability under any Flagstar Benefit Plan, (v) limit or restrict the right to merge, materially amend, terminate or transfer the assets of any Flagstar Benefit Plan on or following the Effective Time or (vi) result in the payment of any amount (whether in cash, in property, or in the form of benefits) that could, individually or in combination with any other such payment, constitute an "excess parachute payment" as defined in Section 280G(b)(1) of the Code.

(l) Neither Flagstar nor any Flagstar Subsidiary has any obligation to provide, and no Flagstar Benefit Plan or other agreement provides any individual with the right to a gross up, reimbursement or other payment for any excise or additional taxes, interest or penalties incurred pursuant to Section 409A of the Code or Section 4999 of the Code or otherwise.

(m) No Flagstar Benefit Plan is maintained outside of the United States or provides compensation or benefits primarily for the benefit of any employee or former employee of Flagstar or any Flagstar Subsidiary who primarily resides outside the United States.

(n) Except as would not reasonably be expected to be material to Flagstar and the Flagstar Subsidiaries, taken as a whole, there are no pending or, to Flagstar's knowledge, threatened labor grievances or unfair labor practice claims or charges against Flagstar or any of the Flagstar Subsidiaries, or any strikes or other labor disputes against Flagstar or any of the Flagstar Subsidiaries. Neither Flagstar nor any of the Flagstar Subsidiaries is party to or bound by any collective bargaining or similar agreement with any labor organization and there are no pending or, to the knowledge of Flagstar, threatened organizing efforts by any union seeking to represent any employees of Flagstar or any of the Flagstar Subsidiaries.

(o) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, Flagstar and the Flagstar Subsidiaries are in compliance with, and since January 1, 2018, have complied with, all laws regarding employment and employment practices, terms and conditions of employment, wages and hours, plant closing notification, classification of employees and independent contractors, equitable pay practices, employee privacy rights, labor relations, employment discrimination, sexual harassment or discrimination, workers' compensation or long-term disability policies, retaliation,

immigration, family and medical leave, occupational safety and health and other laws in respect of any reduction in force (including notice, information and consultation requirements).

(p) Since January 1, 2018, neither Flagstar nor any Flagstar Subsidiary has entered into any settlement agreement related to allegations of sexual harassment or sexual misconduct by, and to the knowledge of Flagstar, no allegations of sexual harassment or sexual misconduct have been made to Flagstar against, any individual in his or her capacity as (i) an officer of Flagstar or any of the Flagstar Subsidiaries, (ii) a member of the Board of Directors of Flagstar, or (iii) an employee of Flagstar or any of the Flagstar Subsidiaries at a level of vice president or above. There are no proceedings currently pending or, to the knowledge of Flagstar, threatened related to any allegations of sexual harassment or sexual misconduct by any of the individuals identified in clauses (i)-(iii) of this Section 3.11(p).

3.12 SEC Reports. Flagstar has previously made available to NYCB a true and complete copy of each final registration statement, prospectus, report, schedule and definitive proxy statement filed with or furnished to the SEC since January 1, 2018 by Flagstar pursuant to the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act (the "Flagstar Reports"), and no such Flagstar Report, as of the date thereof (and, in the case of registration statements and proxy statements, on the dates of effectiveness and the dates of the relevant meetings, respectively), contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, except that information filed or furnished as of a later date (but before the date of this Agreement) shall be deemed to modify information as of an earlier date. Since January 1, 2018, as of their respective dates, all Flagstar Reports filed or furnished under the Securities Act and the Exchange Act complied in all material respects with the published rules and regulations of the SEC with respect thereto. As of the date of this Agreement, no executive officer of Flagstar has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act. As of the date of this Agreement, there are no outstanding comments from, or unresolved issues raised by, the SEC with respect to any of Flagstar Reports.

3.13 Compliance with Applicable Law.

(a) Flagstar and each of the Flagstar Subsidiaries hold, and have at all times since January 1, 2018 held, all licenses, registrations, franchises, certificates, variances, permits, charters and authorizations necessary for the lawful conduct of their respective businesses and ownership of their respective properties, rights and assets under and pursuant to each (and have paid all fees and assessments due and payable in connection therewith) (the "Permits"), except where neither the cost of failure to hold nor the cost of obtaining and holding such license, registration, franchise, certificate, variance, permit, charter or authorization (nor the failure to pay any fees or assessments) would, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Flagstar, and, to the knowledge of Flagstar, no suspension or cancellation of any such necessary license, registration, franchise, certificate, variance, permit, charter or authorization is threatened. Section 3.13(a) of the Flagstar Disclosure Schedule sets forth each Permit currently held by Flagstar and its Subsidiaries.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, Flagstar and each of the Flagstar Subsidiaries, since January 1, 2018, have complied with and are not in default or violation under any applicable law, statute, order, rule, regulation, policy and/or guideline of any Governmental Entity relating to Flagstar or any of the Flagstar Subsidiaries, including all laws related to data protection or privacy (including laws relating to the privacy and security of data or information that constitutes personal data or personal information under applicable law ("Personal Data")), the USA PATRIOT Act, the Bank Secrecy Act, the Equal Credit Opportunity Act and Regulation B, the Fair Housing Act, the Community Reinvestment Act, the Fair Credit Reporting Act and Regulation V, the Truth in Lending Act and Regulation Z, the Home Mortgage Disclosure Act and Regulation C, the Fair Debt Collection Practices Act, the Electronic Fund Transfer Act and Regulation E, the Dodd-Frank Wall Street Reform and Consumer Protection Act, any regulations promulgated by the Consumer Financial Protection Bureau, the Interagency Policy Statement on Retail Sales of Nondeposit Investment Products, the SAFE Mortgage Licensing Act of 2008, the Real Estate Settlement Procedures Act and Regulation X, Title V of the Gramm-Leach-Bliley Act, any and all sanctions or regulations enforced by the Office of Foreign Assets Control of the United States Department of Treasury and any other law, regulation, policy or guideline relating to bank secrecy, discriminatory lending, financing or leasing practices, consumer protection, money laundering prevention, foreign assets control, U.S. sanctions laws and regulations, Sections 23A and 23B of the Federal Reserve Act and Regulation W, the Sarbanes-Oxley Act, the Flood Disaster Protection Act of 1973 (as amended) and the National Flood Insurance Act of 1968 and the implementing regulations thereunder, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the "CARES Act"), the Pandemic Measures, and all Governmental Entity requirements relating to the origination, sale and servicing of mortgage and consumer loans. Flagstar and the Flagstar Subsidiaries have established and maintain a system of internal controls designed to ensure compliance in all material respects by Flagstar and the Flagstar Subsidiaries with applicable financial recordkeeping and reporting requirements of applicable money laundering prevention laws in jurisdictions where Flagstar and the Flagstar Subsidiaries conduct business.

(c) Flagstar Bank has received a Community Reinvestment Act rating of "satisfactory" or better in its most recently completed Community Reinvestment Act examination.

(d) Flagstar maintains a written information privacy and security program that maintains reasonable measures to protect the privacy, confidentiality and security of all Personal Data and Trade Secrets against any (i) loss or misuse of Personal Data or Trade Secrets, (ii) unauthorized or unlawful operations performed upon Personal Data, or (iii) other act or omission that compromises the security or confidentiality of Personal Data or Trade Secrets (clauses (i) through (iii), a "Security Breach"). To the knowledge of Flagstar, since January 1, 2018, Flagstar has not experienced any Security Breach that would, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Flagstar. To the knowledge of Flagstar, there are no data security or other technological vulnerabilities with respect to its information technology systems or networks that would, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Flagstar.

(e) Without limitation, none of Flagstar or any of the Flagstar Subsidiaries, or to the knowledge of Flagstar, any director, officer, employee, agent or other person acting on behalf of Flagstar or any of the Flagstar Subsidiaries has, directly or indirectly, (i) used any funds of Flagstar or any of the Flagstar Subsidiaries for unlawful contributions, unlawful gifts, unlawful entertainment or other expenses relating to political activity, (ii) made any unlawful payment to foreign or domestic governmental officials or employees or to foreign or domestic political parties or campaigns from funds of Flagstar or any of the Flagstar Subsidiaries, (iii) violated any provision that would result in the violation of the Foreign Corrupt Practices Act of 1977, as amended, or any similar law, (iv) established or maintained any unlawful fund of monies or other assets of Flagstar or any of the Flagstar Subsidiaries, (v) made any fraudulent entry on the books or records of Flagstar or any of the Flagstar Subsidiaries, or (vi) made any unlawful bribe, unlawful rebate, unlawful payoff, unlawful influence payment, unlawful kickback or other unlawful payment to any person, private or public, regardless of form, whether in money, property or services, to obtain favorable treatment in securing business, to obtain special concessions for Flagstar or any of the Flagstar Subsidiaries, to pay for favorable treatment for business secured or to pay for special concessions already obtained for Flagstar or any of the Flagstar Subsidiaries, or is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department, except, in each case, as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar.

(f) As of the date hereof, each of Flagstar and Flagstar Bank maintains regulatory capital ratios that exceed the levels established for "well-capitalized" institutions (as such term is defined in the relevant regulation of the institution's primary bank regulator). As of the date hereof, neither Flagstar nor Flagstar Bank has received any notice from a Governmental Entity that its status as "well-capitalized" or that Flagstar Bank's Community Reinvestment Act rating will change within one (1) year from the date of this Agreement.

(g) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, neither Flagstar nor any of the Flagstar Subsidiaries has directly contracted with an agent for providing assistance to eligible borrowers in connection with any Paycheck Protection Program ("PPP") loans.

(h) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, (i) Flagstar and each of the Flagstar Subsidiaries have properly administered all accounts for which it acts as an agent or fiduciary, including accounts for which it serves as a trustee, agent, custodian, personal representative, guardian, conservator or investment advisor, investment manager, in accordance with the terms of the governing documents and applicable state, federal and foreign law and (ii) none of Flagstar, any of the Flagstar Subsidiaries, or, to the knowledge of Flagstar, any of its or the Flagstar Subsidiaries' directors, officers or employees, has committed any breach of trust or fiduciary duty with respect to any such agent or fiduciary account, and the accountings and related data for each such agent or fiduciary account are true and complete and accurately reflect the assets, activities and performance of such agent or fiduciary account.

3.14 Certain Contracts.

(a) Except as set forth in Section 3.14(a) of Flagstar Disclosure Schedule or as filed with any Flagstar Reports, as of the date hereof, neither Flagstar nor any of the Flagstar Subsidiaries is a party to or bound by any contract, arrangement, commitment or understanding (whether written or oral, but excluding any Flagstar Benefit Plan):

(i) which is a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC);

(ii) which contains a provision that materially restricts the conduct of any line of business by Flagstar or any of the Flagstar Subsidiaries or upon consummation of the transactions contemplated by this Agreement will materially restrict the ability of the Surviving Entity or any of its affiliates to engage in any line of business or in any geographic region;

(iii) which is a collective bargaining agreement or similar agreement with any labor organization;

(iv) any of the benefits of or obligations under which will arise or be increased or accelerated by the occurrence of the execution and delivery of this Agreement, receipt of the Requisite Flagstar Vote or the announcement or consummation of any of the transactions contemplated by this Agreement, or under which a right of cancellation or termination will arise as a result thereof, or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement, where such increase or acceleration of benefits or obligations, right of cancellation or termination, or change in calculation of value of benefits would, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Flagstar;

(v) (A) that relates to the incurrence of indebtedness by Flagstar or any of the Flagstar Subsidiaries, including any sale and leaseback transactions, capitalized leases and other similar financing arrangements (other than deposit liabilities, trade payables, federal funds purchased, advances and loans from the Federal Home Loan Bank and securities sold under agreements to repurchase, in each case, incurred in the ordinary course of business consistent with past practice), or (B) that provides for the guarantee, support, indemnification, assumption or endorsement by Flagstar or any of the Flagstar Subsidiaries of, or any similar commitment by Flagstar or any of the Flagstar Subsidiaries with respect to, the indebtedness of any other person, in the case of each of clauses (A) and (B), in the principal amount of $10,000,000 or more;

(vi) that grants any right of first refusal, right of first offer or similar right with respect to any material assets, rights or properties of Flagstar or the Flagstar Subsidiaries, taken as a whole;

(vii) which creates future payment obligations from Flagstar or any of the Flagstar Subsidiaries in excess of $3,000,000 per annum (other than any such contracts which are terminable by Flagstar or any of the Flagstar Subsidiaries on ninety

(90) days or less notice without any required payment or other conditions, other than the condition of notice);

(viii) that is a settlement, co-existence agreement pertaining to any material trademarks, consent or similar agreement and contains any material continuing obligations of Flagstar or any of the Flagstar Subsidiaries;

(ix) that relates to the material acquisition or disposition of any person, business or asset and under which Flagstar or the Flagstar Subsidiaries have or may have a material obligation or liability;

(x) that relates to any material joint venture, partnership or other similar agreement; or

(xi) which Flagstar or any of the Flagstar Subsidiaries (A) grants any license or other rights under any material Intellectual Property owned by Flagstar or any of the Flagstar Subsidiaries, excluding any license or other rights granted to vendors in the ordinary course of business consistent with past practice, or (B) receives any license or other rights under any Intellectual Property material to the business of Flagstar or any of the Flagstar Subsidiaries, other than in the ordinary course of business.

Each contract, arrangement, commitment or understanding of the type described in this Section 3.14(a), whether or not set forth in the Flagstar Disclosure Schedule, is referred to herein as a "Flagstar Contract." Flagstar has made available to NYCB true and complete copies of each Flagstar Contract in effect as of the date hereof.

(b) In each case, except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, (i) each Flagstar Contract is valid and binding on Flagstar or one of the Flagstar Subsidiaries, as applicable, and in full force and effect (except as may be limited by the Enforceability Exceptions), (ii) Flagstar and each of the Flagstar Subsidiaries, since January 1, 2018, have complied with and performed all obligations required to be complied with or performed by any of them to date under each Flagstar Contract, (iii) to the knowledge of Flagstar, each third-party counterparty to each Flagstar Contract has, since January 1, 2018, complied with and performed all obligations required to be complied with and performed by it to date under such Flagstar Contract, (iv) neither Flagstar nor any of the Flagstar Subsidiaries has knowledge of, or has received written notice of, (A) any violation of any Flagstar Contract by any of the other parties thereto or (B) any dispute with any third party to any Flagstar Contract, (v) no event or condition exists which constitutes or, after notice or lapse of time or both, will constitute, a material breach or default on the part of Flagstar or any of the Flagstar Subsidiaries, or, to the knowledge of Flagstar, any other party thereto, of or under any such Flagstar Contract and (vi) no third-party counterparty to any Flagstar Contract has exercised or threatened in writing to exercise any force majeure (or similar) provision to excuse non-performance or performance delays in any Flagstar Contract as a result of the Pandemic or the Pandemic Measures.

3.15 Agreements with Governmental Entities.

(a) Subject to Section 9.15, neither Flagstar nor any of the Flagstar Subsidiaries is subject to any cease-and-desist or other order or enforcement action issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or has been ordered to pay any civil money penalty by, or has been since January 1, 2018, a recipient of any supervisory letter from, or since January 1, 2018, has adopted any policies, procedures or board resolutions at the request of, any Governmental Entity that currently restricts in any material respect or would reasonably be expected to restrict in any material respect the conduct of its business or that in any material manner relates to its capital adequacy, its ability to pay dividends, its credit or risk management policies, its management or its business (each, whether or not set forth in the Flagstar Disclosure Schedule, a "Flagstar Regulatory Agreement"), nor has Flagstar or any of the Flagstar Subsidiaries been advised in writing, or to Flagstar's knowledge, orally, since January 1, 2018, by any Governmental Entity that it is considering issuing, initiating, ordering, or requesting any such Flagstar Regulatory Agreement.

(b) Flagstar has made available to NYCB each written agreement between a Governmental Entity and Flagstar or a Flagstar Subsidiary, any dispositive court documents and any dispositive correspondence, in each case, with respect to the matter set forth on Section 3.15(b) of the Flagstar Disclosure Schedule and Section 3.15(b) of the Flagstar Disclosure Schedule contains a true and complete list thereof.

3.16 Risk Management Instruments. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, all interest rate swaps, caps, floors, option agreements, futures and forward contracts and other similar derivative transactions and risk management arrangements (collectively, "Interest Rate Instruments"), whether entered into for the account of Flagstar or any of the Flagstar Subsidiaries or for the account of a customer of Flagstar or any of the Flagstar Subsidiaries, were entered into in the ordinary course of business and in accordance with applicable rules, regulations and policies of any Governmental Entity and with counterparties reasonably believed to be financially responsible at the time and are legal, valid and binding obligations of Flagstar or one of the Flagstar Subsidiaries enforceable in accordance with their terms (except as may be limited by the Enforceability Exceptions). Flagstar and each of the Flagstar Subsidiaries has duly performed in all material respects all of its material obligations thereunder to the extent that such obligations to perform have accrued, and, to the knowledge of Flagstar, there are no material breaches, violations or defaults or bona fide allegations or assertions of such by any party thereunder.

3.17 Environmental Matters. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, Flagstar and the Flagstar Subsidiaries have complied, since January 1, 2018, with all applicable federal, state or local law, regulation, order, decree, permit, authorization, common law or agency requirement, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and any similar state laws, relating to: (a) the protection or restoration of the environment, health and safety as it relates to hazardous substance exposure or natural resource damages, (b) the handling, use, presence, disposal, release or threatened release of, or exposure to, any hazardous substance, or (c) noise, odor, wetlands, indoor air, pollution,

contamination or any injury to persons or property from exposure to any hazardous substance (collectively, "Environmental Laws"). There are no legal, administrative, arbitral or other proceedings, claims or actions, or to the knowledge of Flagstar, any private environmental investigations or remediation activities or governmental investigations of any nature, pending or to the knowledge of Flagstar threatened, against Flagstar or any of the Flagstar Subsidiaries, seeking to impose or that could reasonably be expected to result in the imposition, on Flagstar or any of the Flagstar Subsidiaries of any liability or obligation arising under any Environmental Law, which liability or obligation would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar. Flagstar is not subject to any agreement, order, judgment, decree, letter agreement or memorandum of agreement by or with any court, Governmental Entity or other third party imposing any liability or obligation with respect to the foregoing that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar. Flagstar has delivered or made available to NYCB copies of all material environmental reports, studies, assessments, and sampling data in the possession of Flagstar relating to Flagstar or its Subsidiaries or any of their current or former properties or activities that have been prepared since January 1, 2018.

3.18 Investment Securities and Commodities.

(a) Each of Flagstar and the Flagstar Subsidiaries has good title to all securities and commodities owned by it (except those sold under repurchase agreements) which are material to Flagstar's business on a consolidated basis, free and clear of any Lien, except to the extent such securities or commodities are pledged in the ordinary course of business to secure obligations of Flagstar or the Flagstar Subsidiaries. Such securities and commodities are valued on the books of Flagstar in accordance with GAAP in all material respects.

(b) Flagstar and the Flagstar Subsidiaries employ, to the extent applicable, investment, securities, derivatives, risk management and other policies, practices and procedures that Flagstar believes are prudent and reasonable in the context of their respective businesses, and Flagstar and the Flagstar Subsidiaries have, since January 1, 2018, complied with such policies, practices and procedures in all material respects.

3.19 Real Property. Except as would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on Flagstar, Flagstar or a Flagstar Subsidiary (a) has good and valid title to all the real property reflected in the latest audited balance sheet included in Flagstar Reports as being owned by Flagstar or a Flagstar Subsidiary or acquired after the date thereof (except properties sold or otherwise disposed of since the date thereof in the ordinary course of business or otherwise in accordance with the terms of Section 5.2(b) of this Agreement) (the "Flagstar Owned Properties"), free and clear of all Liens, other than Permitted Encumbrances, and (b) is the lessee of all leasehold estates reflected in the latest audited financial statements included in such Flagstar Reports or acquired after the date thereof (except for leases that have expired by their terms since the date thereof) (such leasehold estates collectively with Flagstar Owned Properties, the "Flagstar Real Property"), free and clear of all Liens, except for Permitted Encumbrances, and is in possession of the properties purported to be leased thereunder, and each such lease is valid and lessee is not in default thereunder and, to the knowledge of Flagstar, the lessor is not in default thereunder. There are no pending or, to the knowledge of Flagstar, threatened legal actions or condemnation

proceedings against Flagstar Real Property. "Permitted Encumbrances" shall mean (i) statutory Liens securing payments not yet delinquent or being contested in good faith by appropriate proceedings, (ii) Liens for real property Taxes not yet delinquent or being contested in good faith by appropriate proceedings, (iii) easements, rights of way, and other nonmonetary encumbrances that do not materially affect the value, or use or operation in the ordinary course of the business of Flagstar, of the properties or assets subject thereto or affected thereby, (iv) such imperfections or irregularities of title or Liens as do not materially affect the value, or use or operation in the ordinary course of the business of Flagstar, of the properties or assets subject thereto or affected thereby, (v) zoning, building codes, and other land use laws regulating the use or occupancy of real property or the activities conducted thereon that are imposed by any governmental authority having jurisdiction over such real property and that are not violated by the current use and operation of such real property or the operation of the business of Flagstar and its Subsidiaries, and (vi) with respect to all leased real property, all Liens encumbering the interest of the fee owner or any superior lessor, sublessor or licensor, and rights of landlord under the applicable leases.

3.20 Intellectual Property. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, (a) Flagstar and each of the Flagstar Subsidiaries owns, or is licensed to use (in each case, free and clear of any material Liens, other than Permitted Encumbrances), all Intellectual Property used in and necessary for the conduct of its business as currently conducted, (b) to the knowledge of Flagstar, the conduct by Flagstar and the Flagstar Subsidiaries of their respective businesses has not, since January 1, 2018, infringed, misappropriated or otherwise violated the rights of any person, (c) no person has asserted in writing to Flagstar that Flagstar or any of the Flagstar Subsidiaries has infringed, misappropriated or otherwise violated the Intellectual Property of such person, (d) to the knowledge of Flagstar, no person has, since January 1, 2018, challenged, infringed, misappropriated or otherwise violated any right of Flagstar or any of the Flagstar Subsidiaries with respect to any Intellectual Property owned by Flagstar or the Flagstar Subsidiaries, (e) neither Flagstar nor any Flagstar Subsidiary has received any written notice of any pending or threatened claim with respect to any Intellectual Property owned by Flagstar or any Flagstar Subsidiary, and Flagstar and the Flagstar Subsidiaries have taken commercially reasonable actions to avoid the abandonment, cancellation, or unenforceability of all Intellectual Property owned or licensed, respectively, by Flagstar and the Flagstar Subsidiaries, (f) to the knowledge of Flagstar, no Trade Secret used by Flagstar has been used or discovered by or disclosed to any person except pursuant to appropriate non-disclosure agreements protecting the confidentiality thereof, which such agreements, to the knowledge of Flagstar, have not been breached in any material respect, (g) each current or former employee of Flagstar or any Flagstar Subsidiary who has developed any material Intellectual Property for or on behalf of Flagstar or any Flagstar Subsidiary has signed an agreement containing a present assignment to Flagstar or the applicable Flagstar Subsidiary of all right, title and interest in and to such Intellectual Property, or such development was within the scope of such employees' employment and such Intellectual Property is owned by Flagstar or the Flagstar Subsidiary as a matter of applicable Law, and (h) each current or former consultant or contractor of Flagstar or any Flagstar Subsidiary who has developed any material Intellectual Property exclusively for or on behalf of Flagstar or any Flagstar Subsidiary has signed an agreement containing a present assignment to Flagstar or the applicable Flagstar Subsidiary of all right, title and interest in and to such Intellectual Property. For purposes of this Agreement, "Intellectual Property" means all

intellectual property rights or other proprietary rights arising under the laws of any jurisdiction, including all rights in any of the following: (i) trademarks, service marks, brand names, internet domain names, logos, symbols, certification marks, trade dress and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdiction to register, the foregoing, including any extension, modification or renewal of any such registration or application; (ii) patents, applications for patents (including divisions, continuations, continuations in part and renewal applications), all improvements thereto, and any renewals, extensions or reissues thereof, in any jurisdiction; (iii) nonpublic information, trade secrets and know-how, including inventions, discovers, ideas, processes, technologies, protocols, formulae, algorithms, software, prototypes and confidential information and rights in any jurisdiction to limit the use or disclosure thereof by any person (collectively, "Trade Secrets"); (iv) writings and other works (including software), whether copyrightable or not and whether in published or unpublished works, in any jurisdiction; and registrations or applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof; and (v) any similar intellectual property or proprietary rights.

3.21 Information Technology. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, (a) each of Flagstar and the Flagstar Subsidiaries owns, or is licensed to use (in each case, free and clear of any material Liens), all information technology assets used in the conduct of the business of Flagstar and the Flagstar Subsidiaries as currently conducted, and (b) to the knowledge of Flagstar, since January 1, 2018, no person has gained unauthorized access to any information technology networks owned or controlled by and material to the operation of the business of Flagstar and the Flagstar Subsidiaries.

3.22 Related Party Transactions. As of the date hereof, except as set forth in any Flagstar Reports, there are no transactions or series of related transactions, agreements, arrangements or understandings, nor are there any currently proposed transactions or series of related transactions, between Flagstar or any of the Flagstar Subsidiaries, on the one hand, and any current or former director or "executive officer" (as defined in Rule 3b-7 under the Exchange Act) of Flagstar or any of the Flagstar Subsidiaries or any person who beneficially owns (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) five percent (5%) or more of the outstanding Flagstar Common Stock (or any of such person's immediate family members or affiliates) (other than the Flagstar Subsidiaries) on the other hand, of the type required to be reported in any Flagstar Report pursuant to Item 404 of Regulation S-K promulgated under the Exchange Act.

3.23 State Takeover Laws. The Board of Directors of Flagstar has approved and adopted this Agreement and the transactions contemplated hereby and has taken all such other necessary actions as required to render inapplicable to such agreements and transactions the provisions of any potentially applicable takeover laws of any state, including any "moratorium," "control share," "fair price," "takeover" or "interested shareholder" law or any similar provisions of Flagstar Charter or Flagstar Bylaws (collectively, with any similar provisions of the NYCB Charter, Bylaws of NYCB (the "NYCB Bylaws"), certificate of incorporation of Merger Sub (the "Merger Sub Charter") and Merger Sub Bylaws, as applicable, "Takeover Restrictions"). In accordance with Section 762 of the MBCA, no appraisal or

dissenters' rights will be available to the holders of Flagstar Common Stock in connection with the Merger.

3.24 Reorganization. Flagstar has not taken any action and has no knowledge of any fact or circumstance that could reasonably be expected to prevent the Merger and the Holdco Merger, taken together, from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

3.25 Opinion. Prior to the execution of this Agreement, the Board of Directors of Flagstar has received a separate opinion (which, if initially rendered orally, has been or will be confirmed by written opinion of the same date) from each of Morgan Stanley and Jefferies to the effect that, as of the date thereof and based upon and subject to the factors, assumptions, limitations, qualifications and other matters set forth in the applicable written opinion, the Exchange Ratio pursuant to this Agreement is fair, from a financial point of view, to the holders of Flagstar Common Stock (other than holders of the Excluded Shares). Neither of such opinions has been amended or rescinded as of the date of this Agreement.

3.26 Flagstar Information. The information relating to Flagstar and the Flagstar Subsidiaries that is provided in writing by Flagstar or the Flagstar Subsidiaries or their respective representatives specifically for inclusion in (a) the Joint Proxy Statement, (b) the S-4, (c) the documents and financial statements of Flagstar incorporated by reference in the Joint Proxy Statement, the S-4 or any amendment or supplement thereto or (d) any other document to be filed with any Governmental Entity in connection herewith, in each case, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading. The portion of the Joint Proxy Statement relating to Flagstar or any of the Flagstar Subsidiaries and other portions within the reasonable control of Flagstar and the Flagstar Subsidiaries will comply in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder. The portion of the S-4 relating to Flagstar or any of the Flagstar Subsidiaries and other portions within the reasonable control of Flagstar and the Flagstar Subsidiaries will comply in all material respects with the provisions of the Securities Act and the rules and regulations thereunder. Notwithstanding the foregoing, no representation or warranty is made by Flagstar with respect to statements made or incorporated by reference therein based on information provided or supplied by or on behalf of NYCB or the NYCB Subsidiaries for inclusion in the Joint Proxy Statement or the S-4.

3.27 Loan Portfolio.

(a) As of the date hereof, except as set forth in Section 3.27(a) of the Flagstar Disclosure Schedule, neither Flagstar nor any of the Flagstar Subsidiaries is a party to any written or oral (i) loan, loan agreement, credit facility, note or borrowing arrangement (including leases, equipment finance facilities, tax-exempt loan facilities, mortgage notes, warehouse lines of credit, credit enhancements, commitments, guarantees and interest-bearing assets) (collectively, "Loans") in which Flagstar or any of the Flagstar Subsidiaries is a creditor that, as of March 31, 2021, had an outstanding balance of $1,000,000 or more and under the terms of which the obligor was, as of March 31, 2021, over ninety (90) days or more delinquent in payment of principal or interest, or (ii) "extensions of credit" to any "executive officer" or other

"insider" of Flagstar or any of the Flagstar Subsidiaries (as such terms are defined in 12 C.F.R. Part 215). Since January 1, 2018, each "extension of credit" to any such "executive officer" or other "insider" of Flagstar or any of the Flagstar Subsidiaries has complied with 12 C.F.R. Part 215 in all material respects or is exempt therefrom. Flagstar and the Flagstar Subsidiaries have not originated any Loan under the PPP to any such "executive officer" or other "insider" of Flagstar or any of the Flagstar Subsidiaries in violation of applicable law. Except as such disclosure may be limited by any applicable law, rule or regulation, Section 3.27(a) of the Flagstar Disclosure Schedule sets forth a true and complete list of (A) all the Loans of Flagstar and the Flagstar Subsidiaries that, as of March 31, 2021, had an outstanding balance of $1,000,000 or more and were classified by Flagstar as "Other Loans Specially Mentioned," "Special Mention," "Substandard," "Doubtful," "Loss," "Classified," "Criticized," "Credit Risk Assets," "Concerned Loans," or words of similar import, together with (1) the principal amount of and accrued and unpaid interest on each such Loan as of March 31, 2021, (2) the identity of the borrower thereunder and (3) the aggregate principal amount of and accrued and unpaid interest on such Loans, by category of Loan (e.g., commercial, consumer, tax-exempt, mortgage, etc.) as of March 31, 2021 and (B) each asset of Flagstar or any of the Flagstar Subsidiaries that, as of March 31, 2021, had a carrying value on the unaudited consolidated balance sheet of Flagstar of $250,000 or more and was classified as "Other Real Estate Owned" and the carrying value thereof.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, each outstanding Loan of Flagstar or any of the Flagstar Subsidiaries (i) is evidenced by notes, agreements or other evidences of indebtedness that are true, genuine and what they purport to be, (ii) to the extent carried on the books and records of Flagstar and the Flagstar Subsidiaries as secured Loans, has been secured by valid Liens, which have been perfected, and (iii) is the legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to the Enforceability Exceptions.

(c) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, each outstanding Loan of Flagstar or any of the Flagstar Subsidiaries (including Loans held for resale to investors) was solicited and originated, and is and has been administered and, where applicable, serviced, and the relevant Loan files are being maintained, in all material respects in accordance with the relevant notes or other credit or security documents, the applicable written underwriting standards of Flagstar and the Flagstar Subsidiaries (and, in the case of Loans held for resale to investors, the applicable underwriting standards, if any, of the applicable investors) and with all applicable federal, state and local laws, regulations and rules.

(d) None of the agreements pursuant to which Flagstar or any of the Flagstar Subsidiaries has sold Loans or pools of Loans or participations in Loans or pools of Loans contains any obligation to repurchase such Loans or interests therein solely on account of a payment default (other than early payment defaults) by the obligor on any such Loan.

(e) Neither Flagstar nor any of the Flagstar Subsidiaries is now, nor has it ever been since January 1, 2018, subject to any material fine, suspension, settlement or other

administrative agreement or sanction by any Governmental Entity relating to the origination, sale or servicing of mortgage, commercial or consumer Loans.

3.28 Insurance.

(a) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, (i) Flagstar and the Flagstar Subsidiaries are insured with reputable insurers against such risks and in such amounts as the management of Flagstar reasonably has determined to be prudent and consistent with industry practice, and Flagstar and the Flagstar Subsidiaries are in compliance in all material respects with their insurance policies and are not in default under any of the terms thereof, (ii) each such policy is outstanding and in full force and effect and, except for policies insuring against potential liabilities of current or former officers, directors and employees of Flagstar and the Flagstar Subsidiaries, Flagstar or the relevant Flagstar Subsidiary thereof is the sole beneficiary of such policies, (iii) all premiums and other payments due under any such policy have been paid, and all claims thereunder have been filed in due and timely fashion, (iv) there is no claim for coverage by Flagstar or any of the Flagstar Subsidiaries pending under any insurance policy as to which coverage has been denied by the underwriters of such insurance policy, and (v) neither Flagstar nor any of the Flagstar Subsidiaries has received written notice of any threatened termination of, material premium increase with respect to, or material alteration of coverage under, any insurance policies.

(b) Section 3.28(b) of the Flagstar Disclosure Schedule sets forth a true, correct and complete description of all bank owned life insurance ("BOLI") owned by Flagstar Bank or its Subsidiaries, including the value of its BOLI. The value of such BOLI is and has been fairly and accurately reflected in the most recent balance sheet included in Flagstar Reports in accordance with GAAP.

3.29 No Investment Advisor Subsidiary; No Broker-Dealer Subsidiary.

(a) No Flagstar Subsidiary is required to be registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended.

(b) No Flagstar Subsidiary is a broker-dealer or is required to be registered as a "broker" or "dealer" in accordance with the provisions of the Exchange Act, and no employee of a Subsidiary of Flagstar is required to be registered, licensed or qualified as a registered representative of a broker-dealer under, and in compliance with, applicable law.

3.30 Mortgage Business.

(a) Each of Flagstar and each Flagstar Subsidiary (including Flagstar Bank) (i) is and at all relevant times since January 1, 2018 was approved and in good standing, as required, as an issuer of the Government National Mortgage Association ("Ginnie Mae"), a seller/servicer of the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), a lender or mortgagee of the Federal Housing Administration of the U.S. Department of Housing and Urban Development, the United States Department of Veterans Affairs, and the Rural Housing Service of the United States Department of Agriculture, and as otherwise appropriate by all agencies and governmental or

quasi-governmental authorities or by all other entities with which such Flagstar entity conducts and has conducted business, (ii) since January 1, 2018, has not received any written notice of any cancellation or suspension of, or material limitation on, its status as a licensee or as an approved issuer, seller/servicer or lender, as applicable, from any of the foregoing Governmental Entities, (iii) since January 1, 2018, has not received any written notice indicating that any event has occurred that would reasonably be expected to result in it not maintaining its Mortgage Servicing Rights in respect of any Servicing Agreement, except, in the case of subclause (iii) only, as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, and (iv) holds and at all relevant times since January 1, 2018 held in good standing all required approvals, permits and licenses of all Governmental Entities that are necessary to the conduct of the mortgage banking-related business of Flagstar and the Flagstar Subsidiaries (including Flagstar Bank), as applicable.

(b) As of December 31, 2020, subject to Applicable Requirements and except for any Permitted Encumbrances, Flagstar or a Flagstar Subsidiary (including Flagstar Bank), owned the entire right, title and interest free and clear of any liens or encumbrances in and to the Flagstar Acquired Mortgage Loans, Mortgage Servicing Rights and Flagstar Owned Mortgage Loans, in each case, that were reflected as an asset in the audited consolidated balance sheet of Flagstar and its Subsidiaries as of December 31, 2020 and has not disposed of any such right, title or interest in such assets except in the ordinary course of business consistent with past practice. Flagstar or a Flagstar Subsidiary (including Flagstar Bank) has the right to service the Mortgage Loans currently being serviced by Flagstar or a Flagstar Subsidiary (including Flagstar Bank). If Flagstar or a Flagstar Subsidiary (including Flagstar Bank) originated or acquired a Flagstar Acquired Mortgage Loan and then sold or otherwise transferred such Flagstar Acquired Mortgage Loan to a third party, (i) Flagstar or a Flagstar Subsidiary (including Flagstar Bank), as applicable, had good and marketable title free and clear of any liens or encumbrances, other than Permitted Encumbrances and (ii) such third party does not, as of the date hereof, have the right to exercise any right to demand repurchase of such Flagstar Acquired Mortgage Loan by Flagstar or a Flagstar Subsidiary (including Flagstar Bank).

(c) Flagstar and the Flagstar Subsidiaries (including Flagstar Bank) are in compliance with, and since January 1, 2018, have complied with their respective servicing or, as applicable, subservicing, obligations under all Applicable Requirements. Since January 1, 2018 through the date of this Agreement, neither Flagstar nor any of the Flagstar Subsidiaries has received written or, to the knowledge of Flagstar, oral notice of any pending or threatened cancellation or partial termination of any Servicing Agreement.

(d) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, each Flagstar Acquired Mortgage Loan that was originated or securitized by Flagstar or any Flagstar Subsidiary (including Flagstar Bank) and, to the knowledge of Flagstar, each Flagstar Acquired Mortgage Loan that was not originated or securitized by Flagstar, was underwritten, originated, funded, insured and securitized in accordance with all Applicable Requirements in effect at the applicable time. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, each Mortgage Loan and the related servicing rights that was sold or otherwise transferred to a third party, was sold or otherwise transferred in accordance with all Applicable Requirements in effect at the time of such sale or transfer.

(e) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, (i) the origination file, servicing file, records and documents (whether hard copy or electronic) for each Mortgage Loan owned or serviced by either Flagstar, a Flagstar Subsidiary (including Flagstar Bank) or, to the knowledge of Flagstar, a Subservicer as of the date hereof is true and complete and complies with all Applicable Requirements and (ii) there has been no servicer default, servicer termination event, portfolio trigger or other default or breach by Flagstar, any Flagstar Subsidiary (including Flagstar Bank) or a Subservicer under any Servicing Agreement or any Applicable Requirements.

(f) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, all Flagstar Owned Mortgage Loans represent (i) genuine, legal, valid and binding payment obligations in writing of the obligors thereunder, and (ii) are enforceable by the holders thereof in accordance with their terms (other than as may be limited by bankruptcy or insolvency law or the CARES Act or similar state and local laws, directives or guidelines promulgated by any Governmental Entity).

(g) No right of rescission, setoff, adjustment, counterclaim or defense has been asserted or threatened in writing with respect to the Mortgage Loans that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar.

(h) To the knowledge of the Flagstar, no obligor under any Mortgage Loan is an individual that was included on the "Specially Designated Nationals and Blocked Persons List" of the Office of Foreign Assets Control at the time of origination.

(i) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, no Mortgage Loan was originated in, or is subject to the laws of, any jurisdiction the laws of which would make unlawful, void or voidable the sale, transfer and/or assignment of the Mortgage Loans or the related Mortgage Servicing Rights (or any related instruments under which it was originated). Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on Flagstar, neither Flagstar nor any Flagstar Subsidiary (including Flagstar Bank) has entered into any contract with any obligor that prohibits, restricts or conditions the assignment of such Mortgage Loans or the related Mortgage Servicing Rights (or any related instruments under which it was originated).

(j) Except as would not reasonably be expected to have a Material Adverse Effect on Flagstar, either individually or in the aggregate, either Flagstar or a Flagstar Subsidiary (including Flagstar Bank) (or its designated custodian or servicer) has in its possession the complete Data Tape with respect to each Flagstar Acquired Mortgage Loan and neither such Data Tape nor any files of Flagstar or a Flagstar Subsidiary (including Flagstar Bank) have any marks or notations indicating that any ownership or security interest therein has been pledged, assigned or otherwise conveyed to any person.

(k) Prior to the date hereof, Flagstar has delivered to NYCB an electronic file containing, for each Flagstar Owned Mortgage Loan, the information specified in Section

3.30(k) of the Flagstar Disclosure Schedule (the "Data Tape"). The Data Tape is true and complete in all material respects as of the date specified therein.

(l) For purposes of this Agreement:

(i) "Applicable Requirements" means, as of the time of reference, (A) all applicable laws and published guidelines of Fannie Mae, Freddie Mac or Ginnie Mae, the Federal Housing Administration, the U.S. Department of Veterans Affairs, the U.S. Department of Agriculture, and any other entity (other than Flagstar and the Flagstar Subsidiaries) to or with which a Mortgage Loan (including a Flagstar Owned Mortgage Loan, Flagstar Acquired Mortgage Loan and a Flagstar Serviced Mortgage Loan) is or has been sold, transferred, serviced, pooled, securitized, or insured, in each case relating to the origination (including the taking, processing and underwriting of the relevant Mortgage Loan application and the closing or funding of the relevant Mortgage Loan), purchase, assignment, sale, pooling, servicing, subservicing or enforcement of, or filing of claims in connection with, any Mortgage Loan at the relevant time, (B) all of the terms of the mortgage note, security instrument and any other related loan documents relating to each Mortgage Loan, (C) all requirements set forth in the Servicing Agreements, (D) any law, statute, regulation, order, award, decision, injunction, judgment, ruling, decree, charge, writ, subpoena or verdict entered, issued, made or rendered by any Governmental Entity or arbitrator applicable to any Mortgage Loans and (E) all requirements set forth in the credit, underwriting, servicing and collection policies and procedures of Flagstar and the Flagstar Subsidiaries (including Flagstar Bank).

(ii) "Flagstar Acquired Mortgage Loan" means any Mortgage Loan originated or purchased by Flagstar or any Flagstar Subsidiary (including Flagstar Bank).

(iii) "Flagstar Owned Mortgage Loan" means any Mortgage Loan for which Flagstar (either on its own or through a Subservicer) performs servicing as a result of its ownership of that Mortgage Loan and not pursuant to a Servicing Agreement.

(iv) "Flagstar Serviced Mortgage Loan" means any Mortgage Loan serviced or master serviced by Flagstar or a Flagstar Subsidiary (either on its own or through a Subservicer) pursuant to a Servicing Agreement at any time since January 1, 2018.

(v) "Mortgage Loans" means any mortgage loan originated, purchased, serviced or subserviced by Flagstar or any Flagstar Subsidiary (including Flagstar Bank), including forward and reverse mortgage loans.

(vi) "Mortgage Servicing Rights" means the rights, title and interest to mortgage servicing rights acquired pursuant to the Servicing Agreements or any side or ancillary agreement entered into in connection with any Servicing Agreement, including (A) the right to receive any servicing fees, general servicing fees, excess servicing fees, late fees or other income or compensation payable to the mortgage servicing rights owner, solely in its capacity as such, under such Servicing Agreement, and (B) all other rights of a mortgage servicing rights owner as provided for in any Servicing Agreement.

(vii) "Servicing Agreement" means any contract or agreement pursuant to which Flagstar or a Flagstar Subsidiary (including Flagstar Bank) is obligated to a Governmental Entity or any other third-party person to service and administer Mortgage Loans.

(viii) "Subservicer" means any third party engaged to service loans on behalf of Flagstar or a Flagstar Subsidiary (including Flagstar Bank) pursuant to a Servicing Agreement.

3.31 Securitization Matters.

(a) Each of Flagstar and the Flagstar Subsidiaries, to the extent that it was a sponsor, co-manager, initial purchaser, depositor or placement agent with respect to any securitization transaction, is in compliance in all material respects with all agreements to which it is bound under such securitization transaction (collectively referred to as the "Securitization Instruments"). Each of Flagstar and the Flagstar Subsidiaries has performed in all material respects all of its respective obligations under the Securitization Instruments.

(b) Each Loan and other instrument underlying any securitization transactions originated, pooled and/or sold by Flagstar or any Flagstar Subsidiaries was originated, pooled and/or sold, in all material respects, in compliance with applicable law and with the Securitization Instruments. None of Flagstar or the Flagstar Subsidiaries has incurred any material liability related to a failure, if any, to comply with applicable law or with the terms of the Securitization Instruments with respect to their participation in any securitization transactions.

(c) There are no, and, since January 1, 2018, there have been no, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature pending or, to the knowledge of Flagstar, threatened in which it is alleged that Flagstar or any Flagstar Subsidiary has made in any agreements, prospectus, or any amendments or supplements thereto contained, as of the date on which it was issued, in any securitization transaction, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF NYCB AND MERGER SUB

Except (a) as disclosed in the disclosure schedule delivered by NYCB to Flagstar concurrently with the execution and delivery of this Agreement (the "NYCB Disclosure Schedule") (it being understood that (i) no such item is required to be set forth as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect, (ii) the mere inclusion of an item in the NYCB Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by NYCB or Merger Sub that such item represents a material exception or fact, event or circumstance or that such item would reasonably be expected to have a Material Adverse

Effect, and (iii) any disclosures made with respect to a section of this Article IV shall be deemed to qualify (A) any other section of this Article IV specifically referenced or cross-referenced, and (B) other sections of this Article IV to the extent it is reasonably apparent on its face (notwithstanding the absence of a specific cross-reference) from a reading of the disclosure that such disclosure applies to such other sections), or (b) as disclosed in any NYCB Reports publicly filed with or furnished to the SEC by NYCB since January 1, 2020 and prior to the date hereof (but disregarding risk factor disclosures contained under the heading "Risk Factors," or disclosures of risks set forth in any "forward-looking statements" disclaimer or any other statements that are similarly non-specific or cautionary, predictive or forward-looking in nature), NYCB and Merger Sub hereby represents and warrants to Flagstar as follows:

4.1 Corporate Organization.

(a) NYCB is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is a bank holding company duly registered under the BHC Act. Merger Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of NYCB and Merger Sub has the corporate power and authority to own, lease or operate all of its properties and assets and to carry on its business as it is now being conducted in all material respects. Each of NYCB and Merger Sub is duly qualified to do business and in good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned, leased or operated by it makes such qualification or standing necessary, except where the failure to be so qualified or to be in good standing would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB. True and complete copies of the NYCB Charter, the NYCB Bylaws, the Merger Sub Charter and the Merger Sub Bylaws, in each case, as in effect as of the date of this Agreement, have previously been made available by NYCB to Flagstar.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, each Subsidiary of NYCB (an "NYCB Subsidiary") (i) is duly organized and validly existing under the laws of its jurisdiction of organization, (ii) is duly qualified to do business and, where such concept is recognized under applicable law, in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership, leasing or operation of property or the conduct of its business requires it to be so qualified or in good standing, and (iii) has all requisite corporate power and authority to own, lease or operate its properties and assets and to carry on its business as now conducted. There are no restrictions on the ability of NYCB or any NYCB Subsidiary to pay dividends or distributions except, in the case of NYCB or an NYCB Subsidiary that is a regulated entity, for restrictions on dividends or distributions generally applicable to all similarly regulated entities. The deposit accounts of each NYCB Subsidiary that is a depositary institution are insured by the FDIC through the Deposit Insurance Fund (as defined in Section 3(y) of the Federal Deposit Insurance Act of 1950) to the fullest extent permitted by law, all premiums and assessments required to be paid in connection therewith have been paid when due, and no proceedings for the termination of such insurance are pending or threatened. Section 4.1(b) of the NYCB Disclosure Schedule sets forth a true and complete list of all NYCB Subsidiaries as of the date hereof. True and complete copies of the organizational documents of NYCB Bank, as in effect as of the date of this Agreement, have previously been made available by NYCB to Flagstar. There is no

person whose results of operations, cash flows, changes in stockholders' equity or financial position are consolidated in the financial statements of NYCB other than the NYCB Subsidiaries.

4.2 Capitalization.

(a) The authorized capital stock of NYCB consists of 900,000,000 shares of NYCB Common Stock, par value $0.01 per share, and 5,000,000 shares of preferred stock, par value $0.01 per share. As of April 22, 2021, there were (i) 465,073,857 shares of NYCB Common Stock issued and outstanding, including 8,026,934 shares of NYCB Common Stock granted in respect of outstanding NYCB Common Stock subject to vesting, repurchase or other lapse restriction (each, an "NYCB Restricted Stock Award") and no unallocated shares of NYCB Common Stock outstanding under the NYCB Employee Stock Ownership Plan, as amended and restated effective January 1, 2012 (the "ESOP"), (ii) 25,365,213 shares of NYCB Common Stock held in treasury, (iii) 1,178,025 shares of NYCB Common Stock (assuming performance goals are satisfied at the maximum level) reserved for issuance upon the settlement of outstanding performance-based restricted stock unit awards in respect of shares of NYCB Common Stock (each, an "NYCB PSU Award" and together with the NYCB Restricted Stock Awards, the "NYCB Equity Awards"), (iv) 8,488,314 shares of NYCB Common Stock reserved for issuance pursuant to future grants under the NYCB 2020 Omnibus Incentive Plan, (v) 10,244,408 shares of NYCB Common Stock reserved for issuance upon the exercise of the warrants under NYCB BONUSES Units, (vi) 515,000 shares of NYCB Preferred Stock issued and outstanding and (vii) no other shares of capital stock or other voting securities of NYCB issued, reserved for issuance or outstanding. The authorized capital stock of Merger Sub consists of 100 shares of Merger Sub Common Stock, all of which are issued and outstanding. As of the date of this Agreement, except as set forth in the immediately preceding two sentences and for changes since April 22, 2021 resulting from the exercise, vesting or settlement of NYCB Equity Awards described in this Section 4.2(a), there are no shares of capital stock or other voting securities or equity interests of NYCB or Merger Sub issued, reserved for issuance or outstanding. All the issued and outstanding shares of NYCB Common Stock, NYCB Preferred Stock and Merger Sub Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. NYCB is current on all dividends payable on the outstanding shares of NYCB Preferred Stock, and has complied in all material respects with terms and conditions thereof. There are no bonds, debentures, notes or other indebtedness that have the right to vote on any matters on which stockholders of NYCB or Merger Sub may vote. Except as set forth in Section 4.2(a) of the NYCB Disclosure Schedule, no trust preferred or subordinated debt securities of NYCB or any NYCB Subsidiary are issued or outstanding. Other than with respect to the NYCB Equity Awards issued prior to the date of this Agreement as described in this Section 4.2(a), as of the date of this Agreement, there are no outstanding subscriptions, options, warrants, stock appreciation rights, phantom units, scrip, rights to subscribe to, preemptive rights, anti-dilutive rights, rights of first refusal or similar rights, puts, calls, commitments or agreements of any character relating to, or securities or rights convertible or exchangeable into or exercisable for, shares of capital stock or other voting or equity securities of or ownership interest in NYCB or Merger Sub, or contracts, commitments, understandings or arrangements by which NYCB or Merger Sub may become bound to issue additional shares of its capital stock or other equity or voting securities of or ownership interests in NYCB or Merger Sub or that otherwise obligate NYCB or Merger Sub to issue, transfer, sell, purchase, redeem or otherwise

acquire, any of the foregoing. Other than the NYCB Equity Awards, no equity-based awards (including any cash awards where the amount of payment is determined in whole or in part based on the price of any capital stock of NYCB or any of the NYCB Subsidiaries) are outstanding. There are no voting trusts, shareholder agreements, proxies or other agreements in effect to which NYCB or any of the NYCB Subsidiaries is a party with respect to the voting or transfer of NYCB Common Stock, Merger Sub Common Stock, capital stock or other voting or equity securities or ownership interests of NYCB or Merger Sub or granting any stockholder or other person any registration rights.

(b) NYCB owns, directly or indirectly, all the issued and outstanding shares of capital stock or other equity ownership interests of each of the NYCB Subsidiaries, free and clear of any Liens, and all such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable (except, with respect to NYCB Bank, as provided under the New York Banking Law) and free of preemptive rights, with no personal liability attaching to the ownership thereof, except, in the case of all Subsidiaries other than NYCB Bank, as would not, either individually or in the aggregate, reasonably be expected to have Material Adverse Effect on NYCB. No NYCB Subsidiary has or is bound by any outstanding subscriptions, options, warrants, calls, rights, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

4.3 Authority; No Violation.

(a) Each of NYCB and Merger Sub has full corporate power and authority to execute and deliver this Agreement and, subject to the stockholder and other actions described below, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved by the Board of Directors of NYCB and Merger Sub and by NYCB, as the sole shareholder of Merger Sub. The Board of Directors of NYCB has determined that the transactions contemplated hereby, on the terms and conditions set forth in this Agreement, are advisable and in the best interests of NYCB and its stockholders, has adopted, approved and declared advisable this Agreement and the transactions contemplated hereby (including the Merger and the NYCB Share Issuance), has directed that the NYCB Share Issuance be submitted to NYCB's stockholders for approval and adoption at a meeting of such stockholders, has recommended that its stockholders approve and adopt the NYCB Share Issuance and has adopted resolutions to the foregoing effect. The Board of Directors of Merger Sub has determined that the transactions contemplated hereby, on the terms and conditions set forth in this Agreement, is advisable and in the best interests of Merger Sub and its sole shareholder, has adopted and approved this Agreement and the transactions contemplated hereby (including the Merger and the Holdco Merger), has directed that this Agreement be submitted to Merger Sub's sole shareholder for approval, and has adopted resolutions to the foregoing effect. The Board of Directors of NYCB Bank has determined that the Bank Merger, on the terms and conditions set forth in the Bank Merger Agreement, is advisable and in the best interests of NYCB Bank and its sole stockholder, has adopted and approved the Bank Merger Agreement and the Bank Merger, and has directed that the Bank Merger Agreement be submitted to NYCB Bank's sole stockholder for approval, and has adopted resolutions to the foregoing effect. Except for (i) the

approval of the NYCB Share Issuance by a majority of all the votes cast by the holders of outstanding NYCB Common Stock at a meeting of the stockholders of NYCB at which a quorum exists (the approval in clause (i), the "Requisite NYCB Vote"), (ii) the adoption and approval of the Bank Merger Agreement by NYCB as NYCB Bank's sole stockholder, and (iii) if applicable, an advisory (non-binding) vote on the compensation that may be paid or become payable to NYCB's named executive officers that is based on or otherwise related to the transactions contemplated by this Agreement, no other corporate proceedings on the part of NYCB or Merger Sub are necessary to adopt or approve this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by NYCB and Merger Sub and (assuming due authorization, execution and delivery by Flagstar) constitutes a valid and binding obligation of NYCB and Merger Sub, enforceable against NYCB and Merger Sub in accordance with its terms (except in all cases as such enforceability may be limited by the Enforceability Exceptions). The shares of NYCB Common Stock to be issued in the Merger have been validly authorized (subject to the receipt of the Requisite NYCB Vote), and, when issued, will be validly issued, fully paid and nonassessable, and no current or past stockholder of NYCB will have any preemptive right or similar rights in respect thereof.

(b) Neither the execution and delivery of this Agreement by NYCB or Merger Sub, nor the consummation by NYCB or Merger Sub of the transactions contemplated hereby (including the Merger, the Holdco Merger, the Bank Merger and the NYCB Share Issuance), nor compliance by NYCB or Merger Sub with any of the terms or provisions hereof, will (i) violate any provision of the NYCB Charter, NYCB Bylaws, Merger Sub Charter, Merger Sub Bylaws or the organizational documents of NYCB Bank, or (ii) assuming that the consents, approvals and filings referred to in Section 4.4 are duly obtained and/or made, (A) violate any law, statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to NYCB, Merger Sub or any of the NYCB Subsidiaries or any of their respective properties or assets, or (B) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of NYCB, Merger Sub or any of the NYCB Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which NYCB, Merger Sub or any of the NYCB Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound, except (in the case of clauses (A) and (B) above) for such violations, conflicts, breaches, defaults, terminations, cancellations, accelerations or creations that would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB.

4.4 Consents and Approvals. Except for (a) the filing of any required applications, filings and notices, as applicable, with the NYSE, (b) the filing of any required applications, filings and notices, as applicable, with the Federal Reserve Board under the BHC Act and approval or waiver of such applications, filings and notices, (c) the filing of any required applications, filings and notices, as applicable, with the FDIC, including under the Bank Merger Act (12 USC 1828(c)) and the approval or waiver of such applications, filings and notices, (d) the filing of any required applications, filings and notices, as applicable, with the NYDFS, and

approval or waiver of such applications, filings and notices, (e) the filing of any required filings and notices, as applicable, with the OCC, (f) the filing of any required applications, filings and notices, as applicable, with any state bank regulatory authority with respect to NYCB Bank's establishment and operation of Flagstar Bank's branches and other offices following the Bank Merger, and the approvals or waivers of such applications, filings and notices, (g) the filing of any required applications, filings and notices, as applicable, with each Mortgage Agency and the receipt of any required consents or approvals from each Mortgage Agency, (h) the filing of those additional applications, filings and notices, if any, listed on Section 3.4 of the Flagstar Disclosure Schedule or Section 4.4 of the NYCB Disclosure Schedule and approval of such applications, filings and notices, (i) the filing with the SEC of the Joint Proxy Statement, and the S-4 in which the Joint Proxy Statement will be included as a prospectus, and the declaration by the SEC of the effectiveness of the S-4, (j) the filing of the Certificates of Merger with the Michigan LARA pursuant to the MBCA and Delaware Secretary pursuant to the DGCL and the filing of the Holdco Merger Certificates with the Michigan LARA pursuant to the MBCA and the Delaware Secretary pursuant to the DGCL, as applicable, the filing of the Bank Merger Certificates with the applicable Governmental Entities as required by applicable law, and (k) such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the NYCB Share Issuance, and the approval of the listing of such NYCB Common Stock on the NYSE, no consents or approvals of or filings or registrations with any Governmental Entity are necessary in connection with (i) the execution and delivery by NYCB and Merger Sub of this Agreement, (ii) the execution and deliver by NYCB Bank of the Bank Merger Agreement or (iii) the consummation by NYCB, Merger Sub and NYCB Bank of the Merger and the other transactions contemplated hereby (including the Holdco Merger, the Bank Merger and NYCB Share Issuance). As of the date hereof, NYCB and Merger Sub has no knowledge of any reason why the necessary regulatory approvals and consents will not be received by NYCB or Merger Sub to permit consummation of the Merger, the Holdco Merger, the Bank Merger or the NYCB Share Issuance on a timely basis.

4.5 Regulatory Reports. NYCB and each of the NYCB Subsidiaries have timely filed (or furnished, as applicable) all reports, forms, correspondence, registrations and statements, together with any amendments required to be made with respect thereto, that they were required to file (or furnish, as applicable) since January 1, 2018 with any Governmental Entities, including any report, form, correspondence, registration or statement required to be filed (or furnished, as applicable) pursuant to the laws, rules or regulations of the United States, any state, any foreign entity or any Governmental Entity, and have paid all fees and assessments due and payable in connection therewith, except where the failure to file (or furnish, as applicable) such report, form, correspondence, registration or statement or to pay such fees and assessments would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB. Subject to Section 9.15 and except for normal examinations conducted by a Governmental Entity in the ordinary course of business of NYCB and the NYCB Subsidiaries, no Governmental Entity has initiated or has pending any proceeding or, to the knowledge of NYCB, investigation into the business or operations of NYCB or any of the NYCB Subsidiaries since January 1, 2018, except where such proceedings or investigations would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB. Subject to Section 9.15, there (a) is no unresolved violation, criticism, or exception by any Governmental Entity with respect to any report or statement relating to any examinations or inspections of NYCB or any of the NYCB Subsidiaries, and (b)

has been no formal or informal inquiries by, or disagreements or disputes with, any Governmental Entity with respect to the business, operations, policies or procedures of NYCB or any of the NYCB Subsidiaries since January 1, 2018, in each case, except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB.

4.6 Financial Statements.

(a) The financial statements of NYCB and the NYCB Subsidiaries included (or incorporated by reference) in the NYCB Reports (including the related notes, where applicable) (i) have been prepared from, and are in accordance with, the books and records of NYCB and the NYCB Subsidiaries in all material respects, (ii) fairly present in all material respects the consolidated results of operations, cash flows, changes in stockholders' equity and consolidated financial position of NYCB and the NYCB Subsidiaries for the respective fiscal periods or as of the respective dates therein set forth (subject in the case of unaudited statements to year-end audit adjustments normal in nature and amount), (iii) complied, as of their respective dates of filing with the SEC, in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, and (iv) have been prepared in accordance with GAAP consistently applied during the periods involved, except, in each case, as indicated in such statements or in the notes thereto. The books and records of NYCB and the NYCB Subsidiaries have been, since January 1, 2018, and are being, maintained in all material respects in accordance with GAAP and any other applicable legal and accounting requirements. No independent public accounting firm of NYCB has resigned (or informed NYCB that it intends to resign) or been dismissed as independent public accountants of NYCB as a result of or in connection with any disagreements with NYCB on a matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, neither NYCB nor any of the NYCB Subsidiaries has any liability of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether due or to become due) required by GAAP to be included on a consolidated balance sheet of NYCB, except for those liabilities that are reflected or reserved against on the consolidated balance sheet of NYCB included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (including any notes thereto) and for liabilities incurred in the ordinary course of business consistent with past practice since December 31, 2020, or in connection with this Agreement and the transactions contemplated hereby.

(c) The records, systems, controls, data and information of NYCB and the NYCB Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership of, or leased or provided as a service to, NYCB or the NYCB Subsidiaries or accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB. NYCB (i) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) to ensure that material information relating to NYCB, including NYCB Subsidiaries, is made known to the chief executive officer and the chief financial officer of

NYCB by others within those entities as appropriate to allow timely decisions regarding required disclosures and to make the certifications required by the Exchange Act and Sections 302 and 906 of the Sarbanes-Oxley Act, and (ii) has disclosed, based on its most recent evaluation prior to the date hereof, to NYCB's outside auditors and the audit committee of NYCB's Board of Directors (A) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to adversely affect NYCB's ability to record, process, summarize and report financial information, and (B) to the knowledge of NYCB, any fraud, whether or not material, that involves management or other employees who have a significant role in NYCB's internal controls over financial reporting. Any such disclosures were made in writing by management to NYCB's auditors and audit committee and true and complete copies of such disclosures have been made available to Flagstar. To the knowledge of NYCB, there is no reason to believe that NYCB's outside auditors and its chief executive officer and chief financial officer will not be able to give the certifications and attestations required pursuant to the rules and regulations adopted pursuant to Section 404 of the Sarbanes-Oxley Act, without qualification, when next due.

(d) Since January 1, 2018, (i) neither NYCB nor any of the NYCB Subsidiaries, nor, to the knowledge of NYCB, any director, officer, auditor, accountant or representative of NYCB or any of the NYCB Subsidiaries, has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods (including with respect to loan loss reserves, write-downs, charge-offs and accruals) of NYCB or any of the NYCB Subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that NYCB or any of the NYCB Subsidiaries has engaged in questionable accounting or auditing practices, and (ii) no employee of or attorney representing NYCB or any of the NYCB Subsidiaries, whether or not employed or retained by NYCB or any of the NYCB Subsidiaries, has reported evidence of a material violation of securities laws or banking laws, breach of fiduciary duty or similar violation by NYCB or any of the NYCB Subsidiaries or any of their respective officers, directors, employees or agents to the Board of Directors of NYCB or any committee thereof or the Board of Directors or similar governing body of any NYCB Subsidiary or any committee thereof, or, to the knowledge of NYCB, to any director or officer of NYCB or any NYCB Subsidiary.

4.7 Broker's Fees. With the exception of the engagement of Piper Sandler & Co. ("Piper Sandler") and Goldman Sachs & Co. LLC ("Goldman Sachs"), neither NYCB nor any NYCB Subsidiary nor any of their respective officers or directors has employed any broker, finder or financial advisor or incurred any liability for any broker's fees, commissions or finder's fees in connection with the Merger or the other transactions contemplated by this Agreement. NYCB has disclosed to Flagstar as of the date hereof the aggregate fees provided for in connection with the engagement by NYCB of each of Piper Sandler and Goldman Sachs related to the Merger and the other transactions contemplated hereunder.

4.8 Absence of Certain Changes or Events.

(a) Since December 31, 2020, except for changes resulting from or related to the Pandemic or the Pandemic Measures, there has not been any effect, change, event,

circumstance, condition, occurrence or development that has had or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB.

(b) Since December 31, 2020, through the date of this Agreement, except with respect to the transactions contemplated hereby and changes resulting from or related to the Pandemic or the Pandemic Measures, NYCB and the NYCB Subsidiaries have carried on their respective businesses in all material respects in the ordinary course.

4.9 Legal and Regulatory Proceedings.

(a) Neither NYCB nor any of the NYCB Subsidiaries is a party to any, and there are no outstanding or pending or, to the knowledge of NYCB, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against NYCB or any of the NYCB Subsidiaries or any of their current or former directors or executive officers (i) that would, individually or in the aggregate, be reasonably likely to result in a material restriction on NYCB or any of the NYCB Subsidiaries' businesses, (ii) that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB or (iii) challenging the validity or propriety of this Agreement or the transactions contemplated by this Agreement.

(b) Subject to Section 9.15, there is no injunction, order, judgment, decree, or regulatory restriction imposed upon NYCB, any of the NYCB Subsidiaries or the assets of NYCB or any of the NYCB Subsidiaries (or that, upon consummation of the Merger and Holdco Merger, would apply to the Surviving Entity or any of its affiliates) that (i) would, individually or in the aggregate, be reasonably likely to result in a material restriction on NYCB or any of the NYCB Subsidiaries' businesses or (ii) would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB.

4.10 Taxes and Tax Returns. Each of NYCB and NYCB Subsidiaries has duly and timely filed (including all applicable extensions) all material Tax Returns in all jurisdictions in which Tax Returns are required to be filed by it, and all such Tax Returns are true and complete in all material respects. All material Taxes of NYCB and NYCB Subsidiaries (whether or not shown on any Tax Returns) that are due have been fully and timely paid. Each of NYCB and NYCB Subsidiaries has withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor, stockholder, independent contractor or other third party. Neither NYCB nor any of the NYCB Subsidiaries has received any written notice of assessment or proposed assessment in connection with any material amount of Taxes, and there are no threatened in writing or pending disputes, claims, audits, examinations or other proceedings regarding any material Tax of NYCB and NYCB Subsidiaries or the assets of NYCB and NYCB Subsidiaries. Neither NYCB nor any of the NYCB Subsidiaries is a party to or is bound by any Tax sharing, allocation or indemnification agreement or arrangement (other than such an agreement or arrangement exclusively between or among NYCB and NYCB Subsidiaries and other than customary provisions contained in commercial arrangements the primary subject of which is not Taxes and which effect is not material). Neither NYCB nor any of the NYCB Subsidiaries (i) has been a member of an affiliated group filing a consolidated federal income Tax Return for which the statute of limitations is open (other than a group the common parent of which was NYCB), or (ii) has any

liability for the Taxes of any person (other than NYCB or any of the NYCB Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise (other than pursuant to agreements not primarily related to Taxes and entered into in the ordinary course of business consistent with past practice). Neither NYCB nor any of the NYCB Subsidiaries has been, within the past two (2) years or otherwise as part of a "plan (or series of related transactions)" within the meaning of Section 355(e) of the Code of which the Merger is also a part, a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intending to qualify for tax-free treatment under Section 355 of the Code. Neither NYCB nor any of the NYCB Subsidiaries has participated in a "reportable transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(1).

4.11 Employees.

(a) Except as would not result in any material liability to NYCB and the NYCB Subsidiaries, taken as a whole, each NYCB Benefit Plan has been established, operated, maintained and administered in accordance with its terms and the requirements of all applicable laws, including ERISA and the Code. For purposes of this Agreement, the term "NYCB Benefit Plans" means any benefit or compensation plan, program, policy, practice, agreement, contract, arrangement or other obligation, whether or not in writing and whether or not funded, in each case, which is sponsored or maintained by, or required to be contributed to, or with respect to which any potential liability is borne by the NYCB or any of its Subsidiaries for the benefit of any current or former employee, officer or director of NYCB or any of its Subsidiaries, excluding, in each case, any Multiemployer Plan, including but not limited to "employee benefit plans" within the meaning of Section 3(3) of ERISA, employment, consulting, retirement, severance, termination or change in control agreements, deferred compensation, equity-based, incentive, bonus, supplemental retirement, retention, profit sharing, insurance, medical, disability, welfare, salary continuation or fringe benefits.

(b) Except as would not result in any material liability to NYCB and the NYCB Subsidiaries, taken as a whole, with respect to each NYCB Benefit Plan that is subject to Section 302 or Title IV of ERISA or Section 412, 430 or 4971 of the Code: (i) the minimum funding standard under Section 302 of ERISA and Sections 412 and 430 of the Code has been satisfied and no waiver of any minimum funding standard or any extension of any amortization period has been requested or granted, (ii) no such plan is in "at-risk" status for purposes of Section 430 of the Code, (iii) the present value of accrued benefits under such NYCB Benefit Plan, based upon the actuarial assumptions used for funding purposes in the most recent actuarial report prepared by such NYCB Benefit Plan's actuary with respect to such NYCB Benefit Plan, did not, as of its latest valuation date, exceed the then-current fair market value of the assets of such NYCB Benefit Plan allocable to such accrued benefits, (iv) no reportable event within the meaning of Section 4043(c) of ERISA for which the 30-day notice requirement has not been waived has occurred, (v) all premiums required to be made to the PBGC have been timely paid in full, (vi) no material liability (other than for premiums to the PBGC) under Title IV of ERISA has been or is reasonably expected to be incurred by NYCB or any of its Subsidiaries, and (vii) the PBGC has not instituted proceedings to terminate any such NYCB Benefit Plan. No Controlled Group Liability has been incurred by NYCB or an NYCB ERISA Affiliates that has not been satisfied in full, and, to the knowledge of NYCB, no condition exists that presents a

material risk to NYCB or an NYCB ERISA Affiliates of incurring any such liability, except as, either individually or in the aggregate, would not reasonably be expected to result in any material liability to Flagstar and the Flagstar Subsidiaries.

(c) None of NYCB, the NYCB Subsidiaries nor any other NYCB ERISA Affiliate has, at any time during the last six (6) years, contributed to or been obligated to contribute to any Multiemployer Plan or Multiple Employer Plan, and none of NYCB and the NYCB Subsidiaries nor any NYCB ERISA Affiliate has incurred any material liability to a Multiemployer Plan or a Multiple Employer Plan as a result of a complete or partial withdrawal (as those terms are defined in Part I of Subtitle E of Title IV of ERISA) from a Multiemployer Plan or a Multiple Employer Plan that has not been satisfied in full. For purposes of this Agreement, "NYCB ERISA Affiliate" means all employers (whether or not incorporated) that would be treated together with the NYCB or any of its Subsidiaries as a "single employer" within the meaning of Section 414 of the Code.

(d) Except as would not result in any material liability to NYCB and the NYCB Subsidiaries, taken as a whole, there are no pending or, to NYCB's knowledge, threatened labor grievances or unfair labor practice claims or charges against NYCB or any of its Subsidiaries, or any strikes or other labor disputes against NYCB or any of its Subsidiaries. Neither NYCB nor any of its Subsidiaries is party to or bound by any collective bargaining or similar agreement with any labor organization and, except as would not result in any material liability to NYCB and the NYCB Subsidiaries, taken as a whole, there are no pending or, to the knowledge of NYCB, threatened organizing efforts by any union seeking to represent any employees of NYCB or any of its Subsidiaries.

(e) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, NYCB and the NYCB Subsidiaries, since January 1, 2018, have complied with all laws regarding employment and employment practices, terms and conditions of employment, wages and hours, plant closing notification, classification of employees and independent contractors, equitable pay practices, employee privacy rights, labor relations, employment discrimination, sexual harassment or discrimination, workers' compensation or long-term disability policies, retaliation, immigration, family and medical leave, occupational safety and health and other laws in respect of any reduction in force (including notice, information and consultation requirements).

(f) Since January 1, 2018, neither NYCB nor any NYCB Subsidiary has entered into any settlement agreement related to allegations of sexual harassment or sexual misconduct by, and to the knowledge of NYCB, no allegations of sexual harassment or sexual misconduct have been made to NYCB against, any individual in his or her capacity as (i) an officer of NYCB or any of the NYCB Subsidiaries, (ii) a member of the Board of Directors of NYCB, or (iii) an employee of NYCB or any of the NYCB Subsidiaries at a level of vice president or above. There are no proceedings currently pending or, to the knowledge of NYCB, threatened related to any allegations of sexual harassment or sexual misconduct by any of the individuals identified in clauses (i)-(iii) of this Section 4.11(f).

4.12 SEC Reports. NYCB has previously made available to Flagstar a true and complete copy of each final registration statement, prospectus, report, schedule and definitive

proxy statement filed with or furnished to the SEC since January 1, 2018 by NYCB pursuant to the Securities Act or the Exchange Act (the "NYCB Reports"), and no such NYCB Report, as of the date thereof (and, in the case of registration statements and proxy statements, on the dates of effectiveness and the dates of the relevant meetings, respectively), contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, except that information filed or furnished as of a later date (but before the date of this Agreement) shall be deemed to modify information as of an earlier date. Since January 1, 2018, as of their respective dates, all NYCB Reports filed or furnished under the Securities Act and the Exchange Act complied in all material respects with the published rules and regulations of the SEC with respect thereto. As of the date of this Agreement, no executive officer of NYCB has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act. As of the date of this Agreement, there are no outstanding comments from, or unresolved issues raised by, the SEC with respect to any of the NYCB Reports.

4.13 Compliance with Applicable Law.

(a) NYCB and each of the NYCB Subsidiaries hold, and have at all times since January 1, 2018, held, all licenses, registrations, franchises, certificates, variances, permits, charters and authorizations necessary for the lawful conduct of their respective businesses and ownership of their respective properties, rights and assets under and pursuant to each (and have paid all fees and assessments due and payable in connection therewith), except where neither the cost of failure to hold nor the cost of obtaining and holding such license, registration, franchise, certificate, variance, permit, charter or authorization (nor the failure to pay any fees or assessments) would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, and, to the knowledge of NYCB, no suspension or cancellation of any such necessary license, registration, franchise, certificate, variance, permit, charter or authorization is threatened.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, NYCB and each of the NYCB Subsidiaries have complied with and are not in default or violation under any applicable law, statute, order, rule, regulation, policy and/or guideline of any Governmental Entity relating to NYCB or any of the NYCB Subsidiaries, including all laws related to data protection or privacy (including laws relating to the privacy and security of Personal Data), the USA PATRIOT Act, the Bank Secrecy Act, the Equal Credit Opportunity Act and Regulation B, the Fair Housing Act, the Community Reinvestment Act, the Fair Credit Reporting Act and Regulation V, the Truth in Lending Act and Regulation Z, the Home Mortgage Disclosure Act and Regulation C, the Fair Debt Collection Practices Act, the Electronic Fund Transfer Act and Regulation E, the Dodd-Frank Wall Street Reform and Consumer Protection Act, any regulations promulgated by the Consumer Financial Protection Bureau, the Interagency Policy Statement on Retail Sales of Nondeposit Investment Products, the SAFE Mortgage Licensing Act of 2008, the Real Estate Settlement Procedures Act and Regulation X, Title V of the Gramm-Leach-Bliley Act, any and all sanctions or regulations enforced by the Office of Foreign Assets Control of the United States Department of Treasury and any other law, regulation, policy or guideline relating to bank secrecy, discriminatory lending, financing or leasing practices, consumer protection, money

laundering prevention, foreign assets control, U.S. sanctions laws and regulations, Sections 23A and 23B of the Federal Reserve Act and Regulation W, the Sarbanes-Oxley Act, the Flood Disaster Protection Act of 1973 (as amended) and the National Flood Insurance Act of 1968 and the implementing regulations thereunder, the CARES Act, the Pandemic Measures, and all Governmental Entity requirements relating to the origination, sale and servicing of mortgage and consumer loans. NYCB and the NYCB Subsidiaries have established and maintain a system of internal controls designed to ensure compliance in all material respects by NYCB and the NYCB Subsidiaries with applicable financial recordkeeping and reporting requirements of applicable money laundering prevention laws in jurisdictions where NYCB and the NYCB Subsidiaries conduct business.

(c) NYCB Bank has received a Community Reinvestment Act rating of "satisfactory" or better in its most recently completed Community Reinvestment Act examination.

(d) NYCB maintains a written information privacy and security program that maintains reasonable measures to protect the privacy, confidentiality and security of all Personal Data and Trade Secrets against any Security Breach. To the knowledge of NYCB, since January 1, 2018, NYCB has not experienced any Security Breach that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB. To the knowledge of NYCB, there are no data security or other technological vulnerabilities with respect to its information technology systems or networks that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB.

(e) Without limitation, none of NYCB, or any of the NYCB Subsidiaries, or, to the knowledge of NYCB, any director, officer, employee, agent or other person acting on behalf of NYCB or any of the NYCB Subsidiaries has, directly or indirectly, (i) used any funds of NYCB or any of the NYCB Subsidiaries for unlawful contributions, unlawful gifts, unlawful entertainment or other expenses relating to political activity, (ii) made any unlawful payment to foreign or domestic governmental officials or employees or to foreign or domestic political parties or campaigns from funds of NYCB or any of the NYCB Subsidiaries, (iii) violated any provision that would result in the violation of the Foreign Corrupt Practices Act of 1977, as amended, or any similar law, (iv) established or maintained any unlawful fund of monies or other assets of NYCB or any of the NYCB Subsidiaries, (v) made any fraudulent entry on the books or records of NYCB or any of the NYCB Subsidiaries, or (vi) made any unlawful bribe, unlawful rebate, unlawful payoff, unlawful influence payment, unlawful kickback or other unlawful payment to any person, private or public, regardless of form, whether in money, property or services, to obtain favorable treatment in securing business, to obtain special concessions for NYCB or any of the NYCB Subsidiaries, to pay for favorable treatment for business secured or to pay for special concessions already obtained for NYCB or any of the NYCB Subsidiaries, or is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department, except, in each case, as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB.

(f) As of the date hereof, each of NYCB and NYCB Bank maintains regulatory capital ratios that exceed the levels established for "well-capitalized" institutions (as such term is defined in the relevant regulation of the institution's primary bank regulator). As of

the date hereof, neither NYCB nor NYCB Bank has received any notice from a Governmental Entity that its status as "well-capitalized" or that NYCB Bank's Community Reinvestment Act rating will change within one (1) year from the date of this Agreement.

(g) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, neither NYCB nor any of the NYCB Subsidiaries has directly contracted with an agent for providing assistance to eligible borrowers in connection with any PPP loans.

(h) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, (i) NYCB and each of the NYCB Subsidiaries have properly administered all accounts for which it acts as an agent or fiduciary, including accounts for which it serves as a trustee, agent, custodian, personal representative, guardian, conservator or investment advisor, investment manager, in accordance with the terms of the governing documents and applicable state, federal and foreign law and (ii) none of NYCB, any of the NYCB Subsidiaries, or, to the knowledge of NYCB, any of its or the NYCB Subsidiaries' directors, officers or employees, has committed any breach of trust or fiduciary duty with respect to any such agent or fiduciary account, and the accountings and related data for each such agent or fiduciary account are true and complete and accurately reflect the assets, activities and performance of such agent or fiduciary account.

4.14 Certain Contracts.

(a) Each contract, arrangement, commitment or understanding (whether written or oral) that is a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC) to which NYCB or any of the NYCB Subsidiaries is a party or by which NYCB or any of the Subsidiaries is bound as of the date hereof has been filed as an exhibit to the most recent Annual Report on Form 10-K filed by NYCB, or a Quarterly Report on Form 10-Q or Current Report on Form 8-K subsequent thereto (each, an "NYCB Contract").

(b) In each case, except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, (i) each NYCB Contract is valid and binding on NYCB or one of the NYCB Subsidiaries, as applicable, and in full force and effect (except as may be limited by the Enforceability Exceptions), (ii) NYCB and each of the NYCB Subsidiaries, since January 1, 2018 have complied with and performed all obligations required to be complied with or performed by any of them to date under each NYCB Contract, (iii) to the knowledge of NYCB, each third-party counterparty to each NYCB Contract has, since January 1, 2018, complied with and performed all obligations required to be complied with and performed by it to date under such NYCB Contract, (iv) neither NYCB nor any of the NYCB Subsidiaries has knowledge of, or has received written notice of, (A) any violation of any NYCB Contract by any of the other parties thereto or (B) any dispute with any third party to any NYCB Contract, (v) no event or condition exists which constitutes or, after notice or lapse of time or both, will constitute, a material breach or default on the part of NYCB or any of the NYCB Subsidiaries or, to the knowledge of NYCB, any other party thereto, of or under any such NYCB Contract and (vi) no third-party counterparty to any NYCB Contract has exercised or threatened to exercise any force majeure (or similar) provision to excuse non-performance or performance delays in any NYCB Contract as a result of the Pandemic or the Pandemic Measures.

4.15 Agreements with Governmental Entities. Subject to Section 9.15, neither NYCB nor any of the NYCB Subsidiaries is subject to any cease-and-desist or other order or enforcement action issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or has been ordered to pay any civil money penalty by, or has been since January 1, 2018, a recipient of any supervisory letter from, or since January 1, 2018, has adopted any policies, procedures or board resolutions at the request of, any Governmental Entity that currently restricts in any material respect or would reasonably be expected to restrict in any material respect the conduct of its business or that in any material manner relates to its capital adequacy, its ability to pay dividends, its credit or risk management policies, its management or its business (each, whether or not set forth in the NYCB Disclosure Schedule, an "NYCB Regulatory Agreement"), nor has NYCB or any of the NYCB Subsidiaries been advised in writing, or to NYCB's knowledge, orally, since January 1, 2018, by any Governmental Entity that it is considering issuing, initiating, ordering, or requesting any such NYCB Regulatory Agreement.

4.16 Information Technology. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, (a) each of NYCB and the NYCB Subsidiaries owns, or is licensed to use (in each case, free and clear of any material Liens), all information technology assets used in the conduct of the business of NYCB and the NYCB Subsidiaries as currently conducted, and (b) to the knowledge of NYCB, since January 1, 2018, no person has gained unauthorized access to any information technology networks owned or controlled by and material to the operation of the business of NYCB and the NYCB Subsidiaries.

4.17 Environmental Matters. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, NYCB and its Subsidiaries, since January 1, 2018, have complied with all applicable Environmental Laws. There are no legal, administrative, arbitral or other proceedings, claims or actions, or to the knowledge of NYCB, any private environmental investigations or remediation activities or governmental investigations of any nature, pending or to the knowledge of NYCB threatened, against NYCB or any of its Subsidiaries, seeking to impose or that could reasonably be expected to result in the imposition on NYCB or any of its Subsidiaries of any liability or obligation arising under any Environmental Law, which liability or obligation would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB. NYCB is not subject to any agreement, order, judgment, decree, letter agreement or memorandum of agreement by or with any court, Governmental Entity or other third party imposing any liability or obligation with respect to the foregoing that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB.

4.18 Investment Securities and Commodities.

(a) Each of NYCB and the NYCB Subsidiaries has good title to all securities and commodities owned by it (except those sold under repurchase agreements) which are material to NYCB's business on a consolidated basis, free and clear of any Lien, except to the extent such securities or commodities are pledged in the ordinary course of business to secure

obligations of NYCB or the NYCB Subsidiaries. Such securities and commodities are valued on the books of NYCB in accordance with GAAP in all material respects.

(b) NYCB and the NYCB Subsidiaries employ, to the extent applicable, investment, securities, derivatives, risk management and other policies, practices and procedures that NYCB believes are prudent and reasonable in the context of their respective businesses, and NYCB and the NYCB Subsidiaries, since January 1, 2018, have complied with such policies, practices and procedures in all material respects.

4.19 Related Party Transactions. As of the date hereof, except as set forth in any NYCB Reports, there are no transactions or series of related transactions, agreements, arrangements or understandings, nor are there any currently proposed transactions or series of related transactions, between NYCB or any of the NYCB Subsidiaries, on the one hand, and any current or former director or "executive officer" (as defined in Rule 3b-7 under the Exchange Act) of NYCB or any of the NYCB Subsidiaries or any person who beneficially owns (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) five percent (5%) or more of the outstanding NYCB Common Stock (or any of such person's immediate family members or affiliates) (other than NYCB Subsidiaries) on the other hand, of the type required to be reported in any NYCB Report pursuant to Item 404 of Regulation S-K promulgated under the Exchange Act.

4.20 State Takeover Laws. Each of the Boards of Directors of NYCB and Merger Sub has approved this Agreement and the transactions contemplated hereby and has taken all such other necessary actions as required to render inapplicable to such agreements and transactions the provisions of any potentially applicable Takeover Restrictions. In accordance with Section 262 of the DGCL and Section 762 of the MBCA, as applicable, no appraisal or dissenters' rights will be available to the holders of NYCB Common Stock, NYCB Preferred Stock or Merger Sub Common Stock in connection with the Merger and the Holdco Merger, as applicable.

4.21 Reorganization. NYCB has not taken any action and has no knowledge of any fact or circumstance that could reasonably be expected to prevent the Merger and the Holdco Merger, taken together, from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

4.22 Opinion. Prior to the execution of this Agreement, each of Piper Sandler and Goldman Sachs rendered to the Board of Directors of NYCB an oral opinion (which will be confirmed by delivery of a written opinion), in each case, to the effect that, as of the date of the opinion and based upon and subject to the factors, assumptions, limitations and other matters set forth in the applicable written opinion, the Exchange Ratio pursuant to this Agreement is fair, from a financial point of view, to NYCB. Neither of such opinions has been amended or rescinded as of the date of this Agreement.

4.23 Risk Management Instruments. Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, all Interest Rate Instruments, whether entered into for the account of NYCB or any of the NYCB Subsidiaries or for the account of a customer of NYCB or any of the NYCB Subsidiaries were

entered into in the ordinary course of business and in accordance with applicable rules, regulations and policies of any Governmental Entity and with counterparties reasonably believed to be financially responsible at the time and are legal, valid and binding obligations of NYCB or one of the NYCB Subsidiaries enforceable in accordance with their terms (except as may be limited by the Enforceability Exceptions). NYCB and each of the NYCB Subsidiaries has duly performed in all material respects all of its material obligations thereunder to the extent that such obligations to perform have accrued, and, to the knowledge of NYCB, there are no material breaches, violations or defaults or *bona fide* allegations or assertions of such by any party thereunder.

4.24 NYCB Information. The information relating to NYCB and the NYCB Subsidiaries that is provided in writing by NYCB or the NYCB Subsidiaries or their respective representatives specifically for inclusion in (a) the Joint Proxy Statement, (b) the S-4, (c) the documents and financial statements of NYCB incorporated by reference in the Joint Proxy Statement, the S-4 or any amendment or supplement thereto or (d) any other document to be filed with any Governmental Entity in connection herewith, in each case, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading. The Joint Proxy Statement (except for such portions thereof that relate only to Flagstar or any of the Flagstar Subsidiaries or are within the reasonable control of Flagstar and the Flagstar Subsidiaries) will comply in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder. The S-4 (except for such portions thereof that relate only to Flagstar or any of the Flagstar Subsidiaries or are within the reasonable control of Flagstar and the Flagstar Subsidiaries) will comply in all material respects with the provisions of the Securities Act and the rules and regulations thereunder.

4.25 Loan Portfolio.

(a) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, each outstanding Loan of NYCB or any of the NYCB Subsidiaries (i) is evidenced by notes, agreements or other evidences of indebtedness that are true, genuine and what they purport to be, (ii) to the extent carried on the books and records of NYCB and the NYCB Subsidiaries as secured Loans, has been secured by valid Liens, which have been perfected, and (iii) is the legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to the Enforceability Exceptions.

(b) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on NYCB, each outstanding Loan of NYCB or any of the NYCB Subsidiaries (including Loans held for resale to investors) was solicited and originated, and is and has been administered and, where applicable, serviced, and the relevant Loan files are being maintained, in all material respects in accordance with the relevant notes or other credit or security documents, the applicable written underwriting standards of NYCB and the NYCB Subsidiaries (and, in the case of Loans held for resale to investors, the applicable underwriting standards, if any, of the applicable investors) and with all applicable federal, state and local laws, regulations and rules.

(c) None of the agreements pursuant to which NYCB or any of the NYCB Subsidiaries has sold Loans or pools of Loans or participations in Loans or pools of Loans contains any obligation to repurchase such Loans or interests therein solely on account of a payment default (other than early payment defaults) by the obligor on any such Loan.

(d) Neither NYCB nor any of the NYCB Subsidiaries is now, nor has it ever been since January 1, 2018, subject to any material fine, suspension, settlement or other administrative agreement or sanction by any Governmental Entity relating to the origination, sale or servicing of mortgage, commercial or consumer Loans.

ARTICLE V

COVENANTS RELATING TO CONDUCT OF BUSINESS

5.1 Conduct of Business Prior to the Effective Time. During the period from the date of this Agreement to the Effective Time or earlier termination of this Agreement, except as expressly contemplated or permitted by this Agreement (including as set forth in the Flagstar Disclosure Schedule or the NYCB Disclosure Schedule), as may be required by law or regulation (including any Pandemic Measures) or as consented to in writing by the other party (such consent not to be unreasonably withheld, conditioned or delayed), (a) Flagstar shall, and shall cause its Subsidiaries to, (i) conduct its business in the ordinary course in all material respects and (ii) use reasonable best efforts to maintain and preserve intact its business organization, employees and advantageous business relationships and (b) each of NYCB and Flagstar shall, and shall cause its respective Subsidiaries to, take no action that would reasonably be expected to adversely affect or delay the ability of either NYCB or Flagstar to obtain any necessary approvals of any Governmental Entity required for the transactions contemplated hereby or to perform its respective covenants and agreements under this Agreement or to consummate the transactions contemplated hereby on a timely basis. Notwithstanding anything to the contrary set forth in this Section 5.1, Section 5.2 (other than Section 5.2(b) and Section 5.2(f), to which this sentence shall not apply) or Section 5.3 (other than Section 5.3(b), to which this sentence shall not apply), a party and its Subsidiaries may take any commercially reasonable actions that such party reasonably determines are necessary or prudent for it to take or not take in response to the Pandemic or the Pandemic Measures; provided, that such party shall provide prior notice to the other party to the extent such actions would otherwise require consent of the other party under this Section 5.1 or Section 5.2 or Section 5.3. Notwithstanding anything to the contrary set forth in this Section 5.1, no action or failure to take action by Flagstar or any of its Subsidiaries or NYCB or any of its Subsidiaries with respect to matters specifically addressed by any provision of Section 5.2 (in the case of Flagstar or its Subsidiaries) or Section 5.3 (in the case of NYCB or its Subsidiaries) shall constitute a breach of this Section 5.1 unless such action or failure to take action would constitute a breach of such provision of Section 5.2 (in the case of Flagstar or its Subsidiaries) or Section 5.3 (in the case of NYCB or its Subsidiaries).

5.2 Flagstar Forbearances. During the period from the date of this Agreement to the Effective Time or earlier termination of this Agreement, except as set forth in the Flagstar Disclosure Schedule, as expressly contemplated or permitted by this Agreement or as may be required by law or regulation (including the Pandemic Measures), Flagstar shall not, and shall

not permit any of its Subsidiaries to, without the prior written consent of NYCB (such consent not to be unreasonably withheld, conditioned or delayed):

(a) other than in the ordinary course of business, incur any indebtedness for borrowed money (other than indebtedness of Flagstar or any of its wholly-owned Subsidiaries to Flagstar or any of its wholly-owned Subsidiaries), or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person (other than any wholly-owned Subsidiary of Flagstar) (it being understood and agreed that incurrence of indebtedness in the ordinary course of business shall include the creation of deposit liabilities, issuances of letters of credit, purchases of federal funds, borrowings from the Federal Home Loan Bank, sales of certificates of deposit, and entry into repurchase agreements, in each case, on terms and in amounts consistent with past practice);

(b) (i) adjust, split, combine or reclassify any capital stock;

(ii) make, declare, pay or set a record date for any dividend, or any other distribution on, or directly or indirectly redeem, purchase or otherwise acquire, any shares of its capital stock or other equity or voting securities or any securities or obligations convertible (whether currently convertible or convertible only after the passage of time or the occurrence of certain events) or exchangeable into or exercisable for any shares of its capital stock or other equity or voting securities, including any Flagstar Securities or any securities of any Flagstar Subsidiary, except, in each case, (A) regular quarterly cash dividends by Flagstar at a rate not in excess of $0.06 per share of Flagstar Common Stock, and any associated dividend equivalents for Flagstar Equity Awards, (B) dividends paid by any of the Subsidiaries of Flagstar to Flagstar or any of Flagstar's wholly-owned Subsidiaries, (C) the acceptance of shares of Flagstar Common Stock for withholding Taxes incurred in connection with the vesting or settlement of Flagstar Equity Awards and dividend equivalents thereon, if any, in each case, in accordance with past practice and the terms of the applicable award agreements or (D) regular distributions of outstanding trust preferred securities in accordance with their terms;

(iii) grant any stock options, restricted stock units, performance stock units, phantom stock units, restricted shares or other equity-based awards or interests, or grant any person any right to acquire any Flagstar Securities or any securities of any Flagstar Subsidiary; or

(iv) issue, sell, transfer, encumber or otherwise permit to become outstanding any shares of capital stock or voting securities or equity interests or securities convertible (whether currently convertible or convertible only after the passage of time of the occurrence of certain events) or exchangeable into, or exercisable for, any shares of its capital stock or other equity or voting securities, including any Flagstar Securities or any securities of any Flagstar Subsidiary or any options, warrants, or other rights of any kind to acquire any shares of capital stock or other equity or voting securities, including any Flagstar Securities or any securities of any Flagstar Subsidiary, except pursuant to the vesting or settlement of Flagstar Equity Awards (and dividend equivalents thereon, if

any) in accordance with their terms, in each case, outstanding as of the date hereof or granted on or after the date hereof to the extent permitted under this Agreement;

(c) sell, transfer, license, encumber or otherwise dispose of any of its material properties (other than real property), deposits or assets or any business to any person other than a wholly-owned Subsidiary, or cancel, release or assign any indebtedness to any person or any claims held by any person, in each case, other than in the ordinary course of business or pursuant to contracts or agreements in force at the date of this Agreement;

(d) except for foreclosure or acquisitions of control in a fiduciary or similar capacity or in satisfaction of debts previously contracted in good faith in the ordinary course of business, make any material investment or acquisition (whether by purchase of stock or securities, contributions to capital, property transfers, merger or consolidation, or formation of a joint venture or otherwise) in or of any other person or the property, deposits or assets of any other person, in each case, other than a wholly-owned Subsidiary of Flagstar;

(e) in each case, except for transactions in the ordinary course of business, (i) terminate, materially amend, or waive any material provision of, any Flagstar Contract or make any change in any instrument or agreement governing the terms of any of its securities, other than normal renewals of contracts without material adverse changes of terms with respect to Flagstar or its Subsidiaries, or (ii) enter into any contract that would constitute a Flagstar Contract if it were in effect on the date of this Agreement; provided that this clause (ii) shall not apply to the entry into of any contract in connection with any action otherwise permitted by this Section 5.2;

(f) except as required under the terms of any Flagstar Benefit Plan existing as of the date hereof, (i) enter into, establish, adopt, amend or terminate any Flagstar Benefit Plan, or any arrangement that would be a Flagstar Benefit Plan if in effect on the date hereof, (ii) increase the compensation or benefits payable to any current or former employee, officer, director or individual consultant, other than (A) increases to current employees at the level below senior vice president in connection with a promotion or change in responsibilities and to a level consistent with similarly situated peer employees, or (B) the payment of incentive compensation for completed performance periods based upon actual corporate performance, the performance of such employee and, if applicable, such employee's business, (iii) accelerate the vesting of any equity-based awards or other compensation, (iv) grant any new awards, or amend or modify the terms of any outstanding awards, under any Flagstar Benefit Plan, (v) enter into any new, or amend any existing, employment, severance, change in control, retention, collective bargaining agreement or similar agreement or arrangement, (vi) fund any rabbi trust or similar arrangement or in any other way secure the payment of compensation or benefits under any Flagstar Benefit Plan, (vii) terminate the employment or services of any employee at or above the level of senior vice president, other than for cause, or (viii) hire any employee at the level of senior vice president or above or promote any employee at or above the level of senior vice president (other than as a replacement hire or promotion receiving substantially similar terms of employment as the departed employee);

(g) become a party to, establish, adopt, amend, commence participation in or terminate any collective bargaining agreement or other agreement with a labor union, works council or similar organization;

(h) except for debt workouts in the ordinary course of business, settle any claim, suit, action or proceeding (i) in an amount and for consideration in excess of $250,000 individually or $500,000 in the aggregate (in each case, net of any insurance proceeds or indemnity, contribution or similar payments received by Flagstar or any Flagstar Subsidiary in respect thereof), or (ii) that would impose any material restriction on, or create any adverse precedent that would be material to, the business of Flagstar or its Subsidiaries or the Surviving Entity or its Subsidiaries;

(i) take any action where such action could reasonably be expected to prevent the Merger and the Holdco Merger, taken together, from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code;

(j) amend the Flagstar Charter, the Flagstar Bylaws or comparable governing documents of its Subsidiaries that are "significant subsidiaries" within the meaning of Rule 1-02 of Regulation S-X of the SEC;

(k) other than in prior consultation with NYCB, materially restructure or materially change its investment securities, derivatives, wholesale funding or BOLI portfolio or its interest rate exposure, through purchases, sales or otherwise, or the manner in which the portfolio is classified or reported;

(l) implement or adopt any change in its accounting principles, practices or methods, other than as may be required by GAAP;

(m) (i) enter into any new line of business, (ii) other than in the ordinary course of business consistent with past practice, change in any material respect its lending, investment, underwriting, risk and asset liability management and other banking and operating, hedging, securitization and servicing policies (including any change in the maximum ratio or similar limits as a percentage of its capital exposure applicable with respect to its loan portfolio or any segment thereof), except as required by such policies or policies imposed by any Governmental Entity, or (iii) make any loans or extensions of credit or renewals thereof to the extent such loan or extension of credit has (A) a risk rating of 10 or worse (as determined in the ordinary course of business consistent with past practice under Flagstar's and its Subsidiaries' lending policies in effect as of the date hereof) and (B) an aggregate principal balance that exceeds $20,000,000 individually; provided that, in the case of this clause (iii), if NYCB does not respond to any such request for consent within five (5) business days after the relevant loan package is provided to NYCB, such non-response shall be deemed to constitute consent pursuant to this clause (iii);

(n) make, or commit to make, any capital expenditures, other than (i) any capital expenditures in an amount that, in the aggregate, does not exceed the aggregate amount of capital expenditures set forth in Flagstar's capital expenditure budget set forth in Section 5.2(n) of the Flagstar Disclosure Schedule and (ii) any additional capital expenditures so long as the

amount of any individual capital expenditure incurred in reliance on this clause (ii) does not exceed the amount contemplated by the foregoing clause (i) by more than five percent (5%);

(o) make, change or revoke any material Tax election, change an annual Tax accounting period, adopt or change any material Tax accounting method, file any material amended Tax Return, enter into any closing agreement with respect to a material amount of Taxes, or settle any material Tax claim, audit, assessment or dispute or surrender any right to claim a refund of a material amount of Taxes;

(p) merge or consolidate itself or any of its Subsidiaries with any other person, or restructure, reorganize or completely or partially liquidate or dissolve it or any of its Subsidiaries;

(q) (i) make any application for the opening, relocation or closing of any, or open, relocate or close any, branch office, loan production office or other significant office or operations facility of Flagstar or its Subsidiaries, (ii) mortgage, acquire or sell any real property (other than other real estate owned (OREO) properties in the ordinary course) for consideration in an amount in excess of $1,000,000 for any individual property or (iii) enter into, materially amend, renew or terminate (except for any renewal or termination in accordance with the terms thereof) any lease with respect to real property requiring base annual rental payments under any individual lease in excess of $500,000;

(r) knowingly take any action that is intended or reasonably likely to result in any of the conditions to the Merger set forth in Section 7.1 or Section 7.2 not being satisfied in a timely manner;

(s) abandon, cancel, or otherwise allow to lapse or expire any material Intellectual Property owned by Flagstar or any Flagstar Subsidiary; or

(t) agree to take, make any commitment to take, or adopt any resolutions of its Board of Directors or similar governing body in support of, any of the actions prohibited by this Section 5.2.

5.3 <u>NYCB Forbearances</u>. During the period from the date of this Agreement to the Effective Time or earlier termination of this Agreement, except as set forth in the NYCB Disclosure Schedule, as expressly contemplated or permitted by this Agreement or as may be required by law or regulation (including the Pandemic Measures), NYCB shall not, and shall not permit any of its Subsidiaries to, without the prior written consent of Flagstar (such consent not to be unreasonably withheld, conditioned or delayed):

(a) amend the NYCB Charter or the NYCB Bylaws in a manner that would (i) prevent or delay the adoption of, or conflict with, the NYCB Bylaws Amendment or (ii) otherwise materially and adversely affect the holders of Flagstar Common Stock, or adversely affect the holders of Flagstar Common Stock relative to other holders of the NYCB Common Stock;

(b) adjust, split, combine or reclassify any capital stock of NYCB or make, declare or pay any extraordinary dividend on any capital stock of NYCB;

(c) incur any indebtedness for borrowed money (other than indebtedness of NYCB or any of its wholly-owned Subsidiaries to NYCB or any of its Subsidiaries) that would reasonably be expected to prevent NYCB or its Subsidiaries from assuming Flagstar's or its Subsidiaries' outstanding indebtedness;

(d) sell or transfer all or substantially all of the assets of it or NYCB Bank, merge or consolidate itself or NYCB Bank with and into any other person, or restructure, reorganize or completely or partially liquidate or dissolve it or NYCB Bank;

(e) take any action where such action could reasonably be expected to prevent the Merger and the Holdco Merger, taken together, from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code;

(f) knowingly take any action that is intended or reasonably likely to result in any of the conditions to the Merger set forth in Section 7.1 or Section 7.3 not being satisfied in a timely manner; or

(g) agree to take, make any commitment to take, or adopt any resolutions of its Board of Directors or similar governing body in support of, any of the actions prohibited by this Section 5.3.

ARTICLE VI

ADDITIONAL AGREEMENTS

6.1 Regulatory Matters.

(a) Promptly after the date of this Agreement, NYCB and Flagstar shall prepare and file with the SEC the Joint Proxy Statement, and NYCB shall prepare and file with the SEC the S-4, in which the Joint Proxy Statement will be included as a prospectus. NYCB and Flagstar, as applicable, shall use reasonable best efforts to make such filings within forty-five (45) days of the date of this Agreement. Each of NYCB and Flagstar shall use reasonable best efforts to have the S-4 declared effective under the Securities Act as promptly as practicable after such filings and to keep the S-4 effective for so long as necessary to consummate the transactions contemplated by this Agreement, and NYCB and Flagstar shall thereafter as promptly as practicable mail or deliver the Joint Proxy Statement to their respective stockholders and shareholders, as applicable. NYCB shall also use reasonable best efforts to obtain all necessary state securities law or "Blue Sky" permits and approvals required to carry out the transactions contemplated by this Agreement, and Flagstar shall use reasonable best efforts, to the extent permitted by applicable law, to furnish all information concerning Flagstar and the holders of Flagstar Common Stock as may be reasonably requested in connection with any such action.

(b) The parties hereto shall cooperate with each other and use reasonable best efforts to (i) promptly prepare and file all necessary documentation, to effect all applications, notices, petitions and filings (and in the case of the applications, notices, petitions and filings in respect of the Requisite Regulatory Approvals, use reasonable best efforts to make such filings within forty (40) days of the date of this Agreement) that are necessary or advisable to obtain as

promptly as practicable all permits, consents, approvals and authorizations of all third parties, Governmental Entities which are necessary or advisable to consummate the transactions contemplated by this Agreement (including the Merger, the Holdco Merger and Bank Merger), (ii) obtain each such permit, consent, approval or authorization contemplated by the foregoing clause (i) as promptly as practicable and (iii) comply with the terms and conditions of all such permits, consents, approvals and authorizations of all such Governmental Entities. The parties shall cooperate with each other in connection with the matters contemplated by this Section 6.1(b) (including the furnishing of any information and any reasonable undertaking or commitments that may be required to obtain the Requisite Regulatory Approvals) and shall respond as promptly as practicable to the requests of any Governmental Entities for documents and information. NYCB and Flagstar shall have the right to review in advance, and, to the extent practicable, each will consult the other on, in each case, subject to applicable laws relating to the exchange of information, all the information relating to Flagstar or NYCB, as the case may be, and any of their respective Subsidiaries, which appears in any filing made with, or written materials submitted to, any third party or any Governmental Entity in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, each of the parties hereto shall act reasonably and as promptly as practicable. Each party will provide the other with copies of any applications and all correspondence relating thereto prior to filing and with sufficient opportunity to comment, other than any portions of material filed in connection therewith that contain competitively sensitive business or other proprietary information or confidential supervisory information filed under a claim of confidentiality. The parties hereto agree that they will consult with each other with respect to obtaining all permits, consents, approvals and authorizations of all third parties and Governmental Entities necessary or advisable to consummate the transactions contemplated by this Agreement and each party will keep the other apprised of the status of matters relating to completion of the transactions contemplated in this Agreement, and each party shall consult with the other in advance of any meeting or conference with any Governmental Entity in connection with the transactions contemplated by this Agreement and, to the extent permitted by such Governmental Entity, give the other party and/or its counsel the opportunity to attend and participate in such meetings and conferences; and provided, that each party shall promptly advise the other party with respect to substantive matters that are addressed in any meeting or conference with any Governmental Entity in connection with or affecting the transactions contemplated by this Agreement which the other party does not attend or participate in, to the extent permitted by such Governmental Entity and subject to applicable law and Section 9.15. As used in this Agreement, the term "Requisite Regulatory Approvals" shall mean all regulatory authorizations, consents, orders and approvals (and the expiration or termination of all statutory waiting periods in respect thereof), or waivers of such regulatory authorizations, consents, orders and approvals, (i) from the Federal Reserve Board, the FDIC, the NYDFS and the Mortgage Agencies and, with respect to NYCB Bank's establishment and operation of Flagstar Bank's branches and other offices following the Bank Merger Effective Time, any state bank regulatory authority and (ii) referred to in Section 3.4 or Section 4.4 that are necessary to consummate the transactions contemplated by this Agreement (including the Merger, the Holdco Merger and the Bank Merger), except, in the case of clause (ii), for any such authorizations, consents, orders or approvals the failure of which to be obtained would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on the Surviving Entity. As used herein, "Mortgage Agencies" means Ginnie Mae, Fannie Mae, Freddie Mac, the Federal Housing Authority of the U.S. Department of

Housing and Urban Development, the United States Department of Agriculture and the United States Department of Veterans Affairs.

(c) In furtherance and not in limitation of the foregoing, each party shall use its reasonable best efforts to (i) avoid the entry of, or to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that would restrain, prevent or delay the Closing and (ii) avoid or eliminate each and every impediment that would restrain, prevent or delay the Closing. Notwithstanding the foregoing, nothing contained in this Agreement shall be deemed to require NYCB or any of its Subsidiaries, or permit Flagstar or any of its Subsidiaries (without the prior written consent of NYCB), to take any action, or commit to take any action, or agree to any condition or restriction, in connection with obtaining the foregoing permits, consents, approvals and authorizations of Governmental Entities that would reasonably be expected to have a Material Adverse Effect on the Surviving Entity and its Subsidiaries, taken as a whole, after giving effect to the Merger (a "Materially Burdensome Regulatory Condition").

(d) NYCB and Flagstar shall, upon request, furnish each other with all information concerning themselves, their Subsidiaries, directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection with the Joint Proxy Statement, the S-4 or any other statement, filing, notice or application made by or on behalf of NYCB, Flagstar or any of their respective Subsidiaries to any Governmental Entity in connection with the Merger, the Holdco Merger the Bank Merger, and the other transactions contemplated by this Agreement.

(e) NYCB and Flagstar shall promptly advise each other upon receiving any communication from any Governmental Entity whose consent or approval is required for consummation of the transactions contemplated by this Agreement that causes such party to believe that there is a reasonable likelihood that any Requisite Regulatory Approval will not be obtained, or that the receipt of any such approval will be materially delayed.

6.2 Access to Information; Confidentiality.

(a) Upon reasonable notice and subject to applicable laws (including the Pandemic Measures), each of NYCB and Flagstar, for the purposes of verifying the representations and warranties of the other and preparing for the Merger and the other matters contemplated by this Agreement, shall, and shall cause each of their respective Subsidiaries to, afford to the officers, employees, accountants, counsel, advisors and other representatives of the other party, reasonable access, during normal business hours during the period prior to the Effective Time and upon prior written notice from the accessing party, to all its properties, books, contracts, commitments, personnel, information technology systems, and records, and each shall reasonably cooperate with the other party in preparing to execute after the Effective Time the conversion or consolidation of systems and business operations generally, and, during such period, each of NYCB and Flagstar shall, and shall cause its respective Subsidiaries to, make available to the other party (i) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of federal securities laws or federal or state banking laws (other than reports or documents that NYCB or Flagstar, as the case may be, is not permitted to disclose in accordance with Section 9.15 or

otherwise under applicable law or regulation), and (ii) all other information concerning its business, properties and personnel as such party may reasonably request. Neither NYCB nor Flagstar nor any of their respective Subsidiaries shall be required to provide access to or to disclose information, or otherwise comply with the foregoing provisions of this Section 6.2, where such access or disclosure would violate or prejudice the rights of NYCB's or Flagstar's, as the case may be, customers, jeopardize the attorney-client privilege of the institution in possession or control of such information (after giving due consideration to the existence of any common interest, joint defense or similar agreement between the parties) or contravene any law, rule, regulation, order, judgment, decree, fiduciary duty or binding agreement entered into prior to the date of this Agreement or to the extent that NYCB or Flagstar, as the case may be, reasonably determines, in light of the Pandemic or the Pandemic Measures, that such access would jeopardize the health and safety of any of its employees. The parties hereto will make appropriate substitute disclosure arrangements under circumstances in which the restrictions of the preceding sentence apply.

(b) Each of NYCB and Flagstar shall hold all information furnished by or on behalf of the other party or any of such party's Subsidiaries or representatives pursuant to Section 6.2(a) in confidence to the extent required by, and in accordance with, the provisions of the confidentiality agreement, dated March 7, 2021, between NYCB and Flagstar (the "Confidentiality Agreement").

(c) No investigation by either of the parties or their respective representatives shall affect or be deemed to modify or waive the representations and warranties of the other set forth in this Agreement. Nothing contained in this Agreement shall give either party, directly or indirectly, the right to control or direct the operations of the other party prior to the Effective Time. Prior to the Effective Time, each party shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its Subsidiaries' respective operations.

6.3 Shareholders' Approval and Stockholder Approval.

(a) Each of NYCB and Flagstar shall call, give notice of, convene and hold a meeting of its stockholders and shareholders, respectively (the "NYCB Meeting" and the "Flagstar Meeting," respectively) as soon as reasonably practicable after the S-4 is declared effective, for the purpose of obtaining (i) the Requisite NYCB Vote and the Requisite Flagstar Vote, respectively, required in connection with this Agreement, the NYCB Share Issuance and the Merger, and (ii) if so desired and mutually agreed, a vote upon other matters of the type customarily brought before a meeting of stockholders or shareholders, as applicable, in connection with the approval of a merger agreement or the transactions contemplated thereby, and each of NYCB and Flagstar shall use its reasonable best efforts to cause such meetings to occur as soon as reasonably practicable and on the same date and to set the same record date for such meetings. Such meetings may be held virtually, subject to applicable law and the organizational documents of each party.

(b) Subject to Section 6.3(c), (i) each of NYCB and Flagstar and their respective Boards of Directors shall use its reasonable best efforts to obtain from the stockholders of NYCB and the shareholders of Flagstar, respectively, the Requisite NYCB Vote

and the Requisite Flagstar Vote, respectively, including by communicating to the respective stockholders of NYCB and shareholders of Flagstar its recommendation (and including such recommendation in the Joint Proxy Statement) that, in the case of NYCB, the stockholders of NYCB approve and adopt the NYCB Share Issuance (the "NYCB Board Recommendation"), and, in the case of Flagstar, that the shareholders of Flagstar adopt this Agreement (the "Flagstar Board Recommendation"); and (ii) each of NYCB and Flagstar and their respective Boards of Directors shall not (A) withhold, withdraw, modify or qualify in a manner adverse to the other party the NYCB Board Recommendation, in the case of NYCB, or Flagstar Board Recommendation, in the case of Flagstar, (B) fail to make the NYCB Board Recommendation, in the case of NYCB, or Flagstar Board Recommendation, in the case of Flagstar, in the Joint Proxy Statement, (C) adopt, approve, recommend or endorse an Acquisition Proposal or publicly announce an intention to adopt, approve, recommend or endorse an Acquisition Proposal, (D) fail to publicly and without qualification (1) recommend against any Acquisition Proposal or (2) reaffirm the NYCB Board Recommendation, in the case of NYCB, or Flagstar Board Recommendation, in the case of Flagstar, in each case, within ten (10) business days (or such fewer number of days as remains prior to the NYCB Meeting or Flagstar Meeting, as applicable) after an Acquisition Proposal is made public or any request by the other party to do so, or (E) publicly propose to do any of the foregoing (any of the foregoing, a "Recommendation Change").

(c) Subject to Section 8.1 and Section 8.2, if the Board of Directors of NYCB or Flagstar, after receiving the advice of its outside counsel and, with respect to financial matters, its outside financial advisors, determines in good faith that it would be more likely than not to result in a violation of its fiduciary duties under applicable law to make or continue to make the NYCB Board Recommendation or Flagstar Board Recommendation, as applicable, such Board of Directors may, in the case of NYCB, prior to the receipt of the Requisite NYCB Vote, and in the case of Flagstar, prior to the receipt of the Requisite Flagstar Vote, submit this Agreement to its stockholders or shareholders, respectively, without recommendation (which, for the avoidance of doubt, shall constitute a Recommendation Change) (although the resolutions approving this Agreement as of the date hereof may not be rescinded or amended), in which event such Board of Directors may communicate the basis for its lack of a recommendation to its stockholders or shareholders, as applicable, in the Joint Proxy Statement or an appropriate amendment or supplement thereto to the extent required by law; provided, that such Board of Directors may not take any actions under this sentence unless it (i) gives the other party at least three (3) business days' prior written notice of its intention to take such action and a reasonable description of the event or circumstances giving rise to its determination to take such action (including in the event such action is taken in response to an Acquisition Proposal, the latest material terms and conditions and the identity of the third party in any such Acquisition Proposal, or any amendment or modification thereof, or describe in reasonable detail such other event or circumstances); and (ii) at the end of such notice period, takes into account any amendment or modification to this Agreement proposed by the other party and, after receiving the advice of its outside counsel and, with respect to financial matters, its outside financial advisors, determines in good faith that it would nevertheless be more likely than not to result in a violation of its fiduciary duties under applicable law to make or continue to make the NYCB Board Recommendation or Flagstar Board Recommendation, as the case may be. Any material amendment to any Acquisition Proposal will be deemed to be a new Acquisition Proposal for

purposes of this Section 6.3(c) and will require a new notice period as referred to in this Section 6.3(c).

(d) NYCB or Flagstar shall adjourn or postpone the NYCB Meeting or Flagstar Meeting, as the case may be, if, as of the time for which such meeting is originally scheduled there are insufficient shares of NYCB Common Stock or Flagstar Common Stock, as the case may be, represented (either in person or by proxy) to constitute a quorum necessary to conduct the business of such meeting, or if on the date of such meeting Flagstar or NYCB, as applicable, has not received proxies representing a sufficient number of shares necessary to obtain the Requisite Flagstar Vote or the Requisite NYCB Vote. Subject to the terms and conditions of this Agreement, Flagstar or NYCB, as applicable, shall continue to use reasonable best efforts to solicit proxies from its stockholders or shareholders, as applicable, in order to obtain the Requisite Flagstar Vote or Requisite NYCB Vote, respectively; provided that the foregoing shall not restrict in any way each of the Boards of Directors of NYCB and Flagstar from making a Recommendation Change permitted by Section 6.3(c) and disclosing such Recommendation Change and the basis and reasons therefor. Notwithstanding anything to the contrary set forth in this Agreement, neither NYCB nor Flagstar shall be required to adjourn or postpone the NYCB Meeting or the Flagstar Meeting, as applicable, more than two (2) times pursuant to this Agreement. Notwithstanding anything to the contrary in this Agreement, but subject to the obligation to adjourn or postpone such meeting as set forth in the first sentence of this Section 6.3(d), unless this Agreement has been terminated in accordance with its terms, (i) the NYCB Meeting shall be convened and the NYCB Share Issuance shall be submitted to the stockholders of NYCB at the NYCB Meeting for approval, (ii) the Flagstar Meeting shall be convened and this Agreement shall be submitted to the shareholders of Flagstar at Flagstar Meeting for adoption and (iii) nothing contained in this Agreement shall be deemed to relieve NYCB of such obligation under the foregoing clause (i) or Flagstar of such obligation under the foregoing clause (ii).

6.4 Legal Conditions to Merger. Subject in all respects to Section 6.1 and Section 6.3(c) of this Agreement, each of NYCB and Flagstar shall, and shall cause its Subsidiaries to, use their reasonable best efforts, in each case as promptly as practicable, (a) to take, or cause to be taken, all actions necessary, proper or advisable to comply promptly with all legal and regulatory requirements that may be imposed on such party or its Subsidiaries with respect to the Merger, the Holdco Merger and the Bank Merger and, subject to the conditions set forth in Article VII hereof, to consummate the transactions contemplated by this Agreement, (b) to obtain (and to cooperate with the other party to obtain) any material consent, authorization, order or approval of, or any exemption by, any Governmental Entity and any other third party that is required to be obtained by Flagstar or NYCB or any of their respective Subsidiaries in connection with the Merger, the Holdco Merger, the Bank Merger and the other transactions contemplated by this Agreement, and (c) to obtain the tax opinions referenced in Section 7.2(c) and Section 7.3(c) or any similar opinions required in connection with the Joint Proxy Statement or the S-4 described in Section 6.1, including by executing and delivering representations contained in certificates of officers of NYCB and Flagstar reasonably satisfactory in form and substance to NYCB's and Flagstar's respective counsels.

6.5 Stock Exchange Matters.

(a) NYCB shall cause the shares of the NYCB Common Stock to be issued in the Merger to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Effective Time.

(b) Prior to the Closing Date, Flagstar shall cooperate with NYCB and use reasonable best efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under applicable laws and rules and policies of the NYSE to enable the delisting by the Surviving Entity of Flagstar Common Stock from the NYSE and the deregistration of Flagstar Common Stock under the Exchange Act as promptly as practicable after the Effective Time.

6.6 Employee Matters.

(a) Commencing on the Effective Time and ending on December 31, 2022, unless otherwise mutually determined by Flagstar and NYCB prior to the Effective Time, NYCB shall provide to employees of Flagstar and the Flagstar Subsidiaries who at the Effective Time become employees of NYCB or the NYCB Subsidiaries (the "Continuing Employees") (i) a base salary or base wage rate no less than that provided by Flagstar and the Flagstar Subsidiaries to each such Continuing Employee immediately prior to the Effective Time, (ii) target incentive opportunities (both cash and equity) that are no less favorable, in the aggregate, than the target incentive opportunities (both cash and equity) provided by Flagstar and the Flagstar Subsidiaries to each such Continuing Employee immediately prior to the Effective Time, and (iii) employee benefits (other than severance) that are no less favorable than those provided to other similarly situated employees of NYCB or by Flagstar and the Flagstar Subsidiaries to each such Continuing Employee immediately prior to the Effective Time. Notwithstanding the foregoing, NYCB and Flagstar agree that, during the period commencing at the Effective Time and ending on the later of the first anniversary thereof or December 31, 2022, NYCB shall provide severance payments and benefits as described in Section 6.6(a) of the NYCB Disclosure Schedule with respect to any Continuing Employee who is involuntarily terminated during such period.

(b) With respect to any employee benefit plans of NYCB or NYCB Subsidiaries in which any Continuing Employees become eligible to participate on or after the Effective Time ("New Plans"), NYCB and the NYCB Subsidiaries shall, to the extent permitted by applicable law, (i) cause any pre-existing conditions or limitations and eligibility waiting periods under any group health plans of NYCB or its affiliates to be waived with respect to the Continuing Employees and their eligible dependents, (ii) give each Continuing Employee credit for the plan year in which the Effective Time occurs towards applicable deductibles, co-payments or coinsurance and annual out-of-pocket limits for medical expenses incurred prior to the Effective Time for which payment has been made and (iii) give each Continuing Employee service credit for such Continuing Employee's employment with Flagstar and its Subsidiaries for all purposes under each applicable New Plan (it being understood that, for the avoidance of doubt, such service credit shall not entitle any Continuing Employee to benefits under any frozen NYCB Benefit Plan), as if such service had been performed with NYCB, except for benefit accrual under defined benefit pension plans, for purposes of qualifying for subsidized early retirement benefits or to the extent it would result in a duplication of benefits.

(c) If requested by NYCB in writing delivered to Flagstar not less than twenty (20) business days before the Closing Date, the Board of Directors of Flagstar (or the appropriate committee thereof) shall adopt resolutions and take such corporate action as is necessary or appropriate to terminate the Flagstar 401(k) Employee Savings Plan (the "Flagstar 401(k) Plan"), effective as of the day prior to the Closing Date and contingent upon the occurrence of the Effective Time. If NYCB requests that Flagstar 401(k) Plan be terminated, (i) Flagstar shall provide NYCB with evidence that such plan has been terminated (the form and substance of which shall be subject to reasonable review and comment by NYCB) not later than two (2) days immediately preceding the Closing Date, and (ii) the Continuing Employees shall be eligible to participate, effective as of the Effective Time, in a 401(k) plan sponsored or maintained by NYCB or one of its Subsidiaries (the "NYCB 401(k) Plan"), it being agreed that there shall be no gap in participation in a tax-qualified defined contribution plan for Continuing Employees. NYCB and Flagstar shall take any and all actions as may be required, including amendments to Flagstar 401(k) Plan and/or the NYCB 401(k) Plan, to permit the Continuing Employees to make rollover contributions to the NYCB 401(k) Plan of "eligible rollover distributions" (within the meaning of Section 401(a)(31) of the Code) from Flagstar 401(k) Plan in the form of cash, notes (in the case of loans), NYCB Common Stock or a combination thereof in an amount equal to the full account balance distributed to such employee from Flagstar 401(k) Plan, and NYCB shall endeavor through reasonably commercial efforts to ensure availability of in-kind and note rollover.

(d) On and after the date hereof, any written employee notices or communication materials for distribution to a group of employees (including any website posting) or broad-based oral communications (i) to be provided or communicated by Flagstar with respect to any material employment, compensation or benefits matters addressed in this Agreement or related, directly or indirectly, to the transactions contemplated by this Agreement shall be subject to the prior prompt review and comment of NYCB, and Flagstar shall consider in good faith revising such notice or communication to reflect any comments or advice that NYCB timely provides and (ii) to be provided or communicated by NYCB to employees of Flagstar with respect to employment, compensation or benefits matters addressed in this Agreement or related, directly or indirectly, to the transactions contemplated by this Agreement shall be subject to the prior prompt review and comment of Flagstar, and NYCB shall consider in good faith revising such notice or communication to reflect any comments or advice that Flagstar timely provides.

(e) Except as otherwise expressly set forth in this Section 6.6, NYCB agrees to assume and honor, in accordance with their terms, all Flagstar Benefit Plans including with respect to any accrued paid time off, vacation or other approved leave, it being understood that this sentence shall not be construed to limit the ability of NYCB or any NYCB Subsidiary to amend or terminate any Flagstar Benefit Plan to the extent that such amendment or termination is permitted by the terms of the applicable Flagstar Benefit Plan. NYCB agrees that the transactions contemplated by this Agreement shall constitute a "change in control", "change of control" or other similar concept under any Flagstar Benefit Plan, and prior to the Effective Time, Flagstar Board (or the compensation committee thereof) shall be empowered to take such action as necessary to declare such status under such Flagstar Benefit Plans.

(f) NYCB shall take all necessary action to cause the ESOP to be terminated as of not later than the business day prior to the Effective Time. Subject to the terms of the ESOP and applicable law, upon termination of the ESOP pursuant to the prior sentence, the accounts of all participants and beneficiaries in the ESOP immediately prior to the Effective Time shall become fully vested effective as of the effective time of the termination of the ESOP.

(g) NYCB shall take all necessary action to cause the Supplemental Benefits Plan of NYCB Bank to be terminated at or immediately prior to the Effective Time in accordance with Section 409A of the Code and the terms of the plan document, and to pay to each participant a lump sum cash amount equal to the benefit to which such participant is entitled pursuant to the terms of such plan.

(h) Nothing in this Agreement shall confer upon any employee, officer, director or consultant of NYCB or Flagstar or any of their Subsidiaries or affiliates any right to continue in the employ or service of the Surviving Entity, Flagstar, NYCB or any Subsidiary or affiliate thereof, or shall interfere with or restrict in any way the rights of the Surviving Entity, Flagstar, NYCB or any Subsidiary or affiliate thereof to discharge or terminate the services of any employee, officer, director or consultant of NYCB or Flagstar or any of their Subsidiaries or affiliates at any time for any reason whatsoever, with or without cause. Nothing in this Agreement shall be deemed to (i) establish, amend, or modify any Flagstar Benefit Plan or NYCB Benefit Plan or any other benefit or employment plan, program, agreement or arrangement, or (ii) alter or limit the ability of the Surviving Entity or any of its Subsidiaries or affiliates to amend, modify or terminate any particular Flagstar Benefit Plan or NYCB Benefit Plan or any other benefit or employment plan, program, agreement or arrangement after the Effective Time. Without limiting the generality of Section 9.12, nothing in this Agreement, express or implied, is intended to or shall confer upon any person, including any current or former employee, officer, director or consultant of NYCB or Flagstar or any of their Subsidiaries or affiliates, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

6.7 Indemnification; Directors' and Officers' Insurance.

(a) From and after the Effective Time, the Surviving Entity shall indemnify and hold harmless and shall advance expenses as incurred, in each case, to the fullest extent permitted by applicable law, Flagstar Charter, Flagstar Bylaws and the governing or organizational documents of any Flagstar Subsidiary, each present and former director, officer or employee of Flagstar and its Subsidiaries (in each case, when acting in such capacity) (collectively, the "Flagstar Indemnified Parties") against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, damages or liabilities incurred in connection with any threatened or actual claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, whether arising before or after the Effective Time, arising out of, or pertaining to, the fact that such person is or was a director, officer or employee of Flagstar or any of its Subsidiaries or is or was serving at the request of Flagstar or any of its Subsidiaries as a director or officer of another person and pertaining to matters, acts or omissions existing or occurring at or prior to the Effective Time, including matters, acts or omissions occurring in connection with the approval of this Agreement and the transactions contemplated by this Agreement; provided, that in the case of advancement of expenses, any Flagstar

Indemnified Party to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such Flagstar Indemnified Party is not entitled to indemnification. The Surviving Entity shall reasonably cooperate with Flagstar Indemnified Parties, and Flagstar Indemnified Parties shall reasonably cooperate with the Surviving Entity, in the defense of any such claim, action, suit, proceeding or investigation.

(b) For a period of six (6) years after the Effective Time, the Surviving Entity shall cause to be maintained in effect the current policies of directors' and officers' liability insurance maintained by Flagstar (provided, that the Surviving Entity may substitute therefor policies with a substantially comparable insurer of at least the same coverage and amounts containing terms and conditions that are no less advantageous to the insured) with respect to claims against the present and former officers and directors of Flagstar or any of its Subsidiaries arising from facts or events which occurred at or before the Effective Time (including the approval of this Agreement and the transactions contemplated by this Agreement); provided, however, that the Surviving Entity shall not be obligated to expend, on an annual basis, an amount in excess of 300% of the current annual premium paid as of the date hereof by Flagstar for such insurance (the "Premium Cap"), and if such premiums for such insurance would at any time exceed the Premium Cap, then the Surviving Entity shall cause to be maintained policies of insurance which, in the Surviving Entity's good faith determination, provide the maximum coverage available at an annual premium equal to the Premium Cap. In lieu of the foregoing, Flagstar, in consultation with, but only upon the consent of, NYCB, may (and at the request of NYCB, Flagstar shall use its reasonable best efforts to) obtain at or prior to the Effective Time a six (6)-year "tail" policy under Flagstar's existing directors' and officers' insurance policy providing equivalent coverage to that described in the preceding sentence if and to the extent that the same may be obtained for an amount that, in the aggregate, does not exceed the Premium Cap.

(c) The obligations of the Surviving Entity, NYCB or Flagstar under this Section 6.7 shall not be terminated or modified after the Effective Time in a manner so as to adversely affect any Flagstar Indemnified Party or any other person entitled to the benefit of this Section 6.7 without the prior written consent of the affected Flagstar Indemnified Party or affected person.

(d) The provisions of this Section 6.7 shall survive the Effective Time and are intended to be for the benefit of, and shall be enforceable by, each Flagstar Indemnified Party and his or her heirs and representatives. If the Surviving Entity or any of its successors or assigns (i) consolidates with or merges into any other person and is not the continuing or surviving entity of such consolidation or merger, or (ii) transfers all or substantially all of its assets or deposits to any other person or engages in any similar transaction, then in each such case, the Surviving Entity will cause proper provision to be made so that the successors and assigns of the Surviving Entity will expressly assume the obligations set forth in this Section 6.7.

6.8 Additional Agreements. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement (including any merger between a Subsidiary of NYCB, on the one hand, and a Subsidiary of Flagstar, on the other hand) or to vest the Surviving Entity with full title to all properties, assets, rights, approvals, immunities and franchises of any of the parties to the Merger, the Holdco Merger or

the Bank Merger, the proper officers and directors of each party to this Agreement and their respective Subsidiaries shall take, or cause to be taken, all such necessary action as may be reasonably requested by NYCB.

6.9 Advice of Changes. NYCB and Flagstar shall each promptly advise the other party of any effect, change, event, circumstance, condition, occurrence or development (i) that has had or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on it, or (ii) that it believes would or would reasonably be expected to cause or constitute a material breach of any of its representations, warranties, obligations, covenants or agreements contained in this Agreement that reasonably could be expected to give rise, individually or in the aggregate, to the failure of a condition in Article VII; provided, that any failure to give notice in accordance with the foregoing with respect to any breach shall not be deemed to constitute a violation of this Section 6.9 or the failure of any condition set forth in Section 7.2 or 7.3 to be satisfied, or otherwise constitute a breach of this Agreement by the party failing to give such notice, in each case, unless the underlying breach would independently result in a failure of the conditions set forth in Section 7.2 or 7.3 to be satisfied; and provided, further, that the delivery of any notice pursuant to this Section 6.9 shall not cure any breach of, or noncompliance with, any other provision of this Agreement or limit the remedies available to the party receiving such notice.

6.10 Dividends. After the date of this Agreement and to the extent permitted under the NYCB Charter and Flagstar Charter, respectively, each of NYCB and Flagstar shall coordinate with the other the declaration of any dividends in respect of the NYCB Common Stock and Flagstar Common Stock and the record dates and payment dates relating thereto, it being the intention of the parties hereto that holders of Flagstar Common Stock shall not receive two dividends, or fail to receive one dividend, in any quarter with respect to their shares of Flagstar Common Stock and any shares of the NYCB Common Stock any such holder receives in exchange therefor in the Merger. In furtherance of the foregoing, (a) starting with the fourth quarter of 2021, the Board of Directors of Flagstar shall cause its regular quarterly dividend record dates and payments dates for Flagstar Common Stock to be delayed so as to be similar to the regular quarterly dividend record dates and payments dates for NYCB Common Stock and (b) the Board of Directors of NYCB shall continue to pay dividends on the NYCB Common Stock on substantially the same record and payment date schedules as have been utilized in the past.

6.11 Shareholder Litigation. Each party shall, to the extent permitted under applicable law and regulation, give the other party prompt notice in writing of any stockholder or shareholder, as applicable, litigation against such party or its directors or officers relating to the transactions contemplated by this Agreement. Flagstar shall give NYCB the opportunity to participate (at NYCB's expense) in the defense or settlement of any such litigation. Each party shall give the other a reasonable opportunity to review and comment on all filings or responses to be made by such party in connection with any such litigation, and will in good faith take such comments into account. Flagstar shall not agree to settle any such litigation without NYCB's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed; provided, that NYCB shall not be obligated to consent to any settlement which does not include a full release of NYCB and its affiliates or which imposes an injunction or other equitable relief after the Effective Time upon the Surviving Entity or any of its affiliates.

6.12 Corporate Governance.

(a) Prior to the Effective Time, the Board of Directors of NYCB shall take all actions necessary to adopt the NYCB Bylaws Amendment. Effective as of the Holdco Merger Effective Time, and in accordance with the NYCB Bylaws Amendment, the number of directors that will comprise the full Board of Directors of the Surviving Entity and the full Board of Directors of NYCB Bank shall each be twelve (12), of which (i) eight (8) shall be directors of NYCB immediately prior to the Effective Time, which shall include the Chief Executive Officer of NYCB immediately prior to the Effective Time, Robert Wann, Hanif Dahya, who shall serve as the Presiding Director, and such other directors as determined by NYCB and (ii) four (4) shall be directors of Flagstar immediately prior to the Effective Time (the "Flagstar Designated Directors"), which shall include the Chief Executive Officer of Flagstar immediately prior to the Effective Time, who shall serve as the non-Executive Chairman of the Board of Directors of each of the Surviving Entity and the Board of Directors of NYCB Bank, David Treadwell, who shall serve as the Risk Assessment Committee Chairman of the Surviving Entity and such other directors as mutually agreed to by Flagstar and NYCB, who shall be independent of NYCB in accordance with applicable stock exchange standards.

(b) At the Effective Time, NYCB shall invite all directors of Flagstar immediately prior to the Effective Time other than the Flagstar Designated Directors to become members of an Advisory Board of NYCB (the "Advisory Board"), and shall cause all such individuals who accept such invitation to be elected or appointed for a two (2)-year term as members of the Advisory Board. Such members of the Advisory Board will serve on the Advisory Board until the second (2nd) anniversary of the Closing Date or until their respective earlier death or resignation, during which period such members will each receive quarterly compensation of $10,000 per quarter served. The Chief Executive Officer of NYCB shall meet with the Advisory Board at least one time per quarter during the two (2) year period beginning on the Closing Date.

(c) Effective as of the Effective Time, the Board of Directors of NYCB shall take such actions as are necessary and appropriate to adopt the lending policies and procedures of Flagstar that were in effect immediately prior to the Closing with respect to the acquired Flagstar operations as the lending policies and procedures for such acquired Flagstar operations.

6.13 Acquisition Proposals.

(a) Each party agrees that it will, and will cause each of its Subsidiaries and use its reasonable best efforts to cause its and their respective officers, directors, employees, agents, advisors and representatives (collectively, "Representatives") to, immediately cease, and cause to be terminated, any activities, discussions or negotiations conducted before the date of this Agreement with any person other than Flagstar, in the case of NYCB, or NYCB, in the case of Flagstar, with respect to any Acquisition Proposal.

(b) Each party agrees that it will not, and shall cause each of its Subsidiaries and use its reasonable best efforts to cause its and their respective Representatives not to, directly or indirectly, (i) initiate, solicit, knowingly encourage or knowingly facilitate any inquiries or proposals with respect to any Acquisition Proposal, (ii) engage or participate in any negotiations

with any person concerning any Acquisition Proposal, (iii) provide any confidential or nonpublic information or data to, or have or participate in any discussions with, any person relating to any Acquisition Proposal (except (x) to notify a person that has made or, to the knowledge of such party, is making any inquiries with respect to, or is considering making, an Acquisition Proposal, of the existence of the provisions of this Section 6.13 and (y) to seek and obtain legal or financial advice from such party's outside counsel and outside financial advisors, as applicable), or (iv) unless this Agreement has been terminated in accordance with its terms, approve or enter into any term sheet, letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other similar agreement (whether written or oral, binding or nonbinding) (other than an Acceptable Confidentiality Agreement entered into in accordance with this Section 6.13) in connection with or relating to any Acquisition Proposal.

(c) Notwithstanding anything to the contrary set forth in Section 6.13(a) or 6.13(b), in the event that after the date of this Agreement and prior to the receipt of the Requisite NYCB Vote, in the case of NYCB, or the Requisite Flagstar Vote, in the case of Flagstar, a party receives an unsolicited *bona fide* written Acquisition Proposal, such party may, and may permit its Subsidiaries and its and its Subsidiaries' Representatives to, furnish or cause to be furnished confidential or nonpublic information or data to and participate in negotiations or discussions with the person making the Acquisition Proposal, or any Representative of the person making the Acquisition Proposal, if the Board of Directors of such party concludes in good faith (after receiving the advice of its outside counsel, and with respect to financial matters, its outside financial advisors) that failure to take such actions would be more likely than not to result in a violation of its fiduciary duties under applicable law; provided, that, prior to furnishing any confidential or nonpublic information permitted to be provided pursuant to this sentence, such party shall have provided such information to the other party to this Agreement and shall have entered into a confidentiality agreement with the person making such Acquisition Proposal on terms no less favorable to it than the Confidentiality Agreement ("Acceptable Confidentiality Agreement"), which confidentiality agreement shall not provide such person with any exclusive right to negotiate with such party.

(d) Each party will promptly (and, in any event, within one business day after receipt) advise the other party following receipt of any Acquisition Proposal or any inquiry which could reasonably be expected to lead to an Acquisition Proposal, and the substance thereof (including the material terms and conditions of and the identity of the person making such inquiry or Acquisition Proposal) and will keep the other party reasonably apprised of any related developments, discussions and negotiations on a current basis, including any amendments to or revisions of the material terms of such inquiry or Acquisition Proposal. Each party shall use its reasonable best efforts to enforce any existing confidentiality or standstill agreements to which it or any of its Subsidiaries is a party in accordance with the terms thereof.

(e) As used in this Agreement, "Acquisition Proposal" shall mean, (i) with respect to Flagstar, other than the transactions contemplated by this Agreement, any third-party offer, proposal or inquiry relating to, or any third-party indication of interest in, (A) any acquisition or purchase, direct or indirect, of twenty-five percent (25%) or more of the consolidated assets of Flagstar and its Subsidiaries or twenty-five percent (25%) or more of any class of equity or voting securities of Flagstar or its Subsidiaries whose assets, individually or in the aggregate, constitute twenty-five percent (25%) or more of the consolidated assets of

Flagstar, (B) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in such third party beneficially owning twenty-five percent (25%) or more of any class of equity or voting securities of Flagstar or its Subsidiaries whose assets, individually or in the aggregate, constitute twenty-five percent (25%) or more of the consolidated assets of Flagstar, or (C) a merger, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Flagstar or its Subsidiaries whose assets, individually or in the aggregate, constitute twenty-five percent (25%) or more of the consolidated assets of Flagstar; and (ii) with respect to NYCB, other than the transactions contemplated by this Agreement, any third-party offer, proposal or inquiry relating to, or any third-party indication of interest in, transactions described in subclauses (A) through (C) of clause (i) of this Section 6.13(e), substituting (x) "NYCB" for "Flagstar" thereof and (y) "50%" for "25%" thereof.

(f) Nothing contained in this Agreement shall prevent a party or its Board of Directors from complying with Rule 14d-9 and Rule 14e-2 under the Exchange Act or Item 1012(a) of Regulation M-A with respect to an Acquisition Proposal or from making any legally required disclosure to such party's shareholders; provided, that such rules will in no way eliminate or modify the effect that any action pursuant to such rules would otherwise have under this Agreement.

6.14 Public Announcements. Flagstar and NYCB agree that the initial press release with respect to the execution and delivery of this Agreement shall be a release mutually agreed to by the parties. Thereafter, each of the parties agrees that no public release or announcement or statement concerning this Agreement or the transactions contemplated hereby shall be issued by any party without the prior written consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed), except (a) as required by applicable law or the rules or regulations of any applicable Governmental Entity or stock exchange to which the relevant party is subject, in which case the party required to make the release or announcement shall consult with the other party about, and allow the other party reasonable time to comment on, such release or announcement in advance of such issuance, or (b) for such releases, announcements or statements that are consistent with other such releases, announcement or statements made after the date of this Agreement in compliance with this Section 6.14.

6.15 Change of Method. Each of NYCB and Flagstar shall be empowered, at any time prior to the Effective Time, to change the method or structure of effecting the combination of Flagstar and NYCB (including the provisions of Article I), and, if and to the extent requested by such party, the other party shall agree to enter into such amendments to this Agreement as such requesting party may reasonably request in order to give effect to such restructuring; provided, however, that no such change or amendment shall (a) alter or change the amount or kind of the Merger Consideration provided for in this Agreement, (b) adversely affect the Tax treatment of the Merger with respect to Flagstar's shareholders, or (c) impede or delay the consummation of the transactions contemplated by this Agreement in a timely manner. The parties agree to reflect any such change in an appropriate amendment to this Agreement executed by both parties in accordance with Section 9.1.

6.16 Restructuring Efforts. If either Flagstar or NYCB shall have failed to obtain the Requisite Flagstar Vote or the Requisite NYCB Vote at the duly convened Flagstar Meeting or NYCB Meeting, as applicable, or any adjournment or postponement thereof, each of the parties shall in good faith use its reasonable best efforts to negotiate a restructuring of the transactions provided for in this Agreement (it being understood that neither party shall have any obligation to alter or change any material terms, including the amount or kind of the consideration to be issued to holders of the capital stock of Flagstar as provided for in this Agreement, or any term that would adversely affect the Tax treatment of the transactions contemplated hereby, in a manner adverse to such party or its shareholders or stockholders, as applicable) and/or resubmit this Agreement and the transactions contemplated hereby (or as restructured pursuant to this Section 6.16) to its respective shareholders or stockholders, as applicable, for approval.

6.17 Takeover Restrictions. None of Flagstar, NYCB or their respective Boards of Directors shall take any action that would cause any Takeover Restriction to become applicable to this Agreement, the Merger or any of the other transactions contemplated hereby, and each shall take all necessary steps to exempt (or ensure the continued exemption of) the Merger and the other transactions contemplated hereby from any applicable Takeover Restriction now or hereafter in effect. If any Takeover Restriction may become, or may purport to be, applicable to the transactions contemplated hereby, each party and the members of their respective Boards of Directors will grant such approvals and take such actions as are necessary so that the transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to eliminate or minimize the effects of any Takeover Restriction on any of the transactions contemplated by this Agreement, including, if necessary, challenging the validity or applicability of any such Takeover Restriction.

6.18 Treatment of Flagstar Indebtedness. At and after the Effective Time for any debt of Flagstar or the Bank Merger Effective Time for any debt of Flagstar Bank, as applicable, NYCB or NYCB Bank, as applicable, shall (x) assume the due and punctual performance and observance of the covenants to be performed by Flagstar or Flagstar Bank, as applicable, under the definitive documents governing the indebtedness set forth on Section 6.18 of the Flagstar Disclosure Schedule, and the due and punctual payment of the principal of (and premium, if any) and interest on, the notes governed thereby; or (y) repay such indebtedness in full. In connection with any such assumption, prior to the Effective Time or the Bank Merger Effective Time, as applicable, NYCB and Flagstar shall, and shall cause NYCB Bank and Flagstar Bank, respectively, to, cooperate and use reasonable best efforts to (a) execute and deliver any supplemental indentures, officer's certificates or other documents (including in connection with any necessary amendment or waiver), and (b) provide any opinion of counsel to the trustee thereof, in each case, required to make such assumption effective as of the Effective Time or the Bank Merger Effective Time, as applicable.

6.19 Exemption from Liability Under Section 16(b). Flagstar and NYCB agree that, in order to most effectively compensate and retain those officers and directors of Flagstar subject to the reporting requirements of Section 16(a) of the Exchange Act (the "Flagstar Insiders"), both prior to and after the Effective Time, it is desirable that Flagstar Insiders not be subject to a risk of liability under Section 16(b) of the Exchange Act to the fullest extent

permitted by applicable law in connection with the conversion of shares of Flagstar Common Stock and Flagstar Equity Awards in the Merger, and for that compensatory and retentive purpose agree to the provisions of this Section 6.19. Flagstar shall deliver to NYCB in a reasonably timely fashion prior to the Effective Time accurate information regarding Flagstar Insiders, and the Board of Directors of NYCB and of Flagstar, or a committee of non-employee directors thereof (as such term is defined for purposes of Rule 16b-3(d) under the Exchange Act), shall reasonably promptly thereafter, and in any event prior to the Effective Time, take all such steps as may be required to cause (in the case of Flagstar) any acquisitions and dispositions of Flagstar Common Stock or Flagstar Equity Awards by Flagstar Insiders, and (in the case of NYCB) any acquisitions of NYCB Common Stock or NYCB Equity Awards by any Flagstar Insiders who, immediately following the Merger, will be officers or directors of NYCB subject to the reporting requirements of Section 16(a) of the Exchange Act, in each case, pursuant to the transactions contemplated by this Agreement, to be exempt from liability pursuant to Rule 16b-3 under the Exchange Act to the fullest extent permitted by applicable law.

6.20 Transition. Subject to Sections 6.2(c), commencing on and following the date hereof through the Closing Date or the earlier termination of this Agreement, and in all cases subject to applicable law or regulation, upon the reasonable request of NYCB, Flagstar shall, and shall cause its Subsidiaries to, (a) reasonably cooperate with NYCB and its Subsidiaries to facilitate the integration of the parties and their respective businesses (including the transition of Flagstar Bank's business and operations as a Federal Savings Bank to New York Community Bank a New York State Chartered Savings Bank) effective as of the Closing Date or such later date as may be determined by NYCB and (b) consistent with the performance of their day-to-day operations and the continuous operation of Flagstar and its Subsidiaries in the ordinary course of business, use commercially reasonable efforts to cause the employees and officers of Flagstar and its Subsidiaries to provide NYCB reasonable assistance, upon the reasonable request of NYCB, with respect to conversion planning and customer communications and notices (including joint communications and notices relating to anticipated account changes or systems conversion); provided, however, that, in each case, neither Flagstar nor any Flagstar Subsidiary shall be required to (i) terminate any third-party service provider arrangements prior to the Closing and (ii) take any action that may unreasonably and materially interfere with the business of Flagstar or any of its Subsidiaries or impede or delay the consummation of the Closing.

ARTICLE VII

CONDITIONS PRECEDENT

7.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligations of the parties to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) Shareholder and Stockholder Approvals. The Requisite NYCB Vote and the Requisite Flagstar Vote shall have been obtained.

(b) NYSE Listing. The shares of NYCB Common Stock that shall be issuable pursuant to this Agreement shall have been authorized for listing on the NYSE, subject to official notice of issuance.

(c) Regulatory Approvals. (i) All Requisite Regulatory Approvals shall have been obtained and shall remain in full force and effect and (ii) no such Requisite Regulatory Approval shall have resulted in the imposition of any Materially Burdensome Regulatory Condition.

(d) S-4. The S-4 shall have become effective under the Securities Act and no stop order suspending the effectiveness of the S-4 shall have been issued, and no proceedings for such purpose shall have been initiated or threatened by the SEC and not withdrawn.

(e) No Injunctions or Restraints; Illegality. No order, injunction, decree or other legal restraint prohibiting the consummation of the Merger, the Holdco Merger or the Bank Merger issued by any Governmental Entity of competent jurisdiction shall be in effect. No law, statute, rule, regulation shall have been enacted, promulgated or enforced by any Governmental Entity which prohibits or makes illegal consummation of the Merger, Holdco Merger or the Bank Merger.

7.2 Conditions to Obligations of NYCB and Merger Sub. The obligation of NYCB and Merger Sub to effect the Merger is also subject to the satisfaction, or waiver by NYCB, at or prior to the Effective Time, of the following conditions:

(a) Representations and Warranties. The representations and warranties of Flagstar set forth in Section 3.2(a) and Section 3.8(a) (in each case, after giving effect to the lead-in to Article III) shall be true and correct (other than, in the case of Section 3.2(a), such failures to be true and correct as are *de minimis*), in each case, as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date, in which case as of such earlier date). The representations and warranties of Flagstar set forth in Section 3.1(a), Section 3.1(b) (but only with respect to Flagstar Bank), Section 3.2(b), Section 3.2(c) (but only with respect to Flagstar Bank), Section 3.3(a) and Section 3.7 (read without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties but, in each case, after giving effect to the lead-in to Article III) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date, in which case as of such earlier date). All other representations and warranties of Flagstar set forth in this Agreement (read without giving effect to any qualification as to the materiality or Material Adverse Effect set forth in such representations or warranties but, in each case, after giving effect to the lead-in to Article III) shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date, in which case as of such earlier date); provided, however, that for purposes of this sentence, such representations and warranties shall be deemed to be true and correct unless the failure or failures of such representations and warranties to be so true and correct, either individually or in the aggregate, and without giving effect to any qualification as to materiality or Material Adverse Effect set

forth in such representations or warranties, has had or would reasonably be expected to have a Material Adverse Effect on Flagstar or the Surviving Entity. NYCB shall have received a certificate dated as of the Closing Date and signed on behalf of Flagstar by the Chief Executive Officer and the Chief Financial Officer of Flagstar to the foregoing effect.

(b) Performance of Obligations of Flagstar. Flagstar shall have performed in all material respects the obligations, covenants and agreements required to be performed by it under this Agreement at or prior to the Closing Date, and NYCB shall have received a certificate dated as of the Closing Date and signed on behalf of Flagstar by the Chief Executive Officer and the Chief Financial Officer of Flagstar to such effect.

(c) Federal Tax Opinion. Either (i) NYCB shall have received the opinion of Sullivan & Cromwell LLP, in form and substance reasonably satisfactory to NYCB, dated as of the Closing Date, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the Merger and the Holdco Merger, taken together, will qualify as a "reorganization" within the meaning of Section 368(a) of the Code (and, for the avoidance of doubt, in rendering such opinion, counsel may require and rely upon representations contained in certificates of officers of NYCB and Flagstar, reasonably satisfactory in form and substance to such counsel), or (ii) there is not reasonably expected to be a Material Adverse Tax Consequence. "Material Adverse Tax Consequence" means that (i) the opinion described in Section 7.2(c)(i) is not able to be delivered and (ii) as a result of a change in law after the date hereof, the Merger and the Holdco Merger, taken together, result in materially adverse income tax consequences to NYCB and its Subsidiaries (including by reason of being a successor to Flagstar and its Subsidiaries).

7.3 Conditions to Obligations of Flagstar. The obligation of Flagstar to effect the Merger is also subject to the satisfaction, or waiver by Flagstar, at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of NYCB set forth in Section 4.2(a) and Section 4.8(a) (in each case, after giving effect to the lead-in to Article IV) shall be true and correct (other than, in the case of Section 4.2(a), such failures to be true and correct as are *de minimis*), in each case, as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date, in which case as of such earlier date). The representations and warranties of NYCB set forth in Section 4.1(a), Section 4.1(b) (but only with respect to NYCB Bank), Section 4.2(b) (but only with respect to NYCB Bank), Section 4.3(a) and Section 4.7 (read without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties but, in each case, after giving effect to the lead-in to Article IV) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties speak as of an earlier date, in which case as of such earlier date). All other representations and warranties of NYCB set forth in this Agreement (read without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties but, in each case, after giving effect to the lead-in to Article IV) shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (except to

the extent such representations and warranties speak as of an earlier date, in which case as of such earlier date); provided, however, that for purposes of this sentence, such representations and warranties shall be deemed to be true and correct unless the failure or failures of such representations and warranties to be so true and correct, either individually or in the aggregate, and without giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations or warranties, has had or would reasonably be expected to have a Material Adverse Effect on NYCB. Flagstar shall have received a certificate dated as of the Closing Date and signed on behalf of NYCB by the Chief Executive Officer and the Chief Financial Officer of NYCB to the foregoing effect.

(b) Performance of Obligations of NYCB and Merger Sub. NYCB and Merger Sub shall have performed in all material respects the obligations, covenants and agreements required to be performed by it under this Agreement at or prior to the Closing Date, and Flagstar shall have received a certificate dated as of the Closing Date and signed on behalf of NYCB by the Chief Executive Officer and the Chief Financial Officer of NYCB to such effect.

(c) Federal Tax Opinion. Flagstar shall have received the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, in form and substance reasonably satisfactory to Flagstar, dated as of the Closing Date, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the Merger and Holdco Merger, taken together, will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. In rendering such opinion, counsel may require and rely upon representations contained in certificates of officers of NYCB and Flagstar, reasonably satisfactory in form and substance to such counsel.

ARTICLE VIII

TERMINATION AND AMENDMENT

8.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after receipt of the Requisite Flagstar Vote or the Requisite NYCB Vote (except in the case of Sections 8.1(e) and Section 8.1(f)):

(a) by mutual written consent of NYCB and Flagstar;

(b) by either NYCB or Flagstar if any Governmental Entity that must grant a Requisite Regulatory Approval has denied approval of the Merger, the Holdco Merger or the Bank Merger and such denial has become final and nonappealable or any Governmental Entity of competent jurisdiction shall have issued a final and nonappealable order, injunction, decree or other legal restraint or prohibition permanently enjoining or otherwise prohibiting or making illegal the consummation of the Merger, the Holdco Merger or the Bank Merger, unless the failure to obtain a Requisite Regulatory Approval shall be due to the failure of the party seeking to terminate this Agreement to perform or observe the obligations, covenants and agreements of such party set forth herein;

(c) by either NYCB or Flagstar if the Merger shall not have been consummated on or before the twelve (12) month anniversary of the date of this Agreement (the

"Termination Date"), unless the failure of the Closing to occur by such date shall be due to the failure of the party seeking to terminate this Agreement to perform or observe the obligations, covenants and agreements of such party set forth herein;

(d) by either NYCB or Flagstar (provided, that the terminating party is not then in material breach of any representation, warranty, obligation, covenant or other agreement contained herein) if there shall have been a breach of any of the obligations, covenants or agreements or any of the representations or warranties (or any such representation or warranty shall cease to be true) set forth in this Agreement on the part of Flagstar, in the case of a termination by NYCB, or NYCB or Merger Sub, in the case of a termination by Flagstar, which breach or failure to be true, either individually or in the aggregate with all other breaches by such party (or failures of such representations or warranties to be true), would constitute, if occurring or continuing on the Closing Date, the failure of a condition set forth in Section 7.2, in the case of a termination by NYCB, or Section 7.3, in the case of a termination by Flagstar, and which is not cured within forty-five (45) days following written notice to Flagstar, in the case of a termination by NYCB, or NYCB, in the case of a termination by Flagstar, or by its nature or timing cannot be cured during such period (or such fewer days as remain prior to the Termination Date);

(e) by Flagstar, prior to such time that the Requisite NYCB Vote is obtained, if (i) NYCB or the Board of Directors of NYCB shall have made a Recommendation Change, or (ii) NYCB or the Board of Directors of NYCB shall have breached its obligations under Section 6.3 or 6.13 in any material respect; or

(f) by NYCB, prior to such time that the Requisite Flagstar Vote is obtained, if (i) Flagstar or the Board of Directors of Flagstar shall have made a Recommendation Change, or (ii) Flagstar or the Board of Directors of Flagstar shall have breached its obligations under Section 6.3 or 6.13 in any material respect.

The party desiring to terminate this Agreement pursuant to clauses (b) through (f) of this Section 8.1 shall give written notice of such termination to the other party in accordance with Section 9.5, specifying the provision or provisions hereof pursuant to which such termination is effected.

8.2 Effect of Termination.

(a) In the event of termination of this Agreement by either NYCB or Flagstar as provided in Section 8.1, this Agreement shall forthwith become void and have no effect, and none of NYCB, Merger Sub, Flagstar, any of their respective Subsidiaries or any of the officers or directors of any of them shall have any liability of any nature whatsoever hereunder, or in connection with the transactions contemplated hereby, except that (i) Section 6.2(b) (*Access to Information*; *Confidentiality*), Section 6.14 (*Public Announcements*), this Section 8.2 and Article IX (other than Section 9.13) shall survive any termination of this Agreement, and (ii) notwithstanding anything to the contrary contained in this Agreement, none of NYCB, Merger Sub or Flagstar shall be relieved or released from any liabilities or damages arising out of its actual and intentional common law fraud in such party's making of its representations and warranties set forth in this Agreement ("Fraud") or its Willful Breach of any provision of this

Agreement. "Willful Breach" shall mean a material breach of, or material failure to perform any of the covenants or other agreements contained in, this Agreement that is a consequence of an act or failure to act by the breaching or non-performing party with actual knowledge that such party's act or failure to act would, or would reasonably be expected to, result in or constitute such breach of or such failure of performance under this Agreement.

(b) (i) In the event that (A) after the date of this Agreement and prior to the termination of this Agreement, a *bona fide* Acquisition Proposal with respect to Flagstar shall have been communicated to or otherwise made known to the Board of Directors or senior management of Flagstar or shall have been made directly to the shareholders of Flagstar generally or any person shall have publicly announced (and not withdrawn at least two (2) business days prior to Flagstar Meeting) an Acquisition Proposal with respect to Flagstar and (B) (x) thereafter this Agreement is terminated by either NYCB or Flagstar pursuant to Section 8.1(c) without the Requisite Flagstar Vote having been obtained (and all other conditions set forth in Section 7.1 and Section 7.3 were satisfied or were capable of being satisfied prior to such termination) or (y) thereafter this Agreement is terminated by NYCB pursuant to Section 8.1(d) as a result of a Willful Breach and (C) prior to the date that is twelve (12) months after the date of such termination, Flagstar enters into a definitive agreement or consummates a transaction with respect to an Acquisition Proposal with respect to Flagstar (whether or not the same Acquisition Proposal as that referred to above), then Flagstar shall, on the earlier of the date it enters into such definitive agreement and the date of consummation of such transaction, pay NYCB, by wire transfer of same-day funds, a fee equal to ninety million dollars ($90,000,000) (the "Termination Fee"); provided, that for purposes of this Section 8.2(b)(i), all references in the definition of Acquisition Proposal to "twenty-five percent (25%)" shall instead refer to "fifty percent (50%)".

(ii) In the event that this Agreement is terminated by NYCB pursuant to Section 8.1(f), then Flagstar shall pay NYCB, by wire transfer of same-day funds, the Termination Fee within two (2) business days of the date of termination.

(c) (i) In the event that (A) after the date of this Agreement and prior to the termination of this Agreement, a *bona fide* Acquisition Proposal with respect to NYCB shall have been communicated to or otherwise made known to the Board of Directors or senior management of NYCB or shall have been made directly to the shareholders of NYCB generally or any person shall have publicly announced (and not withdrawn at least two (2) business days prior to the NYCB Meeting) an Acquisition Proposal with respect to NYCB and (B) (x) thereafter this Agreement is terminated by either NYCB or Flagstar pursuant to Section 8.1(c) without the Requisite NYCB Vote having been obtained (and all other conditions set forth in Section 7.1 and Section 7.2 were satisfied or were capable of being satisfied prior to such termination) or (y) thereafter this Agreement is terminated by Flagstar pursuant to Section 8.1(d) as a result of a Willful Breach and (C) prior to the date that is twelve (12) months after the date of such termination, NYCB enters into a definitive agreement or consummates a transaction with respect to an Acquisition Proposal with respect to NYCB (whether or not the same Acquisition Proposal as that referred to above), then NYCB shall, on the earlier of the date it enters into such definitive agreement and the date of consummation of such transaction, pay Flagstar the Termination Fee by wire transfer of same-day funds; provided, that for purposes of

this Section 8.2(c)(i), all references in the definition of Acquisition Proposal to “twenty-five percent (25%)” shall instead refer to “fifty percent (50%)”.

(ii) In the event that this Agreement is terminated by Flagstar pursuant to Section 8.1(e), then NYCB shall pay Flagstar, by wire transfer of same-day funds, the Termination Fee within two (2) business days of the date of termination.

(d) Notwithstanding anything to the contrary in this Agreement, but without limiting the right of any party to recover liabilities or damages arising out of the other party’s Fraud or Willful Breach of any provision of this Agreement, in no event shall either party be required to pay the Termination Fee more than once.

(e) Each of NYCB and Flagstar acknowledges that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the other party would not enter into this Agreement; accordingly, if NYCB or Flagstar, as the case may be, fails promptly to pay the amount due pursuant to this Section 8.2, and, in order to obtain such payment, the other party commences a suit which results in a judgment against the non-paying party for the Termination Fee or any portion thereof, such non-paying party shall pay the costs and expenses of the other party (including reasonable attorneys’ fees and expenses) in connection with such suit. In addition, if NYCB or Flagstar, as the case may be, fails to pay the amounts payable pursuant to this Section 8.2, then such party shall pay interest on such overdue amounts at a rate per annum equal to the “prime rate” published in the *Wall Street Journal* on the date on which such payment was required to be made for the period commencing as of the date that such overdue amount was originally required to be paid and ending on the date that such overdue amount is actually paid in full. The amounts payable by Flagstar and NYCB pursuant to Section 8.2(b) and Section 8.2(c), respectively, and this Section 8.2(e), constitute liquidated damages and not a penalty, and, except in the case of Fraud or Willful Breach, shall be the sole monetary remedy of the other party in the event of a termination of this Agreement specified in such applicable section.

ARTICLE IX

GENERAL PROVISIONS

9.1 Amendment. Subject to compliance with applicable law, this Agreement may be amended by the parties hereto at any time before or after the receipt of the Requisite NYCB Vote or the Requisite Flagstar Vote; provided, however, that after the receipt of the Requisite NYCB Vote or the Requisite Flagstar Vote, there may not be, without further approval of the stockholders of NYCB or the shareholders of Flagstar, as applicable, any amendment of this Agreement that requires such further approval under applicable law. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing signed on behalf of each of the parties hereto.

9.2 Extension; Waiver. At any time prior to the Effective Time, each of the parties hereto may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties of the other parties contained in this Agreement or in any

document delivered by such other parties pursuant hereto, and (c) waive compliance with any of the agreements or satisfaction of any conditions for its benefit contained in this Agreement; provided, however, that after the receipt of the Requisite NYCB Vote or the Requisite Flagstar Vote, there may not be, without further approval of the stockholders of NYCB or the shareholders of Flagstar, as applicable, any extension or waiver of this Agreement or any portion thereof that requires such further approval under applicable law. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party, but such extension or waiver or failure to insist on strict compliance with an obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

9.3 Nonsurvival of Representations, Warranties and Agreements. None of the representations, warranties, obligations, covenants and agreements in this Agreement or in any certificate delivered pursuant to this Agreement (other than the Confidentiality Agreement, which shall survive in accordance with its terms) shall survive the Effective Time, except for Section 6.7 and for those other obligations, covenants and agreements contained in this Agreement which by their terms apply in whole or in part after the Effective Time.

9.4 Expenses. Except as otherwise expressly provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expense; provided, however, that the costs and expenses of printing and mailing the Joint Proxy Statement and all filing and other fees paid to the SEC in connection with the Merger and the other transactions contemplated hereby shall be borne equally by NYCB and Flagstar.

9.5 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given if delivered personally, by e-mail transmission (provided that no "error message" or other notification of non-delivery is generated), mailed by registered or certified mail (return receipt requested) or delivered by an express courier (with confirmation) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Flagstar, to:

Flagstar Bancorp, Inc.
5151 Corporate Drive
Troy, MI 48098
Attention: James K. Ciroli, EVP and Chief Financial Officer

With a copy (which shall not constitute notice) to

Flagstar Bancorp, Inc.
5151 Corporate Drive
Troy, MI 48098
Attention: General Counsel

With a copy (which shall not constitute notice) to

Skadden, Arps, Slate, Meagher & Flom LLP
One Manhattan West
New York, New York 10001

or

155 N. Wacker Drive
Chicago, Illinois 60606
Attention: Sven G. Mickisch
David R. Clark
Email: Sven.Mickisch@skadden.com
David.Clark@skadden.com

and

(b) if to NYCB or Merger Sub, to:

New York Community Bancorp, Inc.
615 Merrick Avenue
Westbury, New York 11590
Attention: R. Patrick Quinn, General Counsel
E-mail: R.Patrick.Quinn@mynycb.com

With a copy (which shall not constitute notice) to:

Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004
Attention: H. Rodgin Cohen
Mark J. Menting
Jared M. Fishman
Email: cohenhr@sullcrom.com
mentingm@sullcrom.com
fishmanj@sullcrom.com

9.6 Interpretation. The parties hereto have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement. When a reference is made in this Agreement to Articles, Sections, Exhibits or Schedules, such reference shall be to an Article or Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "hereof," "herein," "hereinafter," "hereunder," and "hereto" and words of similar import refer to this Agreement as a whole and not to any particular section or subsection of this Agreement and reference to a particular section of this Agreement will include all subsections thereof, unless, in each case, the

context otherwise requires. The definitions of the terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context shall require, any pronoun shall include all genders. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The word "or" shall not be exclusive. References to "the date hereof" shall mean the date of this Agreement. As used in this Agreement, the "knowledge" of Flagstar means the actual knowledge of any of the officers of Flagstar listed on Section 9.6 of the Flagstar Disclosure Schedule, and the "knowledge" of NYCB means the actual knowledge of any of the officers of NYCB listed on Section 9.6 of the NYCB Disclosure Schedule. As used in this Agreement, (a) the term "person" means any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, Governmental Entity or other entity of any kind or nature, (b) an "affiliate" of a specified person is any person that directly or indirectly controls, is controlled by, or is under common control with, such specified person, (c) the term "made available" means any document or other information that was (i) provided by one party or its representatives to the other party and its representatives prior to the execution and delivery of this Agreement, (ii) included in the virtual data room of a party prior to the execution and delivery of this Agreement, or (iii) filed or furnished by a party with the SEC and publicly available on EDGAR prior to the execution and delivery of this Agreement, (d) "business day" means any day other than a Saturday, a Sunday or a day on which banks in New York, New York are authorized by law or executive order to be closed, (e) the "transactions contemplated hereby" and "transactions contemplated by this Agreement" shall include the Merger, the Holdco Merger and the Bank Merger, and (f) the term "ordinary course of business," with respect to either party, shall take into account the commercially reasonable actions taken by such party and its Subsidiaries in response to the Pandemic and the Pandemic Measures. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded and if the last day of such period is a non-business day, the period in question shall end on the next succeeding business day. References to a particular statute or regulation including all rules and regulations promulgated thereunder and any amendment or successor to such statute or regulation. References to all contracts or agreements shall include any amendments thereto. The Flagstar Disclosure Schedule and the NYCB Disclosure Schedule, as well as all other schedules and all exhibits hereto, shall be deemed part of this Agreement and included in any reference to this Agreement. Nothing contained in this Agreement shall require any party or person to take any action in violation of applicable law.

9.7 No Other Representations or Warranties.

(a) Except for the representations and warranties made by Flagstar in Article III, neither Flagstar nor any other person makes any express or implied representation or warranty with respect to Flagstar, its Subsidiaries, or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and Flagstar hereby disclaims any such other representations or warranties. In particular, without limiting the foregoing disclaimer, neither Flagstar nor any other person makes or has made any representation or warranty to NYCB, Merger Sub or any of their respective affiliates or representatives with respect to (i) any financial projection, forecast, estimate, budget or prospective information relating to Flagstar, any of its Subsidiaries or their respective businesses, or (ii) except for the

representations and warranties made by Flagstar in Article III, any oral or written information presented to NYCB, Merger Sub or any of their respective affiliates or representatives in the course of their due diligence investigation of Flagstar, the negotiation of this Agreement or in the course of the transactions contemplated hereby. Flagstar acknowledges and agrees that none of NYCB, Merger Sub or any other person on behalf of NYCB or Merger Sub has made or is making, and Flagstar has not relied upon, any express or implied representation or warranty other than those contained in Article IV.

(b) Except for the representations and warranties made by NYCB or Merger Sub in Article IV, none of NYCB, Merger Sub or any other person makes any express or implied representation or warranty with respect to NYCB, its Subsidiaries (including Merger Sub), or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and each of NYCB and Merger Sub hereby disclaims any such other representations or warranties. In particular, without limiting the foregoing disclaimer, none of NYCB, Merger Sub or any other person makes or has made any representation or warranty to Flagstar or any of its affiliates or representatives with respect to (i) any financial projection, forecast, estimate, budget or prospective information relating to NYCB, any of its Subsidiaries (including Merger Sub) or their respective businesses, or (ii) except for the representations and warranties made by NYCB and Merger Sub in Article IV, any oral or written information presented to Flagstar or any of its affiliates or representatives in the course of their due diligence investigation of NYCB and Merger Sub, the negotiation of this Agreement or in the course of the transactions contemplated hereby. Each of NYCB and Merger Sub acknowledges and agrees that neither Flagstar nor any other person on behalf of Flagstar has made or is making, and neither NYCB nor Merger Sub has not relied upon, any express or implied representation or warranty other than those contained in Article III.

9.8 Counterparts. This Agreement may be executed in counterparts (including by .pdf), all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

9.9 Entire Agreement. This Agreement (including the documents and instruments referred to herein), together with the Confidentiality Agreement, constitutes the entire agreement among the parties and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

9.10 Governing Law; Jurisdiction.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed entirely within the State of Delaware, without regard to any applicable conflicts of law principles (except that matters relating to the fiduciary duties of the Board of Directors of Flagstar shall be subject to the laws of the State of Michigan).

(b) Each party hereto agrees that it will bring any action or proceeding in respect of any claim arising out of or related to this Agreement or the transactions contemplated hereby exclusively in the Court of Chancery of the State of Delaware and any state appellate

court therefrom within the State of Delaware or, if the Court of Chancery of the State of Delaware declines to accept jurisdiction over a particular matter, any federal or state court of competent jurisdiction located in the State of Delaware (the "Chosen Courts"), and, solely in connection with claims arising under this Agreement or the transactions that are the subject of this Agreement, (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any party, and (iv) agrees that service of process upon such party in any such action or proceeding will be effective if notice is given in accordance with Section 9.5.

9.11 Waiver of Jury Trial. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION OR OTHER PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT: (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION OR OTHER PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.

9.12 Assignment; Third-Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. Any purported assignment in contravention hereof shall be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. Except as otherwise specifically provided in Section 6.7, which is intended to benefit each Flagstar Indemnified Party and his or her heirs and representatives, this Agreement (including the documents and instruments referred to herein) is not intended to, and does not, confer upon any person other than the parties hereto any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth in this Agreement. The representations and warranties in this Agreement are the product of negotiations among the parties hereto and are for the sole benefit of the parties. Any inaccuracies in such representations and warranties are subject to waiver by the parties hereto in accordance herewith without notice or liability to any other person. In some instances, the representations and warranties in this Agreement may represent an allocation among the parties hereto of risks associated with particular matters regardless of the knowledge of any of the parties hereto. Consequently, persons other than the parties may not rely upon the representations and warranties in this Agreement as

characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date. Except as provided in Section 6.7, notwithstanding any other provision in this Agreement to the contrary, no consent, approval or agreement of any third-party beneficiary will be required to amend, modify or waive any provision of this Agreement.

9.13 Specific Performance. The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and, accordingly, that the parties shall be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof (including the parties' obligation to consummate the Merger), in addition to any other remedy to which they are entitled at law or in equity. Each of the parties hereto hereby further waives (a) any defense in any action for specific performance that a remedy at law would be adequate, and (b) any requirement under any law to post security or a bond as a prerequisite to obtaining equitable relief.

9.14 Severability. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction such that the invalid, illegal or unenforceable provision or portion thereof shall be interpreted to be only so broad as is enforceable.

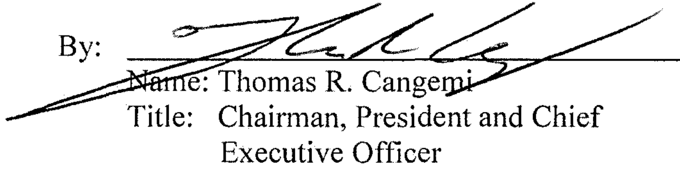
9.15 Confidential Supervisory Information. Notwithstanding any other provision of this Agreement, no disclosure, representation or warranty shall be made (or other action taken) pursuant to this Agreement that would involve the disclosure of confidential supervisory information (including confidential supervisory information as defined or identified in 12 C.F.R. § 261.2(c), 12 C.F.R. § 309.5(g)(8), 12 C.F.R. § 4.32(b), 12 C.F.R. § 309.5(g) and New York Banking Law § 36.10) of a Governmental Entity by any party to this Agreement to the extent prohibited by applicable law; provided that, to the extent legally permissible, appropriate modified or substitute disclosures or actions shall be made or taken under circumstances in which the limitations of this section apply.

9.16 Delivery by Electronic Transmission. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments or waivers hereto or thereto, to the extent signed and delivered by means of e-mail delivery of a ".pdf" format data file, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such agreement or instrument shall raise the use of e-mail delivery of a ".pdf" format data file to deliver a signature to this Agreement or any amendment hereto or the fact that any signature or agreement or instrument was transmitted or communicated through the use of e-mail delivery of a ".pdf" format data file as a defense to the formation of a contract and each party hereto forever waives any such defense.

[Signature Pages Follow]

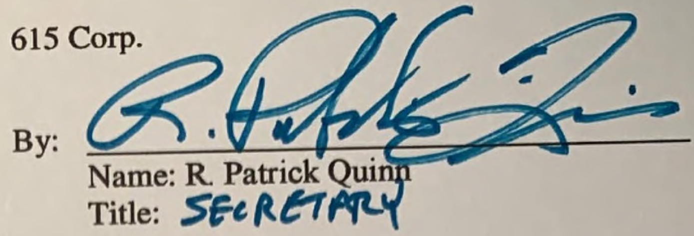
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

NEW YORK COMMUNITY BANCORP, INC.

By: 

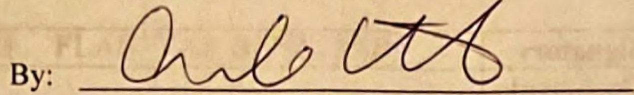
Name: Thomas R. Cangemi
Title: Chairman, President and Chief Executive Officer

615 Corp.

By: 

Name: R. Patrick Quinn
Title: SECRETARY

FLAGSTAR BANCORP, INC.

By: 

Name: Alessandro DiNello

Title: President and CEO

[*Signature Page to the Merger Agreement*]

Exhibit A

Amended and Restated Flagstar Charter

(attached)

ARTICLE I

The name of the corporation is **Flagstar Bancorp, Inc**.

ARTICLE II

The purpose of the corporation is to engage in any one or more lawful acts or activities within the purposes for which a corporation may be formed under the Michigan Business Corporation Act ("**Act**").

ARTICLE III

The total authorized capital stock of the corporation is 100 shares of common stock.

ARTICLE IV

The street address (which is the mailing address) of the initial registered office of the corporation is 2900 West Road, Suite 500, East Lansing, Michigan 48823.

The name of the resident agent at the registered office is CSC-Lawyers Incorporating Service (Company).

ARTICLE V

When a compromise or arrangement or plan of reorganization of this corporation is proposed between this corporation and its creditors or any class of them or between this corporation and its shareholders or any class of them, a court of equity jurisdiction within the state, on application of this corporation or of a creditor or shareholder thereof, or on application of a receiver appointed for the corporation, may order a meeting of the creditors or class of creditors or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or reorganization, to be summoned in such manner as the court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or a reorganization, agree to a compromise or arrangement or a reorganization of this corporation as a consequence of the compromise or arrangement, the compromise or arrangement or the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, or on all the shareholders or class of shareholders and also on this corporation.

ARTICLE VI

Any action required or permitted by the Act to be taken at an annual or special meeting of shareholders may be taken without a meeting, without prior notice, and without a vote, if consents in writing, setting forth the action so taken, are signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote on the action were present and voted. A written consent shall bear the date of signature of the shareholder who signs the consent. Written consents are not effective to take corporate action unless, within 60 days after the record date for determining shareholders entitled to express consent to or to dissent from a proposal without a meeting, written consents dated not more than 10 days before the record date and signed by a sufficient number of shareholders to take the action are delivered to the corporation. Delivery shall be to the corporation's registered office, its principal place of business, or an officer or agent of the corporation having custody of the minutes of the proceedings of its shareholders. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

Prompt notice of taking of the corporate action without a meeting by less than unanimous written consent shall be given to shareholders who would have been entitled to notice of the shareholder meeting if the action had been taken at a meeting and who have not consented to the action in writing. An electronic transmission consenting to an action must comply with Section 407(3).

ARTICLE VII

The corporation shall indemnify any director of the corporation who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding by reason of the fact that he or she is or was a director, or is or was serving at the request of the corporation in another capacity, to the fullest extent permitted (in the absence of rights granted under these Articles, the corporation's bylaws, or a contractual agreement) by the Michigan Business Corporation Act. The corporation may further indemnify directors, and may indemnify persons who are not directors, to the extent authorized by the Michigan Business Corporation Act, bylaw, resolution of the board of directors, or contractual agreement authorized by the board of directors. A change in the Michigan Business Corporation Act, these Articles, or the bylaws that reduces the scope of indemnification shall not apply to any action or omission that occurs before the change.

ARTICLE VIII

A director of the corporation shall not be liable to the corporation or its shareholders for money damages for any action taken or any failure to take any action as a director, except that a director's liability is not limited for:

(1) the amount of a financial benefit received by a director to which he or she is not entitled;

(2) intentional infliction of harm on the corporation or the shareholders;

(3) a violation of section 551 of the Michigan Business Corporation Act; or

(4) an intentional criminal act.

If the Michigan Business Corporation Act is amended to further eliminate or limit the liability of a director, then a director of the corporation (in addition to the circumstances in which a director is not liable as set forth in the preceding paragraph) shall, to the fullest extent permitted by the Michigan Business Corporation Act, as so amended, not be liable to the corporation or its shareholders. No amendment to or modification or repeal of this Article shall increase the liability of any director of the corporation for or with respect to any acts or omissions of such director occurring prior to such amendment, modification, or repeal.

ARTICLE IX

The corporation may amend or repeal any provision contained in these Articles and add Articles in the manner prescribed by statute.

Exhibit B

Seventh Amended and Restated Flagstar Bylaws

(attached)

BYLAWS

OF

FLAGSTAR BANCORP, INC.

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BYLAWS

OF

FLAGSTAR BANCORP, INC.

Adopted and effective as of [•], [2021]

ARTICLE 1

SHAREHOLDERS

1.1 **Time and Place of Meetings**. Shareholder meetings shall be held at the corporation's principal executive office during regular business hours or at such other time and place as the board of directors determines.

1.2 **Annual Meetings of Shareholders**. An annual meeting of shareholders shall, unless action to be taken at the meeting is instead taken by written consent as permitted by law, be held on such date and time as the board of directors determines.

1.3 **Special Meetings**. The board of directors, the Chairperson of the board of directors, or the President of the corporation may call a special meeting of shareholders by giving notice of the meeting to each shareholder entitled to vote at the meeting.

1.4 **Notice of Meetings**. Written notice of the date, time, place, if any, and purposes of a shareholder meeting shall be given not less than 10 nor more than 60 days before the date of the meeting, either personally, by mail, or, if authorized by the board of directors, by a form of electronic transmission to which the shareholder has consented, to each shareholder of record entitled to vote at the meeting. For the purposes of these bylaws, "**electronic transmission**" means any form of communication that does not directly involve the physical transmission of paper, that creates a record that may be retained and retrieved by the recipient and that may be reproduced in paper form by the recipient through an automated process. If, as authorized by the board of directors, a shareholder or proxy holder may be present and vote at the meeting by remote communication, the means of remote communication allowed shall be specified in the notice of the meeting. Notice of the purposes of the meeting shall include notice of any shareholder proposals that are proper subjects for shareholder action and are intended to be presented by shareholders who have notified the corporation in writing of their intention to present the proposals at the meeting in accordance with these bylaws.

1.5 **Shareholder Proposals**. Except as otherwise provided by statute, the articles of incorporation, or these bylaws:

(a) No matter may be presented for shareholder action at an annual or special meeting of shareholders unless such matter is: (i) specified in the notice of the meeting (or any supplement to the notice) given by or at the direction of the board of directors, Chairperson, or President; (ii) otherwise presented at the

meeting by or at the direction of the board of directors, Chairperson, or President; (iii) properly presented for action at the meeting by a shareholder in accordance with the notice provisions set forth in this Section and any other applicable requirements; or (iv) a matter accepted for presentation by the Chairperson in his or her sole discretion.

(b) For a matter to be properly presented by a shareholder and to be included in the notice of the purposes of a shareholder meeting, the shareholder must have given timely notice of the matter in writing to the Secretary, President, or Chairperson of the corporation. If notice of a proper shareholder proposal is received at the principal executive office of the corporation not later than the first day of the corporation's fiscal year, the matter shall be included in the notice of the purposes of, and may be presented at, the first shareholder meeting held after the end of the 3rd calendar month of the corporation's fiscal year. The notice by the shareholder must set forth: (i) a brief description of the matter the shareholder desires to present for shareholder action; (ii) the name and record address of the shareholder proposing the matter for shareholder action; and (iii) any material interest of the shareholder in the matter proposed for shareholder action.

(c) Shareholder proposals must be proper subjects for shareholder action. A submitted proposal or matter shall be omitted if it: (i) relates to the enforcement of a personal claim or the redress of a personal grievance against the corporation, its management, or any other person, (ii) consists of a recommendation, request, or mandate that action be taken with respect to a matter, including a general economic, political, racial, religious, social, or similar cause, that is not significantly related to the corporation's business or is not within the corporation's power to effectuate, (iii) has at the shareholder's request previously been submitted in either of the last two annual shareholder meetings and the shareholder has failed to present the proposal, in person or by proxy, for action at the meeting, (iv) is substantially similar to a matter or proposal that has previously been presented at any of the preceding five annual shareholder meetings and the matter or proposal received less than 10% of the total number of votes cast, or (v) consists of a recommendation or request that the management take action with respect to a matter relating to the conduct of the corporation's ordinary business operations.

1.6 **Adjournments**. If a meeting is adjourned, it is not necessary to give notice of the adjourned meeting if (a) the date, time, and place, if any, to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and (b) at the adjourned meeting only such business is transacted as might have been transacted at the original meeting. A shareholder or proxy holder may be present and vote at the adjourned meeting by means of remote communication if he or she was permitted to be present and vote by that means of remote communication in the original meeting notice. If after the adjournment the board of directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with Section 1.4.

1.7 **Waiver of Notice**. A shareholder or a shareholder's attorney-in-fact may waive the shareholder's right to notice before or after a meeting by a signed waiver of notice. A shareholder's attendance at a meeting will result in a waiver of objection to:

(a) lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and

(b) consideration of a particular matter at the meeting that is not within the purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

1.8 **List of Shareholders Entitled to Vote**. The officer or agent having charge of the stock transfer books for shares of the corporation shall make and certify a complete list of the shareholders entitled to vote at a shareholder meeting or any adjournment thereof. The list shall be:

(a) arranged alphabetically within each class and series, with the address of, and the number of shares held by, each shareholder;

(b) produced at the time and place of the meeting;

(c) subject to inspection by any shareholder at any time during the meeting; and

(d) prima facie evidence as to who are the shareholders entitled to examine the list or to vote at the meeting.

If the meeting is held solely by means of remote communication, then the list shall be open to the examination of any shareholder during the entire meeting by posting the list on a reasonably accessible electronic network and the information required to access the list shall be provided with the notice of the meeting. Failure to comply with the requirements of this Section shall not affect the validity of an action taken at the meeting before a shareholder makes a demand to comply with the requirements.

1.9 **Quorum**. Unless a greater quorum is required by the articles of incorporation or statute, shares entitled to cast a majority of the votes at a shareholder meeting constitute a quorum at the meeting. The shareholders present in person or by proxy at the meeting are counted for the purpose of determining a quorum. Once a quorum is present, business may be conducted until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. Whether or not a quorum is present, the meeting may be adjourned by a vote of the shares present. When the holders of a class or series of shares are entitled to vote separately on an item of business, each class or series must have a quorum, as determined by this Section, for the purpose of transacting the item of business.

1.10 **Voting Rights**. Except as otherwise provided by statute or the articles of incorporation, each share is entitled to one vote on each matter submitted to a vote.

1.11 **Vote Required**. An action, other than the election of directors, to be taken by shareholder vote shall be authorized by a majority of the votes cast by shareholders entitled to vote on the action, unless a greater vote is required by statute or the articles of incorporation. Unless the articles of incorporation provide otherwise, directors shall be elected by a plurality of votes cast. Shareholders may not cumulate their votes.

1.12 **Class Voting**. If the articles of incorporation provide that a class of shares or a series of a class shall vote as a class, either generally or to authorize one or more specified actions, such voting as a class or series shall be in addition to any other required vote. Where voting as a class or series is provided in the articles of incorporation, it shall be by the proportionate vote provided in the articles or, if a proportionate vote is not so provided, then for any action other than the election of directors, the action shall be authorized by a majority of the votes cast by the holders of the class or series entitled to vote on the action, unless a greater vote is required by statute or the articles of incorporation.

1.13 **Participation in Meeting by Remote Communication**. A shareholder may participate in a shareholder meeting by a conference telephone or by other means of remote communication through which all persons participating in the meeting may communicate with the other participants, if (a) the board of directors authorizes such participation; (b) all participants are advised of the means of remote communication and the names of the participants in the meeting; (c) the corporation implements reasonable measures to verify that each person considered present and permitted to vote at the meeting by means of remote communication is a shareholder or proxy holder; (d) the corporation implements reasonable measures to provide each shareholder and proxy holder a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with the proceedings; and (e) if any shareholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of the vote or other action is maintained by the corporation. Such participation in a meeting constitutes presence in person at the meeting.

1.14 **Electronic Meeting**. Unless otherwise restricted by the articles of incorporation or these bylaws, the board of directors may hold a meeting of shareholders solely by means of remote communication if the requirements of Section 1.13 are met.

1.15 **Conduct of Meetings**. Shareholder meetings shall be conducted as follows:

(a) The Chairperson of the meeting shall determine the order of business and shall have the authority to establish rules for the conduct of the meeting. Any rules adopted for, and the conduct of, the meeting shall be fair to shareholders.

(b) The Chairperson of the meeting shall announce at the meeting when the polls close for each matter voted upon. If no announcement is made, the polls shall close upon the final adjournment of the meeting. After the polls close, no ballots, proxies, or votes nor any revocations or changes to ballots, proxies, or votes may be accepted.

(c) If disorder arises that prevents the continuation of the business of the meeting, the Chairperson may adjourn the meeting.

(d) The Chairperson may require any person who is not a shareholder of record or holding a proxy to leave the meeting.

1.16 **Business Transacted**. The business effectively transacted at a shareholder meeting shall be confined to the following:

(a) any matter specified in the notice or reasonably related to a matter specified in the notice; and

(b) any matter (i) the consideration of which is not objected to by any shareholder attending the meeting, and (ii) notice of which is waived by all shareholders not attending the meeting.

1.17 **Action Without a Meeting**. Any action required or permitted to be taken at a shareholder meeting may be taken without a meeting, without prior notice, and without a vote, if:

(a) before or after the action all the shareholders entitled to vote at the meeting consent in writing or, if authorized by the board of directors, by a form of electronic transmission; or

(b) the articles of incorporation provide for shareholder action without a meeting, and consents in writing setting forth the action taken are signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote on the action were present and voted. A written consent under this Subsection (b) must bear the date of signature of each shareholder who signs the consent and is not effective to take the corporate action referred to unless, within 60 days after the record date for determining shareholders entitled to express consent to or to dissent from a proposal without a meeting, written consents dated not more than 10 days before the record date and signed by a sufficient number of shareholders to take the action are delivered to the corporation. Delivery shall be made to the corporation's registered office, its principal place of business, or an officer or agent of the corporation having custody of the minutes of the proceedings of its shareholders. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to shareholders who would have been entitled to notice of the shareholder meeting if the action had been taken at a meeting and who have not consented in writing.

An electronic transmission consenting to an action transmitted by a shareholder or proxy holder, or by a person authorized to act for the shareholder or proxy holder, is written, signed, and dated for the purposes of this Section if the electronic transmission is delivered with information from which the corporation can determine that the electronic transmission was transmitted by the shareholder or proxy holder, or by the person authorized to act for the shareholder or proxy

holder, and the date on which the electronic transmission was transmitted. The date on which an electronic transmission is transmitted is the date on which the consent was signed for purposes of this Section. A consent given by electronic transmission is not delivered until it is received by the Secretary or any other designated officer of the corporation and reproduced in paper form by the corporation.

1.18 **Record Date**.

(a) For the purpose of determining shareholders entitled to notice of and to vote at a shareholder meeting or an adjournment of a meeting, the board of directors shall fix a record date, which shall not precede the date on which the board adopts the resolution fixing the record date. The date shall not be more than 60 nor less than 10 days before the date of the meeting. If a record date is not fixed, the record date for determination of shareholders entitled to notice of or to vote at a shareholder meeting shall be the close of business on the day next preceding the day on which notice is given or, if no notice is given, the day next preceding the day on which the meeting is held. When a determination of shareholders of record entitled to notice of or to vote at a shareholder meeting is made as provided in this Section, the determination applies to any adjournment of the meeting, unless the board of directors fixes a new record date under this Section for the adjourned meeting.

(b) For the purpose of determining shareholders entitled to express consent to or to dissent from a proposal without a meeting, the board of directors shall fix a record date, which shall not precede the date on which the board adopts the resolution fixing the record date and shall not be more than 10 days after the board resolution. If a record date is not fixed and prior action by the board of directors is required with respect to the corporate action to be taken without a meeting, the record date is the close of business on the day on which the board resolution is adopted. If a record date is not fixed and prior board action is not required, the record date is the first date on which a signed written consent is delivered to the corporation as provided in these bylaws.

(c) For the purpose of determining shareholders entitled to receive payment of a share dividend or distribution, or allotment of a right, or for the purpose of any other action, the board of directors shall fix a record date, which shall not precede the date on which the board adopts the resolution fixing the record date. The date shall not be more than 60 days before the payment of the share dividend or distribution, allotment of a right, or other action. If a record date is not fixed, the record date is the close of business on the day on which the board resolution relating to the corporate action is adopted.

1.19 **Proxies**. A shareholder entitled to vote at a shareholder meeting or to express consent or dissent without a meeting may authorize one or more other persons to act for the shareholder by proxy only by one of the following methods:

(a) The execution of a writing authorizing another person or persons to act for the shareholder as proxy. Execution may be accomplished by the shareholder or by an authorized officer, director, employee, or agent of the shareholder by either signing the writing or causing his or her signature to be affixed to the writing by any reasonable means including, but not limited to, facsimile signature; or

(b) Transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will hold the proxy or to a proxy solicitation firm, proxy support service organization, or similar agent fully authorized by the person who will hold the proxy to receive that transmission. Any telegram, cablegram, or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram, or other electronic transmission was authorized by the shareholder. If a telegram, cablegram, or other electronic transmission is determined to be valid, the inspectors, or, if there are no inspectors, the persons making the determination shall specify the information upon which they relied.

A copy, facsimile telecommunication, or other reliable reproduction of the writing or transmission created pursuant to Subsection (a) or (b) may be substituted or used in lieu of the original writing or transmission for any purpose for which the original writing or transmission could be used, if the copy, facsimile telecommunication, or other reproduction is a complete reproduction of the entire original writing or transmission.

A proxy is not valid after the expiration of three years from its date unless otherwise provided in the proxy. A proxy must be filed with the corporation at or before the meeting.

ARTICLE 2

DIRECTORS

2.1 **Powers**. The corporation's business and affairs shall be managed by or under the direction of the board of directors, except as otherwise provided by statute or the articles of incorporation.

2.2 **Number and Term of Directors**. The board of directors shall consist of one or more directors as determined initially by the incorporator(s) and, thereafter, from time to time by the board of directors. A director need not be a shareholder. The first board of directors shall hold office until the first annual shareholder meeting. Directors shall be elected at each annual shareholder meeting, except as provided in Section 2.3, and each director shall hold office until a successor is elected and qualified, or until his or her resignation or removal. If shareholders of any class or series of shares have the exclusive right to elect one or more directors, those directors may be elected only by the vote of those shareholders.

2.3 **Vacancies**. Except as otherwise provided in the articles of incorporation, a vacancy occurring in the board (including a vacancy resulting from an increase in the number of

directors) may be filled by the shareholders, by the board or, if the directors remaining in office constitute fewer than a quorum, by the affirmative vote of a majority of the remaining directors. Except as otherwise provided in the articles of incorporation, if the holders of any class of shares or series are entitled to elect one or more directors to the exclusion of other shareholders, vacancies of that class or series may be filled by a majority of the directors elected by the holders of that class or series then in office whether or not those directors constitute a quorum or by the holders of shares of that class or series. A vacancy that will occur at a specific date, by reason of resignation effective at a later date, may be filled before the vacancy occurs, but the newly elected or appointed director may not take office until the vacancy occurs.

2.4 **Removal**. The holders of a majority of the shares entitled to vote at an election of directors may remove one or more directors with or without cause.

2.5 **Resignation**. A director may resign by written notice to the corporation. A resignation is effective upon its receipt by the corporation or at a later time specified in the notice.

2.6 **Directors' Compensation**. The board of directors, by affirmative vote of a majority of directors in office and irrespective of any personal interest of any of them, may establish reasonable compensation for a director's services to the corporation as a director or officer. Directors may also be reimbursed for their expenses, if any, of attendance at each meeting of the board or a committee.

2.7 **Regular Meetings**. Regular meetings of the board of directors shall be held at the date, time, and place that the board determines. A notice to directors is not required for a regular meeting, except that, when the board establishes or thereafter changes the schedule of regular meetings, or changes the date, time, or place of a previously scheduled regular meeting, notice of the action shall be given to each director who was absent from the meeting at which the action was taken.

2.8 **Special Meetings**. The Chairperson, the President, or directors constituting at least one-third of the directors then in office may call a special meeting of the board of directors by giving notice to each director.

2.9 **Notice of Meetings**. Except as otherwise provided by these bylaws, notice of the date, time, and place of each meeting of the board of directors shall be given to each director by either of the following methods:

> (a) by mailing a written notice of the meeting to the address that the director designates or, in the absence of designation, to the last known address of the director, at least five days before the date of the meeting; or
>
> (b) by delivering a written notice of the meeting to the director at least one full business day before the meeting, personally or by a form of electronic transmission to which the director has consented, to the director's last known office or home.

2.10 **Waiver of Notice**. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting, unless, at the beginning of the meeting or promptly upon the director's arrival, the director objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to any action taken at the meeting. A director may waive notice in writing or by electronic transmission before or after a meeting.

2.11 **Purpose of Meetings**. Neither the business to be transacted at, nor the purpose of, a regular or special meeting need be specified in the notice or waiver of notice of the meeting. If the purpose is stated in the notice, the business transacted at the meeting is not limited to the purpose stated.

2.12 **Quorum and Required Vote**. A majority of the directors then in office, or of the members of a committee of the board of directors, constitutes a quorum for the transaction of business, unless the articles of incorporation, these bylaws, or, in the case of a committee, the board resolution establishing the committee, provide for a larger or smaller number. The vote of the majority of members present at a meeting at which a quorum is present constitutes the action of the board or of the committee, unless the vote of a larger number is required by statute, the articles of incorporation, these bylaws, or, in the case of a committee, the board resolution establishing the committee.

2.13 **Action by Written Consent**. Action required or permitted to be taken under authorization voted at a meeting of the board of directors or a committee of the board may be taken without a meeting if, before or after the action, all members of the board then in office or of the committee consent to the action in writing or by electronic transmission. The written consents shall be filed with the minutes of the board or committee. The consent has the same effect as a vote of the board or committee for all purposes.

2.14 **Electronic Participation in Meeting**. A member of the board of directors or of a committee of the board may participate in a meeting by means of conference telephone or other means of remote communication through which all persons participating in the meeting can communicate with each other. Such participation in a meeting constitutes presence in person at the meeting. A director must be permitted to participate in a meeting by such means if the director so requests.

2.15 **Committees of Directors**.

(a) The board of directors may designate one or more committees consisting of one or more directors. The board may designate one or more directors as alternate members of a committee, who may replace an absent or disqualified member at a meeting of the committee. Unless prohibited by the board resolution creating the committee, in the absence or disqualification of a committee member, the committee members present at a meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of the absent or disqualified member.

(b) A committee, to the extent provided in the board resolution creating the committee, may exercise all of the board's power and authority in the management of the business and affairs of the corporation, except that a committee may not: (i) amend the articles of incorporation, except that a committee may prescribe the relative rights and preferences of the shares of any series designated in the articles of incorporation; (ii) adopt an agreement of merger or share exchange; (iii) recommend to shareholders the sale, lease, or exchange of all or substantially all of the corporation's property and assets; (iv) recommend to shareholders a dissolution of the corporation or a revocation of a dissolution; (v) amend the bylaws of the corporation; or (vi) fill vacancies in the board of directors. Unless the articles of incorporation, these bylaws, or a resolution of the board of directors expressly so provides, a committee may not declare a distribution or dividend or authorize the issuance of stock.

(c) A committee exists, and each member serves, at the pleasure of the board. A committee may establish a time and place for regular meetings, for which no notice is required, except that, if the committee changes the date, time, or place of a regular meeting, notice of the change shall be given to each member who was absent from the meeting at which the change was made. Otherwise, a notice of a committee meeting shall be given in the same manner as a notice of a board meeting.

ARTICLE 3

OFFICERS

3.1 **Appointment**. The board of directors, at its first meeting following appointment by the incorporator(s) and thereafter at its first meeting following the annual shareholder meeting, shall appoint a President, Secretary, and Treasurer and may elect from their number a Chairperson and one or more Vice Chairpersons. The board may also appoint one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers and agents that it deems necessary. The board of directors need not appoint or elect an officer to an office that is already filled and whose specified term has not expired. The same person may hold two or more offices, but an officer may not execute, acknowledge, or verify an instrument in more than one capacity if the instrument is required by law, the articles of incorporation, or these bylaws to be executed, acknowledged, or verified by two or more officers.

3.2 **Term and Removal**. An officer shall hold office for the term the board specifies upon election or appointment and until a successor is elected or appointed and qualified, or until the officer's resignation or removal. The board may remove an officer with or without cause. An officer may resign by written notice to the corporation. The resignation is effective upon its receipt by the corporation or at a later date specified in the notice.

3.3 **Chairperson of the Board**. The Chairperson of the board, if one is elected, shall preside when present at all meetings of the shareholders and the board of directors. The Chairperson shall perform any other duties and exercise any other authority that the board

prescribes and, unless otherwise provided by board resolution, is an *ex officio* member of all committees. Except where by law the signature of the President is required, the Chairperson possesses the same power and authority as the President to make and execute contracts, instruments, papers, and documents of every kind in the name of and on behalf of the corporation.

3.4 **Vice Chairperson of the Board**. During the unavailability or disability of the Chairperson, or while that office is vacant, the Vice Chairpersons, in the order the board designates, may exercise all of the powers and discharge all of the duties of the Chairperson. A Vice Chairperson shall perform any other duties that the board prescribes.

3.5 **President**. The President shall be the corporation's chief executive officer and have the general control and management of its business, under the direction of the board. The President shall ensure that all orders and resolutions of the board are carried into effect. Unless the board specifically provides otherwise, the President shall be an *ex officio* member of all committees. The President shall perform all duties incident to the office of President and other duties that the board prescribes. The President may make and execute contracts, instruments, papers, and documents of every kind in the name and on behalf of the corporation, except when the board specifies the same to be done by another officer or agent. During the absence or disability of the Chairperson and the Vice Chairpersons, or while those offices are vacant, the President shall preside over all meetings of the board of directors and the shareholders and perform all of the duties and have all of the power and authority of the Chairperson.

3.6 **Vice Presidents**. The board may designate one or more Vice Presidents to perform the duties and exercise the authority of the President during the President's absence or disability. Each Vice President shall perform other duties that the President assigns or the board prescribes.

3.7 **Secretary**. The Secretary shall cause to be recorded and maintained minutes of all meetings of the board, board committees, and shareholders. The Secretary shall cause to be given all notices required by law, these bylaws, or resolution of the board and shall perform other duties that the President assigns or the board prescribes.

3.8 **Treasurer**. The Treasurer shall cause to be kept in books belonging to the corporation a full and accurate account of all receipts, disbursements, and other financial transactions of the corporation. The Treasurer shall perform other duties that the President assigns or the board prescribes.

3.9 **Assistant Secretaries and Assistant Treasurers**. An Assistant Secretary or an Assistant Treasurer may perform any duty or exercise any authority of the Secretary or Treasurer, respectively. An Assistant Secretary or Assistant Treasurer also shall perform duties that the Secretary or the Treasurer, respectively, or the President assigns or that the board prescribes.

3.10 **Other Officers**. The board of directors may appoint other officers to perform duties and exercise authority that the President assigns or the board prescribes.

ARTICLE 4

INDEMNIFICATION

4.1 **Indemnification in Action by Third Party**. The corporation shall indemnify any director and may indemnify any officer, employee, agent, or other person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding (other than an action by or in the right of the corporation), whether civil, criminal, administrative, or investigative and whether formal or informal, by reason of the fact that the person is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not for profit, against expenses (including attorneys' fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit, or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders and, with respect to a criminal action or proceeding, the person had no reasonable cause to believe his or her conduct was unlawful. The termination of an action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, does not, of itself, create a presumption that the person did not act in good faith and in a manner that the person reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders and, with respect to a criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

4.2 **Indemnification in Action by or in Right of the Corporation**. The corporation shall indemnify any director and may indemnify any officer, employee, agent, or other person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not for profit, against expenses (including attorneys' fees) and amounts paid in settlement actually and reasonably incurred by the person in connection with the action or suit, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders. Indemnification shall not be made for a claim, issue, or matter in which the person shall have been found liable to the corporation except to the extent authorized by statute.

4.3 **Expenses**. To the extent that a director or officer of the corporation or any other person entitled to mandatory indemnification under Section 4.1 of this Article has been successful on the merits or otherwise in defense of an action, suit, or proceeding referred to in Section 4.1 or 4.2 of this Article, or in defense of a claim, issue, or matter in the action, suit, or proceeding, the corporation shall indemnify that person against actual and reasonable expenses (including attorneys' fees), incurred by the person in connection with the action, suit, or proceeding and an action, suit, or proceeding brought to enforce the mandatory indemnification provided in this Section. The corporation may indemnify any other employee, agent or person who may be indemnified under Section 4.1 or 4.2 to the extent that person has been successful

on the merits or otherwise against actual and reasonable expenses (including attorneys' fees) incurred by the person in connection with the action, suit, or proceeding and an action, suit, or proceeding brought to enforce the mandatory indemnification provided in this Section.

4.4 **Determination, Evaluation, and Authorization of Indemnification**.

(a) Except as otherwise provided in Subsection (e) or unless ordered by a court, the corporation shall make an indemnification under Section 4.1 or 4.2 of this Article only upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 4.1 or 4.2 of this Article and upon an evaluation of the reasonableness of expenses and amounts paid in settlement. This determination and evaluation may be made in any of the following ways:

(i) By a majority vote of a quorum of the board of directors consisting of directors who are not parties or threatened to be made parties to the action, suit, or proceeding.

(ii) If a quorum cannot be obtained under Subsection (i) above, by majority vote of a committee duly designated by the board and consisting solely of two or more directors not at the time parties or threatened to be made parties to the action, suit, or proceeding.

(iii) By independent legal counsel in a written opinion, which counsel shall be selected in one of the following ways:

(A) By the board or its committee in the manner prescribed in Subsection (i) or (ii) above.

(B) If a quorum of the board cannot be obtained under Subsection (i) above and a committee cannot be designated under Subsection (ii) above, by the board.

(iv) By all independent directors (as that term is defined in the Michigan Business Corporation Act) who are not parties or threatened to be made parties to the action, suit, or proceeding.

(v) By the shareholders, but shares held by directors, officers, employees, or agents who are parties or threatened to be made parties to the action, suit, or proceeding may not be voted.

(b) In the designation of a committee under Subsection (a)(ii) or in the selection of independent legal counsel under Subsection (a)(iii)(B), all directors may participate.

(c) If a person is entitled to indemnification under Section 4.1 or 4.2 for a portion of expenses, including reasonable attorneys' fees, judgments,

penalties, fines, and amounts paid in settlement, but not for the total amount, the corporation may indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

(d) The corporation shall authorize payment of indemnification under this Section in one of the following ways:

(i) By the board in one of the following ways:

(A) If there are two or more directors who are not parties or threatened to be made parties to the action, suit, or proceeding, by a majority vote of all directors who are not parties or threatened to be made parties, a majority of whom shall constitute a quorum for this purpose.

(B) By a majority of the members of a committee of two or more directors who are not parties or threatened to be made parties to the action, suit, or proceeding.

(C) If the corporation has one or more independent directors who are not parties or threatened to be made parties to the action, suit, or proceeding, by a majority vote of all independent directors who are not parties or are threatened to be made parties, a majority of whom shall constitute a quorum for this purpose.

(D) If there are no independent directors and less than two directors who are not parties or threatened to be made parties to the action, suit, or proceedings, by the vote necessary for action by the board in accordance with Section 523 of the Michigan Business Corporation Act, in which authorization all directors may participate.

(ii) By the shareholders, but shares held by directors, officers, employees, or agents who are parties or threatened to be made parties to the action, suit, or proceeding may not be voted on the authorization.

(e) To the extent that the articles of incorporation include a provision eliminating or limiting the liability of a director pursuant to Section 209(1)(c) of the Michigan Business Corporation Act, the corporation may indemnify a director for the expenses and liabilities described in this Subsection without a determination that the director has met the standard of conduct set forth in Section 4.1 or 4.2, but no indemnification shall be made except to the extent authorized in Section 564c of the Michigan Business Corporation Act if the director received a financial benefit to which he or she was not entitled, intentionally inflicted harm on the corporation or its shareholders, violated Section 551 of the Michigan Business Corporation Act, or intentionally committed a criminal act. In connection with an action or suit by or in the right of

the corporation as described in Section 4.2, indemnification under this Subsection shall be for expenses, including attorneys' fees, actually and reasonably incurred. In connection with an action, suit, or proceeding other than an action, suit, or proceeding by or in the right of the corporation, as described in Section 4.1, indemnification under this Subsection shall be for expenses, including attorneys' fees, actually and reasonably incurred, and for judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred.

4.5 **Advances**.

(a) The corporation may pay or reimburse the reasonable expenses incurred by a director, officer, employee, or agent who is a party or threatened to be made a party to an action, suit, or proceeding before final disposition of the proceeding if the person furnishes the corporation a written undertaking, executed personally or on the person's behalf, to repay the advance if it is ultimately determined that the person did not meet the applicable standard of conduct, if any, required by statute for the indemnification of a person under the circumstances.

(b) The undertaking required by Subsection (a) above must be an unlimited general obligation of the person, but need not be secured and may be accepted without reference to the financial ability of the person to make repayment.

(c) An evaluation of reasonableness under this Section shall be made in the manner specified in Section 4.4(a) above, and authorizations shall be made in the manner specified in Section 4.4(d) above.

(d) A provision in the articles of incorporation or bylaws, a resolution of the board or shareholders, or an agreement making indemnification mandatory shall also make the advancement of expenses mandatory unless the provision, resolution, or agreement specifically provides otherwise.

4.6 **Other Indemnification Agreements**. The indemnification or advancement of expenses provided by this Article is not exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under the articles of incorporation, these bylaws, or a contractual agreement. The total amount of expenses advanced or indemnified from all sources combined may not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses. The indemnification provided in Sections 4.1 to 4.6 continues as to a person who ceases to be a director, officer, employee, or agent and shall inure to the benefit of the person's heirs, personal representatives, and administrators.

4.7 **Insurance**. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation, or who is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against the person and incurred by the person in any such capacity or arising out

of the person's status as such, whether or not the corporation would have power to indemnify the person against the liability under Sections 4.1 to 4.6. To the extent that the articles of incorporation include a provision eliminating or limiting the liability of a director pursuant to Section 209(1)(c) of the Michigan Business Corporation Act, the corporation may purchase insurance on behalf of a director from an insurer owned by the corporation, but insurance purchased from that insurer may insure a director against monetary liability to the corporation or its shareholders only to the extent that the corporation could indemnify the director under Section 4.4(e).

4.8 **Constituent Corporation**. For the purposes of this Article, "corporation" includes all constituent corporations absorbed in a consolidation or merger and the resulting or surviving corporation, so that a person who is or was a director, officer, employee, or agent of the constituent corporation or is or was serving at the request of the constituent corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise whether for profit or not shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as the person would if the person had served the resulting or surviving corporation in the same capacity.

4.9 **Definitions**. For the purposes of this Article: (a) "**fines**" shall include any excise taxes assessed on a person with respect to an employee benefit plan; (b) "**other enterprises**" shall include employee benefit plans; (c) "**serving at the request of the corporation**" shall include any service as a director, officer, employee, or agent of the corporation which service imposes duties on, or involves services by, the director, officer, employee, or agent with respect to any employee benefit plan, its participants, or beneficiaries; and (d) a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be considered to have acted in manner "**not opposed to the best interest of the corporation or its shareholders**" as referred to in Sections 4.1 and 4.2.

ARTICLE 5

SHARE CERTIFICATES AND TRANSFERS

5.1 **Share Certificates; Required Signatures**. Every holder of stock in the corporation shall be entitled to have a certificate in the name of the corporation signed by the Chairperson, a Vice Chairperson, the President, or a Vice President. Share certificates may, but need not be, sealed with the seal of the corporation or a facsimile of the seal. The signatures of the officers may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the corporation itself or its employee. The corporation may issue a certificate even though the officer who has signed or whose facsimile signature has been placed upon the certificate ceases to be an officer before the certificate is issued.

5.2 **Issuance of Shares Without Certificates**. The corporation may issue some or all of the shares of any or all of its classes or series without certificates. Within a reasonable time after issuance or transfer of shares without certificates, the corporation shall send the shareholder

a written statement confirming the issuance of shares without certificates. Such written statements shall include: (a) the name of the corporation and that it is formed under the laws of the State of Michigan; (b) the name of the person to whom the shares are issued; (c) the number and class of shares and the designation of the series, if any, which the certificate represents; (d) that the holder of the shares is entitled to have a certificate upon written request made to the Secretary of the corporation, and (e) any other information required by law to appear on a stock certificate.

5.3 **Replacement of Certificates**. The corporation shall issue a new certificate for shares in place of a certificate alleged to have been lost or destroyed. The board of directors may require the owner of the lost or destroyed certificate, or the owner's legal representative, to give the corporation a bond or other security sufficient to indemnify the corporation against any claim that may be made against it on account of the lost or destroyed certificate or the issuance of a replacement certificate.

5.4 **Registered Shareholders**. The corporation may treat the registered holder of a share as the absolute owner of the share and shall not be bound to recognize any equitable interest in or other claim to the share by any other person, whether or not the corporation has actual notice of the interest or claim, except as otherwise provided by law.

5.5 **Transfer Agent and Registrar**. The board of directors may appoint a transfer agent and a registrar for the transfer and registration of its securities.

5.6 **Transfer of Shares**. A sale, assignment, exchange, conveyance, gift, pledge, hypothecation, or other transfer of shares of the corporation's stock, whether by operation of law or otherwise, shall not be effective as to the corporation until recorded on the corporation's stock transfer books.

ARTICLE 6

GENERAL PROVISIONS

6.1 **Dividends or Other Distributions**. By action of the board of directors, the corporation may declare and pay dividends or make other distributions as permitted by law.

6.2 **Voting of Securities**. Unless the board directs otherwise, the Chairperson or the President, or, during their absence or disability, the Vice Presidents in the order that the board designates, may on behalf of the corporation attend and vote (or execute in the name or on behalf of the corporation a consent in writing or by electronic transmission in lieu of a meeting of shareholders or a proxy authorizing an agent or attorney-in-fact for the corporation to attend and vote) at any meeting of security holders of any corporation in which the corporation holds securities. At such meetings such person may exercise all rights incident to the ownership of such securities which the corporation might exercise if present. The board may confer this voting power upon any other person.

6.3 **Checks**. The corporation's checks, drafts, and orders for the payment of money shall be signed in the name of the corporation in the manner and by the persons that the board of directors designates.

6.4 **Signing of Instruments**. When the board or these bylaws authorize the signing of a contract, conveyance, or other instrument without specification of the signing officer, the Chairperson, the President, any Vice President, the Secretary, or the Treasurer may sign in the name and on behalf of the corporation and may affix the corporate seal to the instrument. The board may authorize other officers and agents to sign instruments in the name and on behalf of the corporation.

6.5 **Corporate Books and Records**. The corporation shall keep books and records of account and minutes of the proceedings of its shareholders, board of directors, and executive committee, if any. The books, records, and minutes may be kept outside the State of Michigan. The corporation shall keep at its registered office, or at the office of its transfer agent within or without the State of Michigan, records containing the names and addresses of all shareholders, the number, class and series of shares held by each, and the dates when they respectively became holders of record. Any of the books, records, or minutes may be in written form or in any other form capable of being converted into written form within a reasonable time. The corporation shall convert into written form without charge any record not in written form, unless otherwise requested by a person entitled to inspect the record.

6.6 **Seal**. The corporation may have a seal in the form that the board of directors determines. The seal may be used by causing it or a facsimile to be affixed, impressed, or reproduced.

ARTICLE 7

AMENDMENTS

The shareholders or the board of directors may amend or repeal these bylaws or adopt new bylaws, unless the articles of incorporation or these bylaws provide that the power to adopt new bylaws is reserved exclusively to the shareholders or that the board may not alter or repeal these bylaws or any particular bylaw. Amendment of these bylaws by the board requires the vote of a majority of the directors then in office.

Exhibit C

NYCB Bylaw Amendment

(attached)

Form of Bylaw Amendment

The Amended and Restated Bylaws of the Corporation (the "Bylaws") shall be amended as follows:

1. The first paragraph of Section 1 of Article II of the Bylaws is amended and restated in its entirety as follows: "The business and affairs of the Corporation shall be under the direction of its Board of Directors. Subject to Article IX, the number of Directors who shall constitute the Whole Board shall be such number as the majority of the Whole Board shall from time to time have designated, which number shall be no less than nine (9) and no more than eighteen (18). Subject to Article IX, Section 3(c), immediately following the expiration of the Specified Period the Board of Directors shall elect a Chairman of the Board from among its members and, thereafter, annually elect a Chairman of the Board from among its members."

2. A new Article IX shall be added to the Bylaws to state:

ARTICLE IX
CERTAIN GOVERNANCE MATTERS

1. Interpretation; Definitions.

(a) The provisions of this Article IX shall apply notwithstanding anything to the contrary set forth in these Bylaws. In the event of any inconsistency between any provision of this Article IX and any other provision of these Bylaws, such provision of this Article IX shall control.

(b) The following definitions shall apply to this Article IX and otherwise as applicable in these Bylaws:

(i) "Designated Exchange" shall mean the primary stock exchange on which the Corporation's common stock is listed.

(ii) "Effective Time" shall have the meaning set forth in the Agreement and Plan of Merger, dated as of April 24, 2021, by and between Flagstar Bancorp, Inc. the Corporation and 6.15 Corp., a wholly owned subsidiary of the Corporation, as it may have been amended, restated, supplemented or otherwise modified from time to time (the "Merger Agreement").

(iii) "Entire Board of Directors" shall mean the total number of directors which the Corporation would have if there were no vacancies.

(iv) "Legacy Flagstar" shall mean Flagstar Bancorp, Inc., a Michigan corporation, which has merged with and into the Corporation effective as of the Effective Time.

(v) "Legacy Flagstar Directors" shall mean the directors as of the Effective Time who were directors of Legacy Flagstar as of immediately prior to the Effective Time and any director that fills a vacancy of any Legacy Flagstar Director or succeeds any Legacy Flagstar Director.

(vi) "Legacy NYCB Directors" shall mean the directors as of the Effective Time who were directors of the Corporation as of immediately prior to the Effective Time.

(vii) "Bank" shall mean New York Community Bank, a wholly owned subsidiary of the Corporation.

(viii) "Specified Period" shall mean the period beginning at the Effective Time and ending on the twenty-four (24) month anniversary of the Effective Time.

2. Non-Executive Chairman; CEO; Presiding Director.

(a) Effective as of the Effective Time, (i) Mr. Alessandro P. DiNello shall serve as the Non-Executive Chairman of the Board of Directors and (ii) Mr. Thomas R. Cangemi shall serve as the President and Chief Executive Officer of the Corporation and shall report directly to the Board of Directors. Notwithstanding Sections 1(c) and 2 of Article IV, the Non-Executive Chairman of the Board shall not be an officer of the Corporation and shall not serve in any executive capacity.

(b) During the Specified Period, (i) any removal of any of the individuals serving in the capacities set forth in subsection (a) above from, or failure to appoint, re-elect or re-nominate any of them to, any such positions, (ii) any amendment or modification to any employment or similar agreement with any of them to the extent such amendment or modification would adversely affect such individual, (iii) any termination of Mr. Thomas R. Cangemi's employment by the Corporation or any subsidiary of the Corporation, or (iv) any modification of Mr. Thomas R. Cangemi's reporting relationship to the Board of Directors as set forth in these Bylaws shall, in each case, require the affirmative vote of at least three-fourths (75%) of the Entire Board of Directors.

(c) Upon the earlier of (i) the death, resignation, removal, disqualification or other cessation of service by Mr. Alessandro P. DiNello as Non-Executive Chairman of the Board of Directors and (ii) the date following the completion of the Specified Period, the Board of Directors shall elect a Chairman of the Board from among its members.

(d) During the Specified Period, the Presiding Director of the Board of Directors of the Corporation shall be an independent director chosen from among the Legacy NYCB Directors by majority vote of the Legacy NYCB Directors and shall initially be, as of the Effective Time, Mr. Hanif Dahya. The Presiding Director shall qualify as an independent director under the rules of the Designated Exchange.

(e) The Corporation shall cause the Bank, effective as of the Effective Time, to appoint (i) Mr. Alessandro P. DiNello as the Non-Executive Chairman of the Board of Directors of the Bank as long as he serves as the Non-Executive Chairman of the Board of Directors of the Corporation and (ii) Mr. Thomas R. Cangemi as President and Chief Executive Officer of the Bank as long as he serves as the President and Chief Executive Officer of the Corporation. During the Specified Period, but subject to such individuals holding the qualifying position at the Corporation, the Corporation shall cause the Bank not to (A) remove any of the individuals

serving in the capacities set forth in the immediately preceding sentence, or fail to appoint, re-elect or re-nominate any such individuals to serve in any such capacities, (B) amend or modify any employment or similar agreement with any of them to the extent such amendment or modification would adversely affect such individual, or (C) terminate Mr. Thomas R. Cangemi's employment, in each case, except with the affirmative vote of at least three-fourths (75%) of the Entire Board of Directors. Upon the earlier of (i) the death, resignation, removal, disqualification or other cessation of service by Mr. Alessandro P. DiNello as Non-Executive Chairman of the Board of Directors of the Bank and (ii) the date following the completion of the Specified Period, the Board of Directors of the Bank shall elect a Chairman of the Board from among its members. During the Specified Period, the Corporation may not exercise its authority, in its capacity as sole shareholder of the Bank, to (and the Corporation shall cause the Bank not to) modify, amend or repeal any of the provisions of the bylaws of the Bank relating to the duties, authority or reporting relationships of the Chief Executive Officer of the Bank, in each case, without the affirmative vote of at least three-fourths (75%) of the Entire Board of Directors.

3. Composition of the Board of Directors; Advisory Board.

During the Specified Period, subject to the rights of the holders of any class or series of preferred stock of the Corporation, the Entire Board of Directors shall be comprised of twelve (12) Directors plus a number of additional Directors that may be added in connection with or as a result of any acquisition or merger by the Corporation. At the Effective Time, eight (8) Directors shall be Legacy NYCB Directors (one of whom shall be the Chief Executive Officer of the Corporation as of immediately prior to the Effective Time with the remaining Legacy NYCB Directors to be chosen and determined in accordance with the Merger Agreement) and four (4) Directors shall be Legacy Flagstar Directors (one of whom shall be the Chief Executive Officer of Legacy Flagstar as of immediately prior to the Effective Time with the remaining Legacy Flagstar Directors to be chosen and determined in accordance with the Merger Agreement). The composition of the Board of Directors of the Bank shall be identical to that of the Corporation.

During the Specified Period, (a) the Corporation shall maintain the Advisory Board (as defined in the Merger Agreement), (b) the composition of the Advisory Board shall consist of the directors of Legacy Flagstar immediately prior to the Effective Time other than the Flagstar Designated Directors (as defined in the Merger Agreement), (c) the Corporation shall cause all such individuals who accept such role on the Advisory Board to be elected or appointed for a two (2)-year term as members of the Advisory Board and (d) such individuals who accept such role and serve on the Advisory Board will each receive quarterly compensation of $10,000 per quarter served. The Chief Executive Officer of the Corporation shall meet with the Advisory Board at least one time per quarter during the two (2) year period beginning on the Closing Date (as defined in the Merger Agreement).

4. Committees.

(a) During the Specified Period, the Board of Directors shall have and maintain as standing committees an Audit Committee, a Compensation Committee, a Nominating & Corporate Governance Committee, a Risk Assessment Committee and a Technology Committee.

(b) During the Specified Period, effective as of the Effective Time, Mr. David L. Treadwell shall serve as the Chairman of the Risk Assessment Committee. Upon the death, resignation, removal, disqualification or other cessation of service by Mr. David L. Treadwell as Chairman of the Risk Assessment Committee, an individual approved by the affirmative vote of a majority of the Entire Board of Directors shall succeed Mr. David L. Treadwell as the Chairman of the Risk Assessment Committee.

(c) During the Specified Period, each committee of the Board of Directors shall have at least one (1) Legacy Flagstar Director, provided that, if any such committee shall have more than five (5) members, such committee shall have at least two (2) Legacy Flagstar Directors.

(d) (d) During the Specified Period, in the event of any conflict between the provisions of this Section 4 of this Article IX, on the one hand, and Article III, on the other hand, this Section 4 of this Article IX shall control.

5. Amendments.

During the Specified Period, the provisions of (a) this Article IX, and (b) any other provision of these Bylaws that sets forth the authority and responsibility of the Non-Executive Chairman, the Chief Executive Officer or President, may be modified, amended or repealed, and any Bylaw provision or other resolution inconsistent with this Article IX may be adopted, by the Board of Directors only by (and any such modification, amendment, repeal or inconsistent Bylaw provisions and other resolutions may be proposed or recommended by the Board of Directors for adoption by the shareholders of the Corporation only by) an affirmative vote of at least three-fourths (75%) of the Entire Board of Directors.

<u>Public Exhibit 2</u>

List of Flagstar Bancorp and Flagstar Bank Subsidiaries

Flagstar Bancorp Subsidiaries and Flagstar Bank Subsidiaries[1]

The tables below describe the activities performed by each of the subsidiaries of Flagstar Bancorp and provide the legal authority on which NYCB expects to rely to acquire them.[2] All of the subsidiaries of Flagstar Bank will, following the Bank Merger, become direct or indirect subsidiaries of NYC Bank. NYC Bancorp may hold the shares in these subsidiaries pursuant to Section 4(c)(1) of the BHC Act and Section 225.22(b) of Regulation Y or Section 4(c)(5) of the BHC Act and Section 225.22(e) of Regulation Y, except as otherwise indicated below. With respect to certain Flagstar subsidiaries that are not wholly owned by Flagstar Bank, NYC Bank may acquire these entities with the prior approval of the Board pursuant to Section 4(c)(8) and 4(j) of the BHC Act.

NYCB believes that each of the subsidiaries of Flagstar Bank conducts activities permitted to be conducted by NYC Bank.

Flagstar Bancorp Non-Depository Subsidiaries

Entity	*Summary of activities conducted by entity*	*Acquirer Authority*
Douglas Insurance Agency, Inc.	Through 2012, had an arrangement with an unaffiliated insurance broker to offer insurance products to Flagstar customers. Currently, collects limited amounts of residuals on premiums for products that were purchased under such arrangement and that remain active. Remains a "designated responsible licensed producer" with the State of Michigan, but does not plan to engage in activities other than the continued collection of residuals	12 U.S.C. § 1843(c)(1)
Flagstar Reinsurance Company	Currently has no operations and is in an official "dormant" status with the State of Vermont; licensed by the State of Vermont as a captive insurance company	12 U.S.C. § 1843(c)(1)
Flagstar Statutory Trust II	Debt securities to raise capital for regulatory purposes	12 U.S.C. § 1843(c)(1)
Flagstar Statutory Trust III	Debt securities to raise capital for regulatory purposes	12 U.S.C. § 1843(c)(1)
Flagstar Statutory Trust IV	Debt securities to raise capital for regulatory purposes	12 U.S.C. § 1843(c)(1)
Flagstar Statutory Trust V	Debt securities to raise capital for regulatory purposes	12 U.S.C. § 1843(c)(1)
Flagstar Statutory Trust VI	Debt securities to raise capital for regulatory purposes	12 U.S.C. § 1843(c)(1)

[1] Terms used but not defined herein have the same meaning as in the Preliminary Statement.

[2] The descriptions of the activities of Flagstar Bancorp's subsidiaries included herein were provided to NYCB by Flagstar.

Flagstar Statutory Trust VII	Debt securities to raise capital for regulatory purposes	12 U.S.C. § 1843(c)(1)
Flagstar Statutory Trust VIII	Debt securities to raise capital for regulatory purposes	12 U.S.C. § 1843(c)(1)
Flagstar Statutory Trust X	Debt securities to raise capital for regulatory purposes	12 U.S.C. § 1843(c)(1)

Flagstar Bank Subsidiaries.

Entity	*Summary of activities conducted by entity*	*Acquirer Authority*
Flagstar Investment, LLC	Investment holding company for Lenderful LLC	12 U.S.C. § 1843(c)(1); N.Y. Banking Law § 234.1, 234.23
Lenderful LLC	Engaging in mortgage lending services	12 U.S.C. § 1843(c)(8); 12 C.F.R. § 225.28(b)(1); N.Y. Banking Law § 234.1, 234.23 A wholly owned subsidiary of Flagstar Bank, Flagstar Investment, LLC, holds a 15% membership interest in Lenderful LLC. Pursuant to Section 225.28(b)(1) of Regulation Y, the Board has determined that "making, acquiring . . . or servicing loans or other extensions of credit . . . for the company's account or for the account of others" is so closely related to banking as to be a proper incident thereto and may be engaged in by a bank holding company and its subsidiaries. Lenderful LLC engages in activities related to mortgage lending that are permissible pursuant to Section 4(c)(8) of the BHC Act and 12 C.F.R. § 225.28(b)(1). Accordingly, NYC Bancorp respectfully requests the Board's approval for the Applicant to acquire this entity.
Flagstar Mortgage Securities, LLC	Holding securitization trust interests	12 U.S.C. § 1843(c)(5); 12 C.F.R. § 225.22(e)(2); N.Y. Banking Law § 234.1, 234.23
Flagstar Opportunities, LLC	Acting as an investor limited partner of Flagstar Opportunities Fund Limited Partnership	12 U.S.C. § 1843(c)(1); N.Y. Banking Law § 234.1, 234.19, 234.23

Entity	*Summary of activities conducted by entity*	*Acquirer Authority*
Flagstar Opportunities Fund Limited Partnership	Investing in housing tax credit projects and historical tax credit projects, and activities related to making and holding such investments	12 U.S.C. § 1843(c)(5); 12 C.F.R. § 225.28(e)(2); N.Y. Banking Law § 234.1, 234.19, 234.23 A wholly owned subsidiary of Flagstar Bank, Flagstar Opportunities, LLC, holds a 99.99% limited partnership interest in Flagstar Opportunities Fund Limited Partnership. Section 4(c)(5) of the BHC Act allows a bank holding company to invest in "shares which are of the kinds and amounts eligible for investment by national banking associations under the provisions of [12 U.S.C. § 24]." National banks are authorized under 12 U.S.C. § 24(Eleventh) to "make investments directly or indirectly, each of which is designed primarily to promote the public welfare, including the welfare of low- and moderate-income communities or families (such as by providing housing, services, or jobs)." This authority is subject to aggregate investment limits of 5% of a national bank's capital stock actually paid in and unimpaired and 5% of a national bank's unimpaired surplus fund. The investment in Flagstar Opportunities Fund Limited Partnership is designed primarily to promote the public wealth and would be permissible for a national bank pursuant to 12 U.S.C. § 24(Eleventh). Further, the size of Flagstar's investment in the entity is considerably less than (i) 5% of NY Bank's paid in and unimpaired capital and (ii) 5% of NYC Bank's unimpaired surplus fund. Accordingly, the investment in the entity is of the kind and amount explicitly eligible for investment by a national bank and may be acquired by NYC Bancorp under Section 4(c)(5) of the BHC Act without any Board approval. Moreover, following the Bank Merger, Flagstar Opportunities Fund Limited Partnership will become an direct subsidiary of NYC Bank, which may hold the investment pursuant to N.Y. Banking Law § 234.1, 234.19 and 234.23.
Flagstar REO, LLC	Engaging in the purchase of extensions of credit, and holding and managing assets acquired through foreclosure, or otherwise in good faith to compromise a doubtful claim, or in the ordinary course of collecting a debt previously contracted	12 U.S.C. § 1843(c)(5); 12 C.F.R. § 225.22(e)(2); N.Y. Banking Law § 234.1, 234.23

Entity	*Summary of activities conducted by entity*	*Acquirer Authority*
Grass Lake Insurance Agency, Inc.	Not currently engaged in business activity and expected to serve as a licensed insurance agent that will refer residential mortgage loan customers to a third-party licensed insurance agency/broker. Licensed in 49 states and the District of Columbia, with an application for licensure pending in Hawaii	12 U.S.C. § 1843(c)(5); 12 C.F.R. § 225.22(e)(2); N.Y. Banking Law § 234.1, 234.23[3]
Flagstar Real Estate Holdings, Inc.	Holds interest in Long Lake REIT entity	12 U.S.C. § 1843(c)(1); N.Y. Banking Law § 234.1, 234.16, 234.23
Long Lake REIT	Real estate investment trust; holder of excess mortgage servicing rights (MSRs)	12 U.S.C. § 1843(c)(5); 12 C.F.R. § 225.22(e)(2); N.Y. Banking Law § 234.1, 234.16, 234.23
Long Lake MSR, Inc.	Not currently operational, but expected to act as a mortgage servicer and holder of mortgage servicing rights (MSRs)	12 U.S.C. § 1843(c)(5); 12 C.F.R. § 225.22(e)(2); N.Y. Banking Law § 234.1, 234.16, 234.23
Propshop Mortgage, LLC	Created to provide mortgage financing for purchasers of properties "for sale by owner" sourced from the applicable joint venture partner	12 U.S.C. § 1843(c)(8); 12 C.F.R. § 225.28(b)(1); N.Y. Banking Law § 234.1, 234.23 Flagstar Bank holds a 50.1% membership interest in Propshop Mortgage, LLC. Pursuant to Section 225.28(b)(1) of Regulation Y, the Board has determined that "making, acquiring . . . or servicing loans or other extensions of credit . . . for the company's account or for the account of others" is so closely related to banking as to be a proper incident thereto and may be engaged in by a bank holding company and its subsidiaries. Propshop Mortgage, LLC engages in activities related to mortgage lending that are permissible pursuant to Section 4(c)(8) of the BHC Act and 12 C.F.R. § 225.28(b)(1). Accordingly, NYC Bancorp respectfully requests the Board's approval for NYC Bancorp to acquire this entity.
REIT Holding Co #1, Inc.	Holding company for REIT #1, Inc	12 U.S.C. § 1843(c)(1); N.Y. Banking Law § 234.1, 234.23

[3] New York banks and trust companies may apply to the NYDFS for permission to invest in the capital stock of corporations organized to sell insurance. As described further in Public Exhibit 2 to the application submitted to the NYDFS, NYCB submits that savings banks may similarly apply to the NYDFS for permission to invest in the capital stock of an entity, such as Grass Lake Insurance Agency, Inc., engaged in insurance agency activities. NYC Bank has requested approval of the NYDFS to acquire this entity.

Entity	*Summary of activities conducted by entity*	*Acquirer Authority*
REIT Holding Co #2, Inc.	Holding company for REIT #2, Inc	12 U.S.C. § 1843(c)(1); N.Y. Banking Law § 234.1, 234.23
REIT #1, Inc.	Mortgage real estate investment trust	12 U.S.C. § 1843(c)(8); 12 C.F.R. § 225.28(b)(1); N.Y. Banking Law § 234.1, 234.23 A wholly owned subsidiary of Flagstar Bank, REIT Holding Co #1, Inc., holds 100% of the common stock and 90.1% of certain preferred stock of REIT #1, Inc. Pursuant to Section 225.28(b)(1) of Regulation Y, the Board has determined that "making, acquiring . . . or servicing loans or other extensions of credit . . . for the company's account or for the account of others" is so closely related to banking as to be a proper incident thereto and may be engaged in by a bank holding company and its subsidiaries. REIT #1, Inc. engages in activities related to mortgage lending that are permissible pursuant to Section 4(c)(8) of the BHC Act and 12 C.F.R. § 225.28(b)(1). Accordingly, NYC Bancorp respectfully requests the Board's approval for NYC Bancorp to acquire this entity.
REIT #2, Inc.	Mortgage real estate investment trust	12 U.S.C. § 1843(c)(8); 12 C.F.R. § 225.28(b)(1); N.Y. Banking Law § 234.1, 234.23 A wholly owned subsidiary of Flagstar Bank, REIT Holding Co #2, Inc., holds 100% of the common stock and 90.1% of certain preferred stock of REIT #2, Inc. Pursuant to Section 225.28(b)(1) of Regulation Y, the Board has determined that "making, acquiring . . . or servicing loans or other extensions of credit . . . for the company's account or for the account of others" is so closely related to banking as to be a proper incident thereto and may be engaged in by a bank holding company and its subsidiaries. REIT #2, Inc. engages in activities related to mortgage lending that are permissible pursuant to Section 4(c)(8) of the BHC Act and 12 C.F.R. § 225.28(b)(1). Accordingly, NYC Bancorp respectfully requests the Board's approval for NYC Bancorp to acquire this entity.

Public Exhibit 3

NYC Bancorp Annual Report on Form 10-K for the Year ended December 31, 2020

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

FORM 10-K

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

For the fiscal year ended: December 31, 2020

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

For the transition period from ________ to ________

Commission File Number 1-31565

NEW YORK COMMUNITY BANCORP, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

As of June 30, 2020, the aggregate market value of the shares of common stock outstanding of the registrant was $4.6 billion, excluding 15,000,408 shares held by all directors and executive officers of the registrant. This figure is based on the closing price of the registrant's common stock on June 30, 2020, $10.20 per share, as reported by the New York Stock Exchange.

The number of shares of the registrant's common stock outstanding as of February 18, 2021 was 465,699,872 shares.

Documents Incorporated by Reference

Portions of the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 26, 2021 are incorporated by reference into Part III.

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING LANGUAGE

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

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

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

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

- general economic conditions, either nationally or in some or all of the areas in which we and our customers conduct our respective businesses;
- conditions in the securities markets and real estate markets or the banking industry;
- changes in real estate values, which could impact the quality of the assets securing the loans in our portfolio;
- changes in interest rates, which may affect our net income, prepayment penalty income, and other future cash flows, or the market value of our assets, including our investment securities;
- any uncertainty relating to the LIBOR calculation process;
- changes in the quality or composition of our loan or securities portfolios;
- changes in our capital management policies, including those regarding business combinations, dividends, and share repurchases, among others;
- heightened regulatory focus on CRE concentrations;
- changes in competitive pressures among financial institutions or from non-financial institutions;
- changes in deposit flows and wholesale borrowing facilities;
- changes in the demand for deposit, loan, and investment products and other financial services in the markets we serve;

- our timely development of new lines of business and competitive products or services in a changing environment, and the acceptance of such products or services by our customers;
- our ability to obtain timely shareholder and regulatory approvals of any merger transactions or corporate restructurings we may propose;
- our ability to successfully integrate any assets, liabilities, customers, systems, and management personnel we may acquire into our operations, and our ability to realize related revenue synergies and cost savings within expected time frames;
- potential exposure to unknown or contingent liabilities of companies we have acquired, may acquire, or target for acquisition;
- the ability to invest effectively in new information technology systems and platforms;
- changes in future ALLL requirements under relevant accounting and regulatory requirements;
- the ability to pay future dividends at currently expected rates;
- the ability to hire and retain key personnel;
- the ability to attract new customers and retain existing ones in the manner anticipated;
- changes in our customer base or in the financial or operating performances of our customers' businesses;
- any interruption in customer service due to circumstances beyond our control;
- the outcome of pending or threatened litigation, or of matters before regulatory agencies, whether currently existing or commencing in the future;
- environmental conditions that exist or may exist on properties owned by, leased by, or mortgaged to the Company;
- any interruption or breach of security resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems;
- operational issues stemming from, and/or capital spending necessitated by, the potential need to adapt to industry changes in information technology systems, on which we are highly dependent;
- the ability to keep pace with, and implement on a timely basis, technological changes;
- changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action, and other changes pertaining to banking, securities, taxation, rent regulation and housing (the 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, resulting in operational changes and additional expenses;
- unforeseen or catastrophic events including natural disasters, war, terrorist activities, and the emergence of a pandemic;
- the effects of COVID-19, which includes, but are not limited to, the length of time that the pandemic continues, the potential imposition of further restrictions on travel or movement in the future, the remedial actions and stimulus measures adopted by federal, state, and local governments, the health of our employees and the inability of employees to work due to illness, quarantine, or government mandates, the business continuity plans of our customers and our vendors, the increased likelihood of cybersecurity risk, data breaches, or fraud due to employees working from home, the ability of our borrowers to continue to repay their loan obligations, the lack of property transactions and asset sales, potential impact on collateral values, and the effect of the pandemic on the general economy and businesses of our borrowers; 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;
- The 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 this annual report and in our other SEC filings for a further discussion of important risk factors that could cause actual results to differ materially from our forward-looking statements.

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

GLOSSARY

BASIS POINT

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

BOOK VALUE PER COMMON SHARE

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

BROKERED DEPOSITS

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

CHARGE-OFF

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

DIVIDEND PAYOUT RATIO

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

EFFICIENCY RATIO

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

GOODWILL

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

GOVERNMENT-SPONSORED ENTERPRISES

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

GSE OBLIGATIONS

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

INTEREST RATE SENSITIVITY

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

INTEREST RATE SPREAD

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

LOAN-TO-VALUE RATIO

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

MULTI-FAMILY LOAN

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

NET INTEREST INCOME

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

NET INTEREST MARGIN

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

NON-ACCRUAL LOAN

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

NON-PERFORMING LOANS AND ASSETS

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

OREO AND OTHER REPOSSESSED ASSETS

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

RENT-REGULATED APARTMENTS

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

REPURCHASE AGREEMENTS

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

SYSTEMICALLY IMPORTANT FINANCIAL INSTITUTION ("SIFI")

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

TROUBLED DEBT RESTRUCTURING

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.

LIST OF ABBREVIATIONS AND ACRONYMS

ACL—Allowance for Credit Losses
ADC—Acquisition, development, and construction loan
ALCO—Asset and Liability Management Committee
AMT—Alternative minimum tax
AmTrust—AmTrust Bank
AOCL—Accumulated other comprehensive loss
ASC—Accounting Standards Codification
ASU—Accounting Standards Update
BOLI—Bank-owned life insurance
BP—Basis point(s)
CARES Act – Coronavirus Aid, Relief, and Economic Security Act
C&I—Commercial and industrial loan
CCAR—Comprehensive Capital Analysis and Review
CDs—Certificates of deposit
CECL—Current Expected Credit Loss
CFPB—Consumer Financial Protection Bureau
CMOs—Collateralized mortgage obligations
CMT—Constant maturity treasury rate
CPI—Consumer Price Index
CPR—Constant prepayment rate
CRA—Community Reinvestment Act
CRE—Commercial real estate loan
Desert Hills—Desert Hills Bank
DIF—Deposit Insurance Fund
DFA—Dodd-Frank Wall Street Reform and Consumer Protection Act
DSCR—Debt service coverage ratio
EaR—Earnings at Risk
EPS—Earnings per common share
ERM—Enterprise Risk Management
ESOP—Employee Stock Ownership Plan
EVE—Economic Value of Equity at Risk
Fannie Mae—Federal National Mortgage Association
FASB—Financial Accounting Standards Board
FDI Act—Federal Deposit Insurance Act
FDIC—Federal Deposit Insurance Corporation
FHLB—Federal Home Loan Bank
FHLB-NY—Federal Home Loan Bank of New York
FOMC—Federal Open Market Committee
FRB—Federal Reserve Board
FRB-NY—Federal Reserve Bank of New York
Freddie Mac—Federal Home Loan Mortgage Corporation
FTEs—Full-time equivalent employees
GAAP—U.S. generally accepted accounting principles
GLBA—The Gramm Leach Bliley Act
GNMA—Government National Mortgage Association
GSEs—Government-sponsored enterprises
HQLAs—High-quality liquid assets
LIBOR—London Interbank Offered Rate
LTV—Loan-to-value ratio
MBS—Mortgage-backed securities
MSRs—Mortgage servicing rights
NIM—Net interest margin
NOL—Net operating loss
NPAs—Non-performing assets
NPLs—Non-performing loans
NPV—Net Portfolio Value
NYSDFS—New York State Department of Financial Services
NYSE—New York Stock Exchange
OCC—Office of the Comptroller of the Currency
OFAC—Office of Foreign Assets Control
OREO—Other real estate owned
OTTI—Other-than-temporary impairment
PPP—Paycheck Protection Program administered by the Small Business Administration
ROU—Right of use asset
SEC—U.S. Securities and Exchange Commission
SIFI—Systemically Important Financial Institution
TDRs—Troubled debt restructurings

PART I

ITEM 1. BUSINESS

General

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

New York Community Bank

Established in 1859, the Bank is a New York State-chartered savings bank with 237 branches that currently operates through eight local divisions, each with a history of strength and service: Queens County Savings Bank, Roslyn Savings Bank, Richmond County Savings Bank, Roosevelt Savings Bank, and Atlantic Bank in New York; Garden State Community Bank in New Jersey; Ohio Savings Bank in Ohio: and AmTrust Bank in Florida and Arizona. We compete for depositors in these diverse markets by emphasizing service and convenience, with a comprehensive menu of traditional and non-traditional products and services, and access to multiple service channels, including online banking, mobile banking, and banking by phone.

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

Online Information about the Company and the Bank

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

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

Our Market

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

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

Competition for Deposits

The combined population of the 26 counties where our branches are located is approximately 31.2 million, and the number of banks and thrifts we compete with currently exceeds 300. With total deposits of $32.4 billion at December 31, 2020, we ranked thirteenth among all bank and thrift depositories serving these 26 counties. We also ranked fourth among all banks and thrifts in Union County, New Jersey, third among all banks and thrifts in Richmond County in New York, fifth among all banks and thrifts in Queens County in New York, and second among all banks and thrifts in Nassau County in New York (market share information was provided by S&P Global Market Intelligence).

We compete for deposits and customers by placing an emphasis on convenience and service and, from time to time, by offering specific products at highly competitive rates. In addition to our 237 branches, we have 340 ATM locations, including 232 that operate 24 hours a day, and 68 that are off-site ATMs. Our customers also have 24-hour access to their accounts through our mobile banking app, online through our website, www.myNYCB.com, or through our bank-by-phone service. We also offer certain money market accounts, certificates of deposit ("CDs"), and checking accounts through a dedicated website: www.myBankingDirect.com.

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

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

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

Another competitive advantage is our strong community presence, with April 14, 2020 having marked the 161st year of service of our forebear, Queens County Savings Bank. We have found that our longevity, as well as our strong capital position, are especially appealing to customers seeking a strong, stable, and service-oriented bank.

Competition for Loans

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

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

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

Competition for our specialty finance loans, which consist primarily of asset-based, equipment financing, and dealer floor plan loans, is driven by a variety of factors, including prevailing economic conditions and the level of interest rates. Moreover, since a majority of our customers in this category are mid-to-large size publicly traded companies, we also face competition for financing from the capital markets. In addition, the majority of specialty finance loans that we originate are sourced from larger financial institutions who have many customers for these loans. Some of these customers are larger and have more capital and liquidity than the Company.

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

Environmental Issues

We encounter certain environmental risks in our lending activities and other operations. The existence of hazardous materials may make it unattractive for a lender to foreclose on the properties securing its loans. In addition, under certain conditions, lenders may become liable for the costs of cleaning up hazardous materials found on such properties. We attempt to mitigate such environmental risks by requiring either that a borrower purchase environmental insurance or that an appropriate environmental site assessment be completed as part of our underwriting review on the initial granting of CRE and ADC loans, regardless of location, and of any out-of-state multi-family loans we may produce. Depending on the results of an assessment, appropriate measures are taken to address the identified risks. In addition, we order an updated environmental analysis prior to foreclosing on such properties, and typically hold foreclosed multi-family, CRE, and ADC properties in subsidiaries.

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

Subsidiary Activities

The Bank has formed, or acquired through merger transactions, 19 active subsidiary corporations. Of these, 11 are direct subsidiaries of the Bank and eight are subsidiaries of Bank-owned entities.

The 11 direct subsidiaries of the Bank are:

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

The eight subsidiaries of Bank-owned entities are:

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

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

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

Human Capital

At December 31, 2020, our workforce included 2,948 employees, including 1,635 retail employees and 1,313 back office employees. None of our employees are represented by a collective bargaining agreement. We believe our employee relations to be good.

We believe our employees are among our most significant resources and that our employees are critical to our continued success. We focus significant attention on attracting and retaining talented and experienced individuals to manage and support our operations. We pay our employees competitively and offer a broad range of benefits, both of which we believe are competitive with our industry peers and with other firms in the locations in which we do business. Our employees receive salaries that are subject to annual review and periodic benchmarking. Our benefits program includes a 401(k) Plan with an employer matching contribution, an employee stock ownership plan, healthcare and other insurance benefits, flexible spending accounts and paid time off. Many of our employees are also eligible to participate in the Company's equity award program.

We are proud to maintain a diverse and inclusive workforce that reflects the demographics of the communities in which we do business. Our company recognizes that the talents of a diverse workforce are a key competitive advantage. We strive to create and foster a supportive environment for all of our employees and are proud to share our business success with individuals whose cultural and personal differences create a more innovative and productive workplace. Our workforce is 33% male and 67% female and women represent 51% of the Company's leadership (defined to include employees at the level of vice president and above). In addition, for those employees identifying as such, approximately 48% of our workforce have diverse ethnic backgrounds. We engage in significant outreach to veterans, women and minorities in our recruiting efforts, and our policies and practices reflect our commitment to diversity and inclusion in the workplace.

Our management teams and all of our employees are expected to exhibit and promote honest, ethical and respectful conduct in the workplace. All of our employees must adhere to a code of conduct that sets standards for appropriate behavior and all employees are required to complete annual training that focuses on preventing, identifying, reporting and stopping any type of unlawful discrimination.

The health and safety of our employees is also of critical importance. In response to the COVID-19 pandemic, we implemented a response plan that included the transitioning of a significant percentage of our back office workforce to a remote work model, while implementing additional safety protocols for employees who, due to the nature of their positions, continued on-site work. We took steps to ensure compliance with federal, state and local requirements that enhanced workplace safety, such as masking and social distancing, and we provided employees who either contracted or were exposed to COVID-19 with appropriate leave.

Federal, State, and Local Taxation

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

Regulation and Supervision

General

The Bank is a New York State-chartered savings bank and its deposit accounts are insured under the DIF of the FDIC up to applicable legal limits. For the fiscal year ended December 31, 2020, the Bank was subject to regulation and supervision by the NYSDFS, as its chartering agency; by the FDIC, as primary federal supervisor for all state-chartered banks and savings institutions that are not members of the Federal Reserve System and by the CFPB.

The Bank is required to file reports with the NYSDFS, the FDIC, and the CFPB concerning its activities and financial condition, and is periodically examined by the NYSDFS, the FDIC, and the CFPB to assess compliance with various regulatory requirements, including with respect to safety and soundness and consumer

financial protection regulations. The regulatory structure gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets and the establishment of an adequate allowance for credit losses on loans and leases for regulatory purposes. Changes in such regulations or in banking legislation could have a material impact on the Company, the Bank, and their operations, as well as the Company's shareholders.

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

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

The Dodd-Frank Wall Street Reform and Consumer Protection Act

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

The Economic Growth, Regulatory Relief, and Consumer Protection Act

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

The New York Housing Stability and Tenant Protection Act of 2019

On June 14, 2019, the New York State Legislature passed the Housing Stability and Tenant Protection Act of 2019 impacting about one million rent-regulated apartment units. Among other things, the new legislation: (i) curtails rent increases from material capital improvements and Individual Apartment Improvements; (ii) all but eliminates the ability for apartments to exit rent regulation; (iii) does away with vacancy decontrol and high income deregulation; and (iv) repealed the 20% vacancy bonus. While it will take several years for its full impact to be known, the legislation generally limits a landlord's ability to increase rents on rent-regulated apartments and makes it more difficult to convert rent regulated apartments to market rent apartments.

Capital Requirements

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

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

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

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

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

Prompt Corrective Regulatory Action

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

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

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

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

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

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

As of December 31, 2020, each of the Bank's capital ratios exceeded those required for an institution to be considered "well capitalized" under these regulations.

Stress Testing

Stress Testing for Systemically Important Financial Institutions

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

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

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

Standards for Safety and Soundness

Federal law requires each federal banking agency to prescribe, for the depository institutions under its jurisdiction, standards that relate to, among other things, internal controls; information and audit systems; loan

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

FDIC Regulations

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

Real Estate Lending Standards

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

The FDIC, the OCC, and the FRB (collectively, the "Agencies") also have issued joint guidance entitled "Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices" (the "CRE Guidance"). The CRE Guidance, which addresses land development, construction, and certain multi-family loans, as well as CRE loans, does not establish specific lending limits but, rather, reinforces and enhances the Agencies' existing regulations and guidelines for such lending and portfolio management. Specifically, the CRE Guidance provides that a bank has a concentration in CRE lending if (1) total reported loans for construction, land development, and other land represent 100% or more of total risk-based capital; or (2) total reported loans secured by multi-family properties, non-farm non-residential properties (excluding those that are owner-occupied), and loans for construction, land development, and other land represent 300% or more of total risk-based capital and the bank's CRE loan portfolio has increased 50% or more during the prior 36 months. If a concentration is present, management must employ heightened risk management practices that address key elements, including board and management oversight and strategic planning, portfolio management, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing, and maintenance of increased capital levels as needed to support the level of CRE lending.

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

January 1, 2015, and before April 1, 2020. Banking organizations also will have the option to reevaluate any or all of their ADC loans originated on or after January 1, 2015, using the revised HVCRE exposure definition.

Dividend Limitations

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

Investment Activities

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

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

Enforcement

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

Insurance of Deposit Accounts

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

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

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

Holding Company Regulations

Federal Regulation

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

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

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

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

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

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

New York State Regulation

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

Transactions with Affiliates

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

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

Community Reinvestment Act

Federal Regulation

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

New York State Regulation

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

Bank Secrecy and Anti-Money Laundering

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

Office of Foreign Assets Control Regulation

The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals, and others. These are typically known as the "OFAC" rules, based on their administration by the U.S. Treasury Department Office of Foreign Assets Control. The OFAC-administered sanctions targeting countries take many different forms. Generally, however, they contain one or more of the following elements: (i) restrictions on trade with, or investment in, a sanctioned country, including prohibitions against direct or indirect imports from, and exports to, a sanctioned country and prohibitions on "U.S. persons" engaging in financial transactions relating to making investments in, or providing investment-related advice or assistance to, a sanctioned country; and (ii) a blocking of assets in which the government or specially designated nationals of the sanctioned country have an interest, by prohibiting transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons). Blocked assets (e.g., property and bank deposits) cannot be paid out, withdrawn, set off, or transferred in any manner without a license from OFAC. Failure to comply with these sanctions could have serious legal and reputational consequences.

Data Privacy

Federal and state law contains extensive consumer privacy protection provisions. The GLBA requires financial institutions to periodically disclose their privacy practices and policies relating to sharing such information and enable retail customers to opt out of the Company's ability to share certain information with

affiliates and non-affiliates for marketing and/or non-marketing purposes, or to contact customers with marketing offers. The GLBA also requires financial institutions to implement a comprehensive information security program that includes administrative, technical, and physical safeguards to ensure the security and confidentiality of customer records and information.

Cybersecurity

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

Sarbanes-Oxley Act of 2002

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

Federal Home Loan Bank System

The Bank is a member of the FHLB-NY. As a member of the FHLB-NY, the Bank is required to acquire and hold shares of FHLB-NY capital stock. At December 31, 2020 the Bank held $714.0 million of FHLB-NY stock.

New York State Law

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

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

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

Interstate Branching

Federal law allows the FDIC, and New York State Banking Law allows the Superintendent, to approve an application by a state banking institution to acquire interstate branches by merger, unless, in the case of the FDIC, the state of the target institution has opted out of interstate branching. New York State Banking Law authorizes savings banks and commercial banks to open and occupy de novo branches outside the state of New York. Pursuant to the DFA, the FDIC is authorized to approve a state bank's establishment of a de novo interstate branch if the intended host state allows de novo branching by banks chartered by that state. The Bank currently maintains 40 branches in New Jersey, 26 branches in Florida, 28 branches in Ohio, and 14 branches in Arizona, in addition to its 129 branches in New York State.

Acquisition of the Holding Company

Federal Restrictions

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

New York State Change in Control Restrictions

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

Federal Securities Law

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

Consumer Protection Regulations

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

Applicable consumer protection laws include, but may not be limited to, the DFA, Truth in Lending Act, Truth in Savings Act, Equal Credit Opportunity Act, Electronic Funds Transfer Act, Fair Housing Act, Home Mortgage Disclosure Act, Fair Debt Collection Practices Act, Fair Credit Reporting Act, Expedited Funds Availability (Regulation CC), Reserve Requirements (Regulation D), Insider Transactions (Regulation O), Privacy of Consumer Information (Regulation P), Margin Stock Loans (Regulation U), Right To Financial Privacy Act, Flood Disaster Protection Act, Homeowners Protection Act, Service members Civil Relief Act,

Real Estate Settlement Procedures Act, Telephone Consumer Protection Act, CAN-SPAM Act, Children's Online Privacy Protection Act, the Military Lending Act, and the Homeownership Counseling Act.

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

Consumer Financial Protection Bureau

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

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

Enterprise Risk Management

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

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

Current Operating Environment

COVID-19 Pandemic

The most significant factor impacting the Company's current operating environment has been the COVID-19 pandemic. Beginning with the first occurrence of the virus in the United States in 2020, it spread quickly throughout the country during the first quarter. Due to its high rate of contagion and mortality, state and local governments enacted numerous safeguards to contain the spread of the virus. These included the shut-down of all businesses considered to be "non-essential," restrictions on gatherings, social distancing requirements being put in place, and numerous other restrictions that have impacted daily behavior. In our market area, the governor of New York issued orders that, among other things, required residents to stay in their homes and permitted them to leave only to conduct certain essential business activities or to travel to work, and closed all non-essential businesses to the general public. These stay-at-home orders and travel restrictions have resulted in significant business and operational disruptions, including business closures, supply chain disruptions, and mass layoffs and furloughs. Capacity restrictions on movement and health and safety recommendations that encourage continued

physical distancing and working remotely have limited the ability of businesses to return to pre-pandemic levels of activity.

In addition, due to the concentration and severity of COVID-19 infection in the New York City metro region, was initially considered the epicenter of the pandemic in the country. This region is the Company's largest service area, having over 100 branches and 73% of the loan portfolio.

The Company was proactive during the very early stages of the pandemic. As an essential business, the Company implemented business continuity plans and continued to provide its financial services to customers, while taking health and safety measures into account.

By mid-March, close to 100% of our back office employees were working remotely. In addition, at that time, we temporarily closed all 18 of our in-store branches, along with several other locations, converted some branches to drive-up only, adjusted the hours at our remaining locations, and instituted a banking by appointment program. Currently, 15 of our 18 in-store branches and 37 of our 219 traditional branches remain closed, with no adverse impact on our customer base or deposit trends.

On the consumer side, we enhanced our online banking and mobile app capabilities, temporarily waived certain retail banking fees for those customers experiencing financial difficulties, and offered 90 day payment forbearances to residential mortgage customers. We also put in place several risk mitigation strategies, including enhanced monitoring of certain credits. On the commercial side, we instituted a six-month deferral program for those borrowers experiencing hardships, in line with regulatory guidance. Additionally, under the CARES Act, we provided some of our borrowers with small business loans under the Payment Protection Program.

In addition, extensive precautions were taken to protect employees returning to their offices and in their branches. As of this writing, 25% of back-office employees are back in their offices and a majority of our branches have reopened. We also provide daily communications via email to all of our employees to ensure that they have ongoing access to critical information and have set up a 24-hour help line for employees and their family members to speak with qualified clinicians.

In response to the pandemic and to ensure that the Company's operations during the term of the pandemic, run smoothly, senior management formed two committees: the COVID-19 Resiliency Committee and the COVID-19 Lending Committee. The COVID-19 Resiliency Committee meets daily and is primarily focused on operational issues including employee safety and well-being, branch closings, PPE procurement, IT sustainability, and continuous monitoring of the COVID-19 pandemic. The COVID-19 Lending Committee meets weekly and focuses on our credit quality trends and our loan deferral program.

ITEM 1A. RISK FACTORS

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

Following is a discussion of the material risks and uncertainties that could have a material adverse impact on our financial condition, results of operations, and the value of our shares. The failure to properly identify, monitor, and mitigate any of the below referenced risks, could result in increased regulatory risk and could potentially have an adverse impact on the Company. Additional risks that are not currently known to us, or that

we currently believe to be immaterial, also may have a material effect on our financial condition and results of operations. This report is qualified in its entirety by those risk factors.

COVID-19 Related Risk

The widespread outbreak of COVID-19 has adversely affected, and will likely continue to adversely affect, our business, financial condition, and results of operations. Moreover, the longer the pandemic persists, the more material the ultimate effects are likely to be.

The COVID-19 pandemic is negatively impacting economic activity, the financial markets, and commerce, both globally and within the United States. In our market area, the governor of New York has issued an order that, among other things, required residents to stay in their homes and permitted them to leave only to conduct certain essential activities or to travel to work and close all non-essential businesses to the general public. These stay-at-home orders and travel restrictions – and similar orders imposed across the United States to restrict the spread of COVID-19 – have resulted in significant business and operational disruptions, including business closures, supply chain disruptions, and mass layoffs and furloughs. Although stay-at-home orders have been eased to phased-in reopening of businesses, although capacity restrictions on movement and health and safety recommendations that encourage continued physical distancing and teleworking have limited the ability of businesses to return to pre-pandemic levels of activity. The COVID-19 pandemic has negatively affected the Company's business and is likely to continue to do so and the Company's results of operations may be materially impacted if businesses remain closed for an extended period of time or unemployment remains at elevated levels for an extended period of time.

As an essential business, we have implemented business continuity plans and continue to provide financial services to clients, while taking health and safety measures such as transitioning most in-person customer transactions to our drive-thru facilities and limiting access to the interior of our facilities, frequent cleaning of our facilities, and using a remote workforce where possible. Despite these safeguards, we may nonetheless experience business disruptions, and the rapid pace at which these issues are developing could overwhelm our ability to deal with them in a timely manner.

The continued spread of COVID-19 and the efforts to contain the virus could:

- cause changes in consumer and business spending, borrowing and saving habits, which may affect the demand for loans and other products and services we offer, as well as the credit worthiness of potential and current borrowers;
- cause our borrowers to be unable to meet existing payment obligations, particularly those borrowers that may be disproportionately affected by business shut downs and travel restrictions resulting in increases in loan delinquencies, problem assets, and foreclosures;
- result in the lack of property transactions and asset sales;
- cause the value of collateral for loans, especially real estate, to decline in value;
- reduce the availability and productivity of our employees;
- require us to increase our allowance for credit losses;
- cause our vendors and counterparties to be unable to meet existing obligations to us;
- negatively impact the business and operations of third party service providers that perform critical services for our business;
- cause us to recognize impairment of our goodwill;
- result in a downgrade in our credit ratings;
- prevent us from satisfying our minimum capital and other regulatory requirements;
- impede our ability to close mortgage loans, if appraisers and title companies are unable to perform their functions; and
- cause the value of our securities portfolio to decline.

Any one or a combination of the above events could have a material, adverse effect on our business, financial condition, and results of operations.

Moreover, our success and profitability is substantially dependent upon the management skills of our executive officers, many of whom have held officer positions with us for many years. The unanticipated loss or unavailability of key employees due to COVID-19 could harm our ability to operate our business or execute our business strategy.

COVID-19 has caused a significant global economic downturn which has adversely effected and is expected to continue to adversely affect many business.

Our business is dependent upon the ability and willingness of our customers to conduct banking and other financial transactions, including the payment of their loan obligations. Specifically, our multi-family and CRE loans are dependent on the profitable operation and management of the property securing the loan. If the impact of the pandemic is prolonged, COVID-19 could have a significant adverse impact by reducing the revenue and cash flows of our borrowers, impacting the borrowers' ability to repay their loan, increasing the risk of delinquencies and defaults, and reducing the collateral value underlying the loans.

The COVID-19 pandemic has also led to an increase in the allowance for loan losses and in the allowance for unfunded commitments, due to a change in forecasting potential losses and model assumptions under COVID-19. At December 31, 2020, payment deferral programs totaled $2.6 billion or 6.1% of the total loan portfolio compared to $7.4 billion or 17.5% of the total loan portfolio at June 30, 2020. Despite the significant improvement between the second and fourth quarter of 2020, the pandemic may continue to have a material adverse impact on our loan portfolio, particularly as businesses remain closed. Moreover, the New York City metropolitan region has been disproportionately impacted by COVID-19 relative to other regions of the state and country. Accordingly, the impact from COVID-19 on the Company and our borrowers may be greater than on similar banks that do not have a similar geographic concentration.

Interest Rate Risks

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

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

In addition, such changes in interest rates could affect our ability to originate loans and attract and retain deposits; the fair values of our securities and other financial assets; the fair values of our liabilities; and the average lives of our loan and securities portfolios. Changes in interest rates also could have an effect on loan refinancing activity, which, in turn, would impact the amount of prepayment income we receive on our multi-family and CRE loans. Because prepayment income is recorded as interest income, the extent to which it increases or decreases during any given period could have a significant impact on the level of net interest income and net income we generate during that time.

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

Moreover, higher inflation could lead to fluctuations in the value of our assets and liabilities and off-balance sheet exposures, and could result in lower equity market valuations of financial services companies.

Changes to and replacement of the LIBOR Benchmark Interest Rate may adversely affect our business, financial condition, and results of operations.

We have certain loans and leases, securities, wholesale borrowings, derivative financial instruments, and long-term debt whose interest rate is indexed to LIBOR. The "FCA", which is responsible for regulating LIBOR, has announced that the publication of LIBOR is not guaranteed beyond 2021. However, during the fourth quarter of 2020, the FCA has extended the timeline for the elimination of LIBOR to June 30, 2023, in order to avoid disruptions to the financial system.

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

Credit Risks

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

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

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

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

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

We seek to minimize the risks involved in our other C&I lending by underwriting such loans on the basis of the cash flows produced by the business; by requiring that such loans be collateralized by various business assets, including inventory, equipment, and accounts receivable, among others; and by requiring personal

guarantees. However, the capacity of a borrower to repay such a C&I loan is substantially dependent on the degree to which his or her business is successful. In addition, the collateral underlying other C&I loans may depreciate over time, may not be conducive to appraisal, or may fluctuate in value, based upon the results of operations of the business.

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

The ability of our borrowers to repay their loans could be adversely impacted by a decline in real estate values and/or an increase in unemployment, which not only could result in our experiencing losses, but also could necessitate our recording a provision for credit losses. Either of these events would have an adverse impact on our net income. Although losses on the loans we produce have been comparatively limited, even during periods of economic weakness in our markets, we cannot guarantee that this will be our experience in future periods.

In addition to loan losses due to borrowers' inability to repay their loans, downgrades in our internal loan classifications may result in a higher provision for credit losses and the ACL, a higher level of net charge-offs, and/or higher non-interest expenses.

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

In addition to mitigating credit risk through our underwriting processes, we attempt to mitigate such risk through the establishment of an allowance for credit losses. The process of determining whether or not the allowance is sufficient to cover potential credit losses is based on the current expected credit loss model or CECL. This methodology is described in detail under "Critical Accounting Policies" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report. CECL may result in greater volatility in the level of the ACL, depending on various assumptions and factors used in this model.

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

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

Our concentration in multi-family loans and CRE loans could expose us to increased lending risks and related loan losses.

Our current business strategy is to continue to originate multi-family loans and to a lesser extent CRE loans. At December 31, 2020, $32.2 billion or 75.3% of our total loans and leases, held for investment portfolio consisted of multi-family loans and $6.8 billion or 16.0% consisted of CRE loans. These types of loans generally expose a lender to greater risk of non-payment and loss than one-to-four family residential mortgage loans because repayment of the loans often depends on the successful operation of the properties and the sale of such properties securing the loans. Such loans typically involve larger loan balances to single borrowers or groups of

related borrowers compared to one-to-four family residential loans. Also, many of our borrowers have more than one of these types of loans outstanding. Consequentially, an adverse development with respect to one loan or one credit relationship can expose us to a significantly greater risk of loss compared to an adverse development with respect to a one-to-four family residential real estate loan. In addition, if loans that are collateralized by real estate become troubled and the value of the real estate has been significantly impaired, then we may not be able to recover the full contractual amount of principal and interest that we anticipated at the time we originated the loan, which could cause us to increase our provision for loan losses and adversely affect our operating results and financial condition.

Our New York State multi-family loan portfolio could be adversely impacted by changes in legislation or regulation which, in turn, could have a material adverse effect on our financial condition and results of operations.

On June 14, 2019, the New York State legislature passed the New York Housing Stability and Tenant Protection Act of 2019. This legislation represents the most extensive reform of New York State's rent laws in several decades and generally limits a landlord's ability to increase rents on rent regulated apartments and makes it more difficult to convert rent regulated apartments to market rate apartments. As a result, the value of the collateral located in New York State securing the Company's multi-family loans or the future net operating income of such properties could potentially become impaired which, in turn, could have a material adverse effect on our financial condition and results of operations.

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

Our business depends significantly on general economic conditions in the New York City metropolitan region, where the majority of the buildings and properties securing the multi-family, CRE, and ADC loans we originate for investment and the businesses of the customers to whom we make our other C&I loans are located.

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

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

The Company has granted payment deferrals to borrowers that have experienced financial hardship due to COVID-19, and if those borrowers are unable to resume making payments, the Company will experience an increase in non-accrual loans, which could adversely affect the Company's earnings and financial condition.

Consistent with the public encouragement provided generally by federal and state financial institution regulators after the spread of COVID-19 in the United States, the Company has attempted to work constructively with borrowers who have experienced financial hardship as a result of the pandemic to negotiate accommodations or forbearance arrangements that temporarily reduce or defer the monthly payments due to the Company. Generally, these accommodations are for six months and allow customers to temporarily cease making principal and/or interest payments. In some cases, customers have received a second accommodation. Through December 31, 2020, the Company had granted accommodations with a total value of $7.4 billion, and as of December 31, 2020, $2.6 billion of loans remained subject to a payment accommodation. Upon the expiration

of the deferral period in which case their loans will be classified as non-accrual and the Company will begin collection activities, NPLs and related charge-offs may increase significantly in 2021 as payment wanes. An increase in NPLs and charge-offs would cause the Company to increase its allowance for credit losses, which would adversely affect the Company's earnings and financial condition.

Customary means to collect non-performing assets may be prohibited or impractical during the COVID-19 pandemic, and there is a risk that collateral securing a non-performing asset may deteriorate if the Company chooses not to, or is unable to, foreclose on a timely basis.

Governments in the areas in which the Company conducts its lending services have adopted or may adopt in the future regulations or promulgate executive orders that restrict or limit our ability to take certain actions with respect to delinquent borrowers that we would otherwise take in the ordinary course of business, such as customary collection and foreclosure procedures. Executive orders that have been imposed restrict the ability of financial institutions to undertake residential and commercial foreclosures and evictions. There is a risk that the value of the collateral securing a non-accrual loan may deteriorate if the Company chooses not to, or is unable to foreclose on the collateral on a timely basis.

Risks Related to our Financial Statements

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

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

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

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

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

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

we use to measure the fair value of financial instruments are inadequate, the fair value of such financial instruments may fluctuate unexpectedly or may not accurately reflect what we could realize upon sale or settlement of such financial instruments. Any such failure in our analytical or forecasting models could have a material adverse effect on our business, financial condition and results of operations.

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

At December 31, 2020, goodwill and other intangible assets totaled $2.4 billion. Goodwill is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. A significant decline in expected future cash flows, a material change in interest rates, a significant adverse change in the business climate, slower growth rates, or a significant or sustained decline in the price of our common stock may necessitate taking charges in the future related to the impairment of goodwill and other intangible assets. The amount of any impairment charge could be significant and could have a material adverse impact on our financial condition and results of operations.

Liquidity Risks

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

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

Deposit flows, calls of investment securities and wholesale borrowings, and the prepayment of loans and mortgage-related securities are strongly influenced by such external factors as the direction of interest rates, whether actual or perceived; local and national economic conditions; and competition for deposits and loans in the markets we serve. The withdrawal of more deposits than we anticipate could have an adverse impact on our profitability as this source of funding, if not replaced by similar deposit funding, would need to be replaced with wholesale funding, the sale of interest-earning assets, or a combination of the two. The replacement of deposit funding with wholesale funding could cause our overall cost of funds to increase, which would reduce our net interest income and results of operations. A decline in interest-earning assets would also lower our net interest income and results of operations.

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

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

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

The terms of our outstanding trust preferred capital debt securities prohibit us from (1) declaring or paying any dividends or distributions on our capital stock, including our common stock; or (2) purchasing, acquiring,

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

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

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

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

Legal/Compliance Risks

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

We are subject to the comprehensive, consolidated supervision and regulation set forth by the FRB. Such regulation includes, among other matters, the level of leverage and risk-based capital ratios we are required to maintain. Depending on general economic conditions, changes in our capital position could have a materially adverse impact on our financial condition and risk profile, and also could limit our ability to grow through acquisitions or otherwise. Compliance with regulatory capital requirements may limit our ability to engage in operations that require the intensive use of capital and therefore could adversely affect our ability to maintain our current level of business or expand.

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

In addition, failure to meet established capital requirements could result in the FRB placing limitations or conditions on our activities and further restricting the commencement of new activities. The failure to meet applicable capital guidelines could subject us to a variety of enforcement remedies available to the federal

regulatory authorities, including limiting our ability to pay dividends; issuing a directive to increase our capital; and terminating our FDIC deposit insurance.

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

We are subject to regulation, supervision, and examination by the following entities: (1) the NYSDFS; (2) the FDIC; (3) the FRB-NY; and (4) the CFPB, which was established in 2011 under the Dodd-Frank Act and given broad authority to regulate financial service providers and financial products.

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

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

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

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

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

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

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

assessment that denies previously recognized tax benefits, could result in our recording tax expenses that materially reduce our net income.

Market Risks

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

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

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

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

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

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

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

Strategic Risks

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

Because our profitability stems from our ability to attract deposits and originate loans, our continued ability to compete for depositors and borrowers is critical to our success. Our success as a competitor depends on a number of factors, including our ability to develop, maintain, and build long-term relationships with our customers by providing them with convenience, in the form of multiple branch locations, extended hours of service, and access through alternative delivery channels; a broad and diverse selection of products and services;

interest rates and service fees that compare favorably with those of our competitors; and skilled and knowledgeable personnel to assist our customers by addressing their financial needs. External factors that may impact our ability to compete include, among others, the entry of new lenders and depository institutions in our current markets and, with regard to lending, an increased focus on multi-family and CRE lending by existing competitors.

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

Although we also originate C&I and ADC loans, and invest in securities, our portfolios of multi-family and CRE loans represent the largest portion of our asset mix (91.2% of total loans held for investment as of December 31, 2020). Our leadership position in these markets has been instrumental to our production of solid earnings and our consistent record of exceptional asset quality. We monitor the ratio of our multi-family, CRE, and ADC loans (as defined in the CRE Guidance) to our total risk-based capital to ensure that we are in compliance with regulatory guidance. Any inability to grow our multi-family and CRE loan portfolios, could negatively impact our ability to grow our earnings per share.

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

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

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

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

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

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

The Parent Company (i.e., the company on an unconsolidated basis) is a separate and distinct legal entity from the Bank, and a substantial portion of the revenues the Parent Company receives consists of dividends from the Bank. These dividends are the primary funding source for the dividends we pay on our common stock and

the interest and principal payments on our debt. Various federal and state laws and regulations limit the amount of dividends that a bank may pay to its parent company. In addition, our right to participate in a distribution of assets upon the liquidation or reorganization of a subsidiary may be subject to the prior claims of the subsidiary's creditors. If the Bank is unable to pay dividends to the Parent Company, we might not be able to service our debt, pay our obligations, or pay dividends on our common stock.

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

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

Operational Risks

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

The processes we use to estimate the effects of changing interest rates, real estate values, and economic indicators such as unemployment on our financial condition and results of operations depend upon the use of analytical and forecasting models. These models reflect assumptions that may not be accurate, particularly in times of market stress or other unforeseen circumstances. Furthermore, even if our assumptions are accurate predictors of future performance, the models they are based on may prove to be inadequate or inaccurate because of other flaws in their design or implementation. If the models we use in the process of managing our interest rate and other risks prove to be inadequate or inaccurate, we could incur increased or unexpected losses which, in turn, could adversely affect our earnings and capital. Additionally, failure by the Company to maintain compliance with strict capital, liquidity, and other stress test requirements under banking regulations could subject us to regulatory sanctions, including limitations on our ability to pay dividends.

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

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

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

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

Furthermore, we may be required to expend significant additional resources to modify our protective measures or investigate and remediate vulnerabilities or other exposures arising from operational and security risks. Additional expenditures may be required for third-party expert consultants or outside counsel. We also may be subject to litigation and financial losses that either are not insured against or not fully covered through any insurance we maintain.

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

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

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

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

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

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

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

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

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

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

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

The soundness of many financial institutions may be closely interrelated as a result of relationships between them involving credit, trading, execution of transactions, and the like. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses, or defaults by other institutions. As such "systemic risk" may adversely affect the financial intermediaries with which we interact on a daily basis (such as clearing agencies, clearing houses, banks, and securities firms and exchanges), we could be adversely impacted as well.

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

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

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

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

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

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

Reputational Risk

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

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

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

Societal responses to climate change could adversely affect the Company's business and performance, including, in directly through impacts on the Company's investors and customers.

Concerns over the long-term impacts of climate change have led and will continue to lead to governmental efforts around the world to mitigate those impacts. Investors, consumers, and businesses also may change their behavior on their own as a result of these concerns. The Company and its customers will need to respond to new laws and regulations as well as investor, consumer and business preferences resulting from climate change concerns. The Company and its customers may face cost increases, asset value reductions, and operating process changes, among other impacts. The impact on the Company's customers will likely vary depending on their specific attributes, including reliance on or role in carbon intensive activities. In addition, the Company would face reductions in credit worthiness on the part of some customers or in the value of assets securing loans. Investors could determine not to invest in the Company's securities due to various climate change related considerations. The Company's efforts to take these risks into account in making lending and other decisions may not be effective in protecting the Company from the negative impact of new laws and regulations or changes in investor, consumer or business behavior.

Recent Events

Declaration of Dividend on Common Shares

On January 26, 2021, our Board of Directors declared a quarterly cash dividend on the Company's common stock of $0.17 per share. The dividend is payable on February 16, 2021 to common shareholders of record as of February 6, 2021.

The CARES Act

The CARES Act was passed by Congress and signed into law on March 27, 2020, after the President declared a national emergency on March 13, 2020. It provides, among other things, money for unemployment benefits, financial aid checks to individuals and forgivable SBA loans, known as the Paycheck Protection Program (the "PPP"). This program provides loans to small businesses to keep their employees on payroll. The original funding was fully allocated by mid-April, and additional funding was made available on April 24, 2020, under the Paycheck Protection Program and Health Care Enhancement Act. The Company is a participant in the PPP, which resumed in January 2021. As of December 31, 2020, the Company funded approximately 1,400 requests totaling $117.1 million under the PPP. These loans were designated as held for sale as of quarter end. Of the $117.1 million in PPP loans. During early 2021, $18.1 million of PPP loans have been forgiven.

In December 2020, Congress amended the CARES Act through the Consolidated Appropriations Act of 2021, which provided additional COVID-19 relief to American families and businesses, including extending

TDR relief under the CARES Act until the earlier of December 31, 2021, or 60 days following the termination of the national emergency.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

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

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

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

At December 31, 2020, the number of outstanding shares was 463,901,808 and the number of registered owners was approximately 10,797. The latter figure does not include those investors whose shares were held for them by a bank or broker at that date.

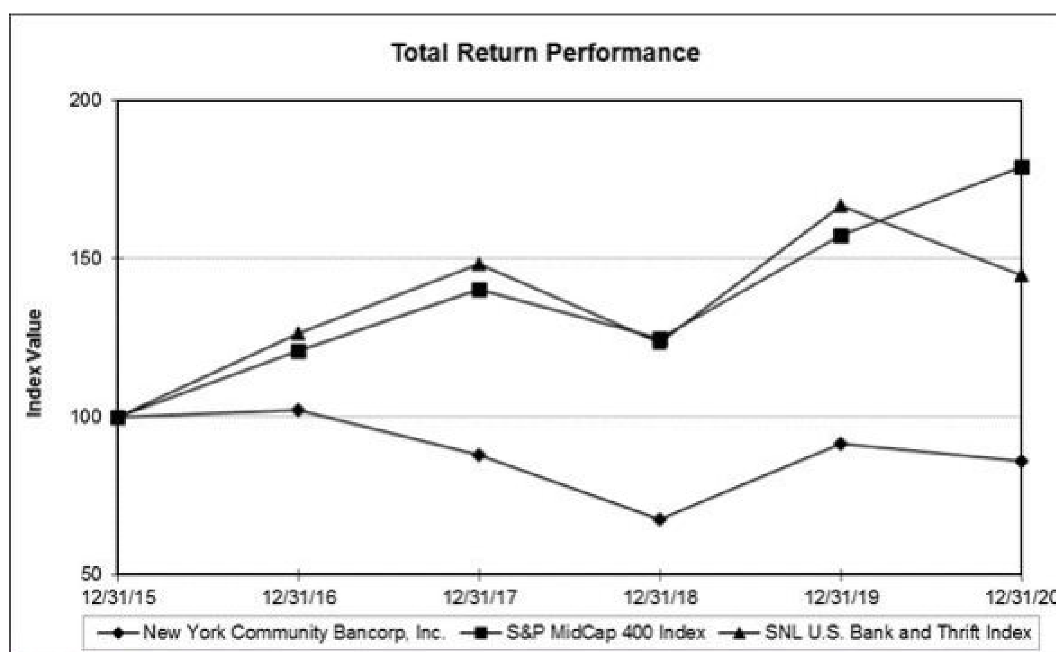
Stock Performance Graph

The following graph compares the cumulative total return on the Company's stock in the five years ended December 31, 2020 with the cumulative total returns on a broad market index (the S&P Mid-Cap 400 Index) and a peer group index (the SNL U.S. Bank and Thrift Index) during the same time. The S&P Mid-Cap 400 Index was chosen as the broad market index in connection with the Company's trading activity on the NYSE; the SNL U.S. Bank and Thrift Index currently is comprised of 375 bank and thrift institutions, including the Company. S&P Global Market Intelligence provided us with the data for both indices.

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

The cumulative total returns are based on the assumption that $100.00 was invested in each of the three investments on December 31, 2015 and that all dividends paid since that date were reinvested. Such returns are based on historical results and are not intended to suggest future performance.

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



ASSUMES $100 INVESTED ON DECEMBER 31, 2015 AND DIVIDEND REINVESTED

	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
New York Community Bancorp, Inc.	$100.00	$102.16	$87.98	$67.54	$91.43	$86.11
S&P Mid-Cap 400 Index	$100.00	$120.74	$140.35	$124.80	$157.49	$179.00
SNL U.S. Bank and Thrift Index	$100.00	$126.25	$148.45	$123.32	$166.67	$144.61

Share Repurchases

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

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

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

On October 23, 2018, the Board of Directors authorized the repurchase of up to $300 million of the Company's common stock. Under said authorization, shares may be repurchased on the open market or in privately negotiated transactions. As of December 31, 2020, the Company has approximately $16.9 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.

During the year December 31, 2020, the Company repurchased $59.0 million or 5.8 million shares of its common stock. Included in the above, the Company allocated 783,238 shares or $8.8 million toward the repurchase of shares tied to its stock-based incentive plans.

(dollars in thousands, except per share data)

Period	Total Shares of Common Stock Repurchased	Average Price Paid per Common Share	Total Allocation
First Quarter 2020	3,307,183	$ 11.24	$ 37,159
Second Quarter 2020	2,426,872	8.88	21,554
Third Quarter 2020	29,747	9.73	289
Fourth Quarter 2020:			
October	524	8.51	5
November	1,752	8.69	15
December	—	—	—
Total Fourth Quarter 2020	2,276	8.65	20
2020 Total	5,766,078	10.24	$ 59,022

ITEM 6. SELECTED FINANCIAL DATA

(dollars in thousands, except share data)	At or For the Years Ended December 31, 2020	2019	2018	2017	2016
EARNINGS SUMMARY:					
Net interest income	$ 1,100,142	$ 957,400	$ 1,030,995	$ 1,130,003	$ 1,287,382
Provision for (recovery of) losses on non-covered loans	62,228	7,105	18,256	60,943	(11,874)
Recovery of losses on covered loans	—	—	—	(23,701)	(7,694)
Non-interest income	61,080	84,230	91,558	216,880	145,572
Non-interest expense:					
Operating expenses	511,190	511,218	546,628	641,218	638,109
Amortization of core deposit intangibles	—	—	—	208	2,391
Merger-related expenses	—	—	—	—	11,146
Total non-interest expense	511,190	511,218	546,628	641,426	651,646
Income tax expense	76,695	128,264	135,252	202,014	281,727
Net income	511,109	395,043	422,417	466,201	495,401
Basic earnings per common share	$ 1.02	$ 0.77	$ 0.79	$ 0.90	$ 1.01
Diluted earnings per common share	1.02	0.77	0.79	0.90	1.01
Dividends paid per common share	0.68	0.68	0.68	0.68	0.68
SELECTED RATIOS:					
Return on average assets	0.94 %	0.76%	0.84%	0.96%	1.00%
Return on average common stockholders' equity	7.71	5.88	6.20	7.12	8.19
Average common stockholders' equity to average assets	11.47	11.82	12.51	12.76	12.28
Operating expenses to average assets	0.94	0.98	1.09	1.32	1.29
Efficiency ratio	44.02	49.08	48.70	47.61	44.53
Net interest rate spread	2.09	1.79	2.06	2.47	2.85
Net interest margin	2.24	2.02	2.25	2.59	2.93
Dividend payout ratio	66.67	88.31	86.08	75.56	67.33
BALANCE SHEET SUMMARY:					
Total assets	$ 56,306,120	$ 53,640,821	$ 51,899,376	$ 49,124,195	$ 48,926,555
Loans, net of allowance for credit losses on loans and leases	42,806,691	41,746,517	40,006,088	38,265,183	39,308,016
Allowance for losses on non-covered loans	194,043	147,638	159,820	158,046	158,290
Allowance for losses on covered loans	—	—	—	—	23,701
Securities	5,844,909	5,885,887	5,644,071	3,531,427	3,817,057
Deposits	32,436,813	31,657,132	30,764,430	29,102,163	28,887,903
Borrowed funds	16,083,544	14,557,593	14,207,866	12,913,679	13,673,379
Common stockholders' equity	6,338,804	6,208,854	6,152,395	6,292,536	6,123,991
Common shares outstanding	463,901,808	467,346,781	473,536,604	488,490,352	487,056,676
Book value per common share	$ 13.66	$ 13.29	$ 12.99	$ 12.88	$ 12.57
Common stockholders' equity to total assets	11.26 %	11.57%	11.85%	12.81%	12.52%
ASSET QUALITY RATIOS (2016 amounts exclude covered assets and non-covered purchased credit-impaired loans):					
Non-performing loans to total loans	0.09 %	0.15%	0.11%	0.19%	0.15%
Non-performing assets to total assets	0.08	0.14	0.11	0.18	0.14
Allowance for credit losses on loans to non- performing loans	513.55	241.07	351.21	214.50	277.19
Allowance for credit losses on loans to total loans	0.45	0.35	0.40	0.41	0.42
Net charge-offs to average loans (1)	0.04	0.05	0.04	0.16	0.00

(1) *Average loans for 2016 includes covered loans.*

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

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

Executive Summary

New York Community Bancorp, Inc. is the holding company for New York Community Bank, with 237 branches in Metro New York, New Jersey, Ohio, Florida, and Arizona. At December 31, 2020, we had total assets of $56.3 billion, including total loans of $43.0 billion, total deposits of $32.4 billion, and total stockholders' equity of $6.8 billion.

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

As a publicly traded company, our mission is to provide our shareholders with a solid return on their investment by producing a strong financial performance, maintaining a solid capital position, and engaging in corporate strategies that enhance the value of their shares. For the twelve months ended December 31, 2020, net income totaled $511.1 million, up 29% compared to the $395.0 million we reported for the twelve months ended December 31, 2019. Full-year 2020 results were impacted by $68.4 million income tax benefit related to certain tax provisions for corporations under the CARES ACT. Excluding this tax benefit, net income, on a non-GAAP basis, for full-year 2020 was $442.7 million up 12% compared to full-year 2019.

For the twelve months ended December 31, 2020, net income available to common shareholders was $478.3 million, up 32% compared to $362.2 million we reported for the twelve months ended December 31, 2019. On a non-GAAP, net income available to common shareholders for full-year 2020 was $409.9 million, up 13% compared to full-year 2019.

The key trends during 2020 were:

Double-Digit Expansion in the Net Interest Margin

During full-year 2020, our NIM increased by double-digits compared to full-year 2019. This improvement was driven by a significant decline in our overall cost of funds largely fueled by lower deposit costs. During 2020, the Company benefited by the FRB's near-zero interest rate policy as we proactively reduced our CDs. This was partially offset by a decline in asset yields.

For the twelve months ended December 31, 2020, the NIM was 2.24%, up 22 bp compared to the twelve months ended December 31, 2019. Prepayment income contributed 11 bp to the NIM in 2020 compared to 12 bp in 2019. Excluding the impact from prepayment income, the NIM for full-year, on a non-GAAP basis, was 2.13%, up 23 bp compared to 2019. During the fourth quarter of 2020, the NIM increased 43 bp to 2.47% compared to the fourth quarter of 2019. Excluding the impact from prepayment income, the fourth-quarter 2020 NIM, on a non-GAAP basis, was 2.30%, up 40 bp compared to the year-ago fourth quarter.

Strong Growth in Net Interest Income

The double-digit improvement in the NIM was a key driver of the strong growth in net interest income we experienced during 2020. For the twelve months ended December 31, 2020 net interest income totaled $1.1 billion, up $142.7 million or 15% compared to $957.4 million for the twelve months ended December 31, 2019. The year-over-year improvement was due to lower interest expense, owing to lower funding cost, which was primarily the result of lower CD rates. For the twelve months ended December 31, 2020, prepayment income totaled $54.4 million, relatively unchanged compared to prepayment income for the twelve months ended

December 31, 2019. Excluding the impact from prepayment income, net interest income, on a non-GAAP basis, increased $142.5 million or 16% to $1.0 billion for full-year 2020 compared to $903.2 million for full-year 2019.

Our Asset Quality Metrics and Loan Deferrals Improved

The Company's overall asset quality metrics remain very strong during 2020 as NPAs declined significantly compared to full year 2019. NPAs at December 31, 2020 totaled $46.1 million or eight bp of total assets, down $27.4 million or 37% compared to $73.5 million or 14 bp of total assets at December 31, 2019.

To date, we have also been successful with our loan deferral to help those borrowers impacted by the COVID-19 pandemic. The majority of our full-payment loan deferrals were eligible to come off their six-month deferral period during fourth quarter 2020. Accordingly, at December 31, 2020, 99% or $6.0 billion of our full-payment loan deferrals have returned to payment status. As of that date, $83.6 million of full-payment deferrals currently remain on deferral and are eligible to come off their deferral period during the first two months of 2021.

External Factors

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

Interest Rates

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

As further discussed under "Loans Held for Investment" later on in this discussion, the interest rates on our multi-family loans and CRE credits generally are based on the five-year and seven-year CMT. The following table summarizes the high, low, and average five- and seven-year CMT rates in 2020 and 2019:

	Constant Maturity Treasury Rates			
	Five-Year		Seven-Year	
	2020	2019	2020	2019
High	1.67%	2.62%	1.79%	2.70%
Low	0.19	1.32	0.36	1.40
Average	0.53	1.95	0.72	2.05

Because the multi-family and CRE loans we produce generate income when they prepay (which is recorded as interest income), the impact of repayment activity can be especially meaningful. In 2020, prepayment income from loans contributed $52.1 million to interest income; in the prior year, the contribution was $48.9 million.

Economic Indicators

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

The following table presents the generally negative trend in unemployment rates, as reported by the U.S. Department of Labor, both nationally and in the various markets that comprise our footprint. The year-over-year

increase in the unemployment rates across our footprint is due to the COVID-19 pandemic and resultant business shutdowns.

	December	
	2020	2019
Unemployment rate:		
United States	6.5%	3.4%
New York City	11.0	3.1
Arizona	7.3	4.2
Florida	5.8	2.4
New Jersey	7.4	3.6
New York	8.1	3.7
Ohio	5.2	3.8

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

	For the Twelve Months Ended December	
	2020	2019
Change in prices:	1.4%	2.3%

Economic activity also is indicated by the Consumer Confidence Index®, which declined to 87.1 in December 2020 compared to 128.2 in December 2019. An index level of 90 or more is considered indicative of a strong economy.

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

New York City Rental Vacancy Rates to Unemployment Rates

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

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

Critical Accounting Policies

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

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

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

Allowance for Credit Losses

The Company's January 1, 2020, adoption of ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments," resulted in a significant change to our methodology for estimating the allowance since December 31, 2019. ASU No. 2016-13 replaced the incurred loss methodology with an expected loss methodology that is referred to as the CECL methodology. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loan receivables. It also applies to off-balance sheet exposures not accounted for as insurance and net investments in leases accounted for under ASC Topic 842. At December 31, 2019, the allowance for credit losses on loans and leases totaled $147.6 million. On January 1, 2020, the Company adopted the CECL methodology under ASU Topic 326 and recognized an increase in the allowance for credit losses on loans and leases of $1.9 million as a "Day 1" transition adjustment from changes in methodology, with a corresponding decrease in retained earnings. Separately, at December 31, 2019, the Company had an allowance for unfunded commitments of $461,000. Upon adoption, the Company recognized an increase in the allowance for unfunded commitments of $12.5 million as a "Day 1" transition adjustment with a corresponding decrease in retained earnings.

The allowance for credit losses on loans and leases is deducted from the amortized cost basis of a financial asset or a group of financial assets so that the balance sheet reflects the net amount the Company expects to collect. Amortized cost is the unpaid loan balance, net of deferred fees and expenses, and includes negative escrow. Subsequent changes (favorable and unfavorable) in expected credit losses are recognized immediately in net income as a credit loss expense or a reversal of credit loss expense. Management estimates the allowance by projecting and multiplying together the probability-of-default, loss-given-default and exposure-at-default depending on economic parameters for each month of the remaining contractual term. Economic parameters are developed using available information relating to past events, current conditions, and economic forecasts. The Company's economic forecast period is 24 months, and afterwards reverts to a historical average loss rate on a straight line basis over a 12 month period. Historical credit experience provides the basis for the estimation of expected credit losses, with qualitative adjustments made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency levels and terms, as well as for changes in environmental conditions, such as changes in legislation, regulation, policies, administrative practices or other relevant factors. Expected credit losses are estimated over the contractual term of the loans, adjusted for forecasted prepayments when appropriate. The contractual term excludes potential extensions or renewals. The methodology used in the estimation of the allowance for loan and lease losses, which is performed at least quarterly, is designed to be dynamic and responsive to changes in portfolio credit quality and forecasted economic conditions. Each quarter the Company reassesses the appropriateness of the economic forecasting period, the reversion period and historical mean at the portfolio segment level, considering any required adjustments for differences in underwriting standards, portfolio mix, and other relevant data shifts over time.

The allowance for credit losses on loans and leases is measured on a collective (pool) basis when similar risk characteristics exist. The portfolio segment represents the level at which a systematic methodology is applied to estimate credit losses. Management believes the products within each of the entity's portfolio segments exhibit similar risk characteristics. Smaller pools of homogenous financing receivables with homogeneous risk characteristics were modeled using the methodology selected for the portfolio segment. The macroeconomic data used in the quantitative models are based on a reasonable and supportable forecast period of 24 months. The Company leverages economic projections including property market and prepayment forecasts from established independent third parties to inform its loss drivers in the forecast. Beyond this forecast period, the Company reverts to a historical average loss rate. This reversion to the historical average loss rate is performed on a straight-line basis over 12 months.

Loans that do not share risk characteristics are evaluated on an individual basis. These include loans that are in nonaccrual status with balances above management determined materiality thresholds depending on loan class and also loans that are designated as TDR or "reasonably expected TDR" (criticized, classified, or maturing loans that will have a modification processed within the next three months). In addition, all taxi medallion loans are individually evaluated. If a loan is determined to be collateral dependent, or meets the criteria to apply the collateral dependent practical expedient, expected credit losses are determined based on the fair value of the collateral at the reporting date, less costs to sell as appropriate.

The Company maintains an allowance for credit losses on off-balance sheet credit exposures. The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted as a provision for credit losses expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over their estimated life. The Company examined historical credit conversion factor ("CCF") trends to estimate utilization rates, and chose an appropriate mean CCF based on both management judgment and quantitative analysis. Quantitative analysis involved examination of CCFs over a range of fund-up windows (between 12 and 36 months) and comparison of the mean CCF for each fund-up window with management judgment determining whether the highest mean CCF across fund-up windows made business sense. The Company applies the same standards and estimated loss rates to the credit exposures as to the related class of loans.

Goodwill Impairment

The Company adopted, on a prospective basis, ASU No. 2017-04, Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment on January 1, 2020. We have significant intangible assets related to goodwill and as of December 31, 2020, we had goodwill of $2.4 billion. In connection with our acquisitions, the assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill represents the excess of the purchase price of our acquisitions over the fair value of identifiable net assets acquired, including other identified intangible assets. We test our goodwill for impairment at the reporting unit level. We have identified one reporting unit which is the same as our operating segment and reportable segment. If we change our strategy or if market conditions shift, our judgments may change, which may result in adjustments to the recorded goodwill balance.

We perform our goodwill impairment test in the fourth quarter of each year, or more often if events or circumstances warrant. For annual goodwill impairment testing, we have the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If we conclude that this is the case, we would compare the fair value the reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The loss recognized, however, would not exceed the total amount of goodwill allocated to that reporting unit. Additionally, we would consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. As of December 31, 2020, the Company's goodwill was not impaired.

FINANCIAL CONDITION

Balance Sheet Summary

At December 31, 2020, total assets were $56.3 billion, up $2.7 billion or 5.0% on a year-over-year basis. Our asset growth was largely the result of loan growth and, a $1.2 billion increase in the balance of cash and cash equivalents. This was funded through a combination of growth in deposits and in wholesale borrowings.

Total loans held for investment rose $989.4 million or 2.4% on a year-over-year basis to $42.9 billion, as the multi-family loan portfolio increased $1.1 billion or 3.5% to $32.3 billion and the specialty finance portfolio rose $439.2 million or 16.8% to $3.1 billion.

Total securities, consisting mainly of available-for-sale securities declined modestly to $5.8 billion compared to $5.9 billion on a year-over-year basis.

On the liability side, total deposits rose $779.7 million or 2.5% to $32.4 billion compared to the balance at year-end 2019, while total borrowed funds increased $1.5 billion or 10.5% to $16.1 billion. Most of the growth in borrowings occurred in the fourth quarter of the year.

Total stockholders' equity at December 31, 2020 was $6.8 billion, up $130.0 million compared to the balance at December 31, 2019. Common stockholders' equity to total assets was 11.26% compared to 11.57% at December 31, 2019. Book value per common share was $13.66 at December 31, 2020 compared to $13.29 at December 31, 2019.

On a non-GAAP basis and excluding goodwill of $2.4 billion at both December 31, 2020 and 2019, tangible common stockholders' equity totaled $3.9 billion at year-end 2020, compared to $3.8 billion at year-end 2019. Tangible common stockholders' equity to tangible assets was 7.26% at December 31, 2020 compared to 7.39% at December 31, 2019. Tangible book value per common share at December 31, 2020 was $8.43 compared to $8.09 at December 31, 2019.

Loans

Loans Held for Investment

The majority of the loans we produce are multi-family loans. Our production of multi-family loans began several decades ago in the five boroughs of New York City, where the majority of the rental units currently consist of rent-regulated apartments featuring below-market rents. In addition to multi-family loans, our loan portfolio contains a large number of CRE credits, most of which are secured by income-producing properties located in New York City and on Long Island.

In addition to multi-family loans and CRE loans, our specialty finance loans and leases have become an increasingly larger portion of our overall loan portfolio. The remainder of our portfolio includes smaller balances of C&I loan, one-to-four family loans, ADC loans, and other loans held for investment. The majority of our C&I loans consist of loans to small- and mid-size businesses.

In 2020, we originated $12.9 billion of loans, a $2.3 billion or a 21.3% increase from the prior year. The higher level of originations was largely driven by a 46% increase in multi-family originations, offset by declines in each of the other loan segments.

Multi-Family Loans

Multi-family loans are our principal asset. The loans we produce are primarily secured by non-luxury residential apartment buildings in New York City that feature rent-regulated units and below-market rents—a market we refer to as our "primary lending niche." Consistent with our emphasis on multi-family lending, multi-family loan originations represented $8.7 billion, or 67.8%, of the loans we produced for investment in 2020.

At December 31, 2020, multi-family loans represented $32.2 billion, or 75.3%, of total loans held for investment, reflecting a year-over-year increase of $1.1 billion, or 3.5%. The multi-family portfolio has an average principal balance of $6.6 million and a weighted average life of 2.3 years at December 31, 2020 compared to $6.4 million and 2.0 years, respectively, at December 31, 2019.

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

At December 31, 2020, $26.5 billion or 82.1% of the Company's total multi-family loan portfolio is secured by properties in New York State and, therefore, are subject to the new rent regulation laws. The weighted average LTV of the NYS rent regulated multi-family portfolio was 54.08% as of December 31, 2020, compared to a weighted average LTV of 57.26% for the entire multi-family loan portfolio at that date.

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

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

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

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

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

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

Our emphasis on multi-family loans is driven by several factors, including their structure, which reduces our exposure to interest rate volatility to some degree. Another factor driving our focus on multi-family lending has been the comparative quality of the loans we produce. Reflecting the nature of the buildings securing our loans, our underwriting standards, and the generally conservative LTV ratios our multi-family loans feature at

origination, a relatively small percentage of the multi-family loans that have transitioned to non-performing status have actually resulted in losses, even when the credit cycle has taken a downward turn.

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

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

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

Commercial Real Estate Loans

At December 31, 2020, CRE loans represented $6.8 billion, or 16.0%, of total loans held for investment, reflecting a year-over-year decrease of $246.1 million or 3.5% compared to December 31, 2019. The average CRE loan had a principal balance of $6.7 million at the end of this December, as compared to $6.6 million at the prior year-end. In addition, the portfolio had an expected weighted average life of 2.4 years and 2.3 years at the corresponding dates.

CRE loans represented $958.2 million, or 7.5%, of the loans we originated in 2020, as compared to $1.2 billion, or 11.6%, in the prior year.

The CRE loans we produce are secured by income-producing properties such as office buildings, retail centers, mixed-use buildings, and multi-tenanted light industrial properties. At December 31, 2020, 85.3% of our CRE loans were secured by properties in the metro New York City area, while properties in other parts of New York State accounted for 2.3% of the properties securing our CRE credits, while all other states accounted for 12.4%, combined.

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

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

to one percentage point of the then-current loan balance. If a loan extends past the fifth or seventh year and the borrower selects the fixed rate option, the prepayment penalties typically reset to a range of five points to one point over years six through ten or eight through twelve. Our CRE loans tend to refinance within two to three years of origination, as reflected in the expected weighted average life of the CRE portfolio noted above.

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

Specialty Finance Loans and Leases

At December 31, 2020, specialty finance loans and leases totaled $3.0 billion or 7.1% of total loans held for investment, up $429.7 million or 16.6% compared to December 31, 2019.

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

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

During 2020, the Company originated $2.7 billion of specialty finance loans and leases, representing 21.0% of total originations compared to $2.8 billion during 2019, representing 26.4% 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.

C&I Loans

In the twelve months ended December 31, 2020, C&I loans declined $26.8 million or 6.3% to $393.3 million, or 0.9% of total loans, and represented $393.0 million or 3.1% of the held-for-investment loans we produced.

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

A broad range of 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.

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

Acquisition, Development, and Construction Loans

At December 31, 2020, ADC loans represented $89.8 million, or 0.2%, of total loans held for investment, as compared to $200.6 million, or 0.5%, at the prior year-end. Originations of ADC loans totaled $35.1 million in 2020, down from $91.4 million at December 31, 2019.

Because ADC loans are generally considered to have a higher degree of credit risk, especially during a downturn in the credit cycle, borrowers are required to provide a guarantee of repayment and completion. In the twelve months ended December 31, 2020 and 2019, we did not recover any losses against guarantees. The risk of loss on an ADC loan is largely dependent upon the accuracy of the initial appraisal of the property's value upon completion of construction; the developer's experience; the estimated cost of construction, including interest; and the estimated time to complete and/or sell or lease such property.

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

One-to-Four Family Loans

At December 31, 2020, one-to-four family loans represented $236.0 million, or 0.6%, of total loans held for investment, as compared to $380.4 million, or 0.91%, at the prior year-end. These loan balances include certain mixed-use CRE loans with less than five residential units being classified as one-to-four family loans. Other than these types of loans, we do not currently expect to originate traditional one-to-four family loans.

Other Loans

At December 31, 2020, other loans totaled $6.5 million and consisted primarily of consumer loans, most of which were overdraft loans and loans to non-profit organizations. We currently do not offer home equity loans or lines of credit.

Lending Authority

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

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

All mortgage loans in excess of $50.0 million, Specialty Finance loans in excess of $15.0 million and all other C&I loans in excess of $5.0 million require approval by the Mortgage and Real Estate Committee or the

Credit Committee of the Board, as applicable. In addition, all loans of $20.0 million or more originated by the Bank continue to be reported to the Board of Directors.

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

In 2020, 252 loans greater than $10.0 million were originated by the Bank, with an aggregate loan balance of $7.5 billion at origination. In 2019, by comparison, 146 loans greater than $10.0 million were originated, with an aggregate loan balance at origination of $4.1 billion.

At December 31, 2020 and 2019, the largest mortgage loan in our portfolio was a $329.0 million multi-family loan, which is collateralized by six properties located in Brooklyn, New York. As of the date of this report, the loan has been current since origination.

Geographical Analysis of the Portfolio of Loans Held for Investment

The following table presents a geographical analysis of the multi-family and CRE loans in our held-for-investment loan portfolio at December 31, 2020:

	At December 31, 2020			
	Multi-Family Loans		Commercial Real Estate Loans	
(dollars in thousands)	Amount	Percent of Total	Amount	Percent of Total
New York City:				
Manhattan	$ 7,773,567	24.12 %	$ 3,150,097	46.08 %
Brooklyn	5,996,421	18.60	545,413	7.98
Bronx	3,938,340	12.22	156,690	2.29
Queens	2,852,269	8.85	623,342	9.12
Staten Island	138,886	0.43	52,141	0.76
Total New York City	$ 20,699,483	64.22 %	$ 4,527,683	66.23 %
New Jersey	4,239,851	13.15	567,194	8.30
Long Island	554,451	1.72	738,304	10.80
Total Metro New York	$ 25,493,785	79.09 %	$ 5,833,181	85.33 %
Other New York State	964,536	2.99	154,915	2.27
All other states	5,778,064	17.92	847,667	12.40
Total	$ 32,236,385	100.00 %	$ 6,835,763	100.00 %

At December 31, 2020, the majority of our other loans held for investment, excluding specialty finance loans and leases, were secured by properties and/or businesses located in Metro New York.

Loan Maturity and Repricing Analysis: Loans Held for Investment

The following table sets forth the maturity or period to repricing of our portfolio of loans held for investment at December 31, 2020. Loans that have adjustable rates are shown as being due in the period during which their interest rates are next subject to change.

(in thousands)	Multi-Family	Commercial Real Estate	One-to-Four Family	Acquisition, Development, and Construction	Other	Total Loans
Amount due:						
Within one year	$ 8,899,559	$ 1,964,141	$ 182,495	$ 80,952	$ 1,801,400	$ 12,928,547
After one year:						
One to five years	20,999,897	4,132,378	50,963	4,628	1,490,930	26,678,796
Over five years	2,336,929	739,244	2,531	4,210	131,533	3,214,447
Total due or repricing after one year	23,336,826	4,871,622	53,494	8,838	1,622,463	29,893,243
Total amounts due or repricing, gross	$ 32,236,385	$ 6,835,763	$ 235,989	$ 89,790	$ 3,423,863	$ 42,821,790

The following table sets forth, as of December 31, 2020, the dollar amount of all loans held for investment that are due after December 31, 2021, and indicates whether such loans have fixed or adjustable rates of interest:

	Due after December 31, 2021		
(in thousands)	Fixed	Adjustable	Total
Mortgage Loans:			
Multi-family	$ 4,839,645	$ 18,497,181	$ 23,336,826
Commercial real estate	1,160,769	3,710,853	4,871,622
One-to-four family	6,456	47,038	53,494
Acquisition, development, and construction	8,440	398	8,838
Total mortgage loans	6,015,310	22,255,470	28,270,780
Other loans	1,273,855	348,608	1,622,463
Total loans	$ 7,289,165	$ 22,604,078	$ 29,893,243

Loans Held for Sale

At December 31, 2020, we had $117.1 million of loans held for sale. This balance consists entirely of Paycheck Protection Program ("PPP") loans. The Company is a participant in the Small Business Administration Paycheck Protection Program, a loan program established to help consumers and small businesses. The original funding was fully allocated by mid-April, and additional funding was made available on April 24, 2020, under the Paycheck Protection Program and Health Care Enhancement Act and an additional round of financing resumed in January 2021. We did not have any loans held for sale as of December 31, 2019.

Loan Origination Analysis

The following table summarizes our production of loans held for investment in the years ended December 31, 2020 and 2019:

	For the Years Ended December 31,			
	2020		2019	
(dollars in thousands)	Amount	Percent of Total	Amount	Percent of Total
Mortgage Loan Originated for Investment:				
Multi-family	$ 8,711,586	67.78 %	$ 5,981,700	56.44 %
Commercial real estate	958,193	7.45	1,226,272	11.57
One-to-four family residential	58,258	0.45	102,829	0.97
Acquisition, development, and construction	35,099	0.27	91,400	0.86
Total mortgage loans originated for investment	9,763,136	75.95	7,402,201	69.84
Other Loans Originated for Investment:				
Specialty finance	2,694,459	20.95	2,799,962	26.42
Other commercial and industrial	393,035	3.10	391,702	3.70
Other	3,998	0.00	4,200	0.04
Total other loans originated for investment	3,091,492	24.05	3,195,864	30.16
Total loans originated for investment	$ 12,854,628	100.00 %	$ 10,598,065	100.00 %

Loan Portfolio Analysis

The following table summarizes the composition of our loan portfolio at each year-end for the five years ended December 31, 2020:

	At December 31,										
	2020		2019		2018		2017		2016		
(dollars in thousands)	Amount	Percent of Total Loans	Amount	Percent of Total Loans	Amount	Percent of Total Loans	Amount	Percent of Non-Covered Loans	Amount	Percent of Total Loans	Percent of Non-Covered Loans
Mortgage Loans:											
Multi-family	$ 32,236,385	75.07%	$ 31,158,672	74.46%	$ 29,883,919	74.46%	$ 28,074,709	73.12%	$ 26,945,052	68.28%	71.35%
Commercial real estate	6,835,763	15.92%	7,081,910	16.93	6,998,834	17.44	7,322,226	19.07	7,724,362	19.57	20.45
One-to-four family	235,989	0.55%	380,361	0.91	446,094	1.11	477,228	1.24	381,081	0.97	1.01
Acquisition, development, and construction	89,790	0.21%	200,596	0.48	407,870	1.02	435,825	1.14	381,194	0.97	1.01
Total mortgage loans	39,397,927	91.75%	38,821,539	92.78	37,736,717	94.03	36,309,988	94.57	35,431,689	89.79	93.82
Other Loans:											
Specialty finance	3,024,043	7.04%	2,594,326	6.20	1,918,545	4.78	1,539,733	4.01	1,267,530	3.21	3.36
Other commercial and industrial	393,300	0.92%	420,052	1.00	469,875	1.17	500,841	1.31	632,915	1.60	1.68
Other loans	6,520	0.02%	8,102	0.02	8,724	0.02	8,460	0.02	24,067	0.06	0.06
Total other loans	3,423,863	7.98%	3,022,480	7.22	2,397,144	5.97	2,049,034	5.34	1,924,512	4.87	5.10
Total loans held for investment (non-covered)	$ 42,821,790	99.73%	$ 41,844,019	100.00	$ 40,133,861	100.00	$ 38,359,022	99.91	$ 37,356,201	94.66	98.92
Loans held for sale	117,136	0.27%	—	—	—	—	35,258	0.09	409,152	1.04	1.08
Total loans (non-covered)	$ 42,938,926	100.00%	$ 41,844,019	100.00%	$ 40,133,861	100.00%	$ 38,394,280	100.00	$ 37,765,353	95.70	100.00%
Covered loans	—		—		—	—	—	—	1,698,133	4.30	
Total loans	$ 42,938,926		$ 41,844,019		$ 40,133,861	100.00%	$ 38,394,280	100.00%	$ 39,463,486	100.00%	
Net deferred loan origination costs	61,808		50,136		32,047		28,949		26,521		
Allowance for losses on non-covered loans	(194,043)		(147,638)		(159,820)		(158,046)		(158,290)		
Allowance for losses on covered loans	—		—		—		—		(23,701)		
Total loans and leases, net	$ 42,806,691		$ 41,746,517		$ 40,006,088		$ 38,265,183		$ 38,308,016		

Outstanding Loan Commitments

At December 31, 2020 and 2019, we had outstanding loan commitments of $2.5 billion and $2.0 billion, respectively. We also had commitments to issue letters of credit totaling $375.9 million and $509.9 million at December 31, 2020 and 2019, respectively. The fees we collect in connection with the issuance of letters of credit are included in "Fee income" in the Consolidated Statements of Income and Comprehensive Income.

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

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

Asset Quality

Loans Held for Investment and Repossessed Assets

Total NPAs were $46.1 million or 0.08% of total assets at December 31, 2020, down 37.3% or $27.4 million compared to $73.5 million or 0.14% of total assets at December 31, 2019. Total non-accrual mortgage loans declined $4.1 million to $17.9 million, while other non-accrual loans, consisting mainly of taxi medallion-related loans, declined $19.4 million to $19.9 million compared to $39.3 million at December 31, 2019. Included in these amounts were non-accrual taxi medallion-related loans of $18.6 million and $30.4 million, respectively.

Repossessed assets totaled $8.3 million, down $4.0 million or 32.2% compared to the balance at December 31, 2019. As is the case with other non-accrual loans, the majority of the Company's repossessed assets consist of taxi medallions. Taxi medallions represented $6.5 million of total repossessed assets at December 31, 2020 compared to $10.3 million at December 31, 2019.

The following table presents our non-performing loans by loan type and the changes in the respective balances from December 31, 2019 to December 31, 2020:

			Change from December 31, 2019 to December 31, 2020	
(dollars in thousands)	December 31, 2020	December 31, 2019	Amount	Percent
Non-Performing Loans:				
Non-accrual mortgage loans:				
Multi-family	$ 4,068	$ 5,407	$ (1,339)	(25)%
Commercial real estate	12,142	14,830	(2,688)	(18)
One-to-four family	1,696	1,730	(34)	(2)
Acquisition, development, and construction	—	—	—	—
Total non-accrual mortgage loans	17,906	21,967	(4,061)	(18)
Non-accrual other loans (1)	19,879	39,276	(19,397)	(49)
Total non-performing loans	$ 37,785	$ 61,243	$ (23,458)	(38)

(1) Includes $18.6 million and $30.4 million of non-accrual taxi medallion-related loans at December 31, 2020 and 2019, respectively.

At the end of this December, taxi medallion-related loans totaled $25.1 million, representing 0.06% of our total held-for-investment loan portfolio. Last December, taxi medallion-related loans totaled $55.0 million, representing 0.18% of our total held-for-investment loan portfolio

The following table sets forth the changes in non-performing loans over the twelve months ended December 31, 2020:

(in thousands)	
Balance at December 31, 2019	$ 61,243
New non-accrual	13,328
Charge-offs	(21,861)
Transferred to repossessed assets	(165)
Loan payoffs, including dispositions and principal pay-downs	(12,459)
Restored to performing status	(2,301)
Balance at December 31, 2020	$ 37,785

A loan generally is classified as a "non-accrual" loan when it is 90 days or more past due or when it is deemed to be impaired because we no longer expect to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, we cease the accrual of interest owed, and previously accrued interest is reversed and charged against interest income. At December 31, 2020 and 2019, all of our non-performing loans were non-accrual loans. A loan is generally returned to accrual status when the loan is current and we have reasonable assurance that the loan will be fully collectible.

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

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

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

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

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

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

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

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

To further manage our credit risk, our lending policies limit the amount of credit granted to any one borrower, and typically require minimum DSCRs of 120% for multi-family loans and 130% for CRE loans. Although we typically lend up to 75% of the appraised value on multi-family buildings and up to 65% on commercial properties, the average LTVs of such credits at origination were below those amounts at December 31, 2020. Exceptions to these LTV limitations are minimal and are reviewed on a case-by-case basis.

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

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

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

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

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

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

The following table presents our loans 30 to 89 days past due by loan type and the changes in the respective balances from December 31, 2020 to December 31, 2019:

			Change from December 31, 2019 to December 31, 2020	
(dollars in thousands)	December 31, 2020	December 31, 2019	Amount	Percent
Loans 30-89 Days Past Due:				
Multi-family	$ 4,091	$ 1,131	$ 2,960	262%
Commercial real estate	9,989	2,545	7,444	292
One-to-four family	1,575	—	1,575	NM
Acquisition, development, and construction	—	—	-	NM
Other loans	3	44	(41)	-93
Total loans 30-89 days past due	$ 15,658	$ 3,720	$ 11,938	321%

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

While we strive to originate loans that will perform fully, adverse economic and market conditions, among other factors, can negatively impact a borrower's ability to repay. Historically, our level of charge-offs has been relatively low in downward credit cycles, even when the volume of non-performing loans has increased. In 2020, we recorded net charge-offs of $18.8 million, as compared to net charge-offs of $19.3 million in the prior year. Taxi medallion-related net charge-offs accounted for $11.9 million of this year's amount and $10.2 million of last year's amount.

Partially reflecting the net charge-offs noted above, and the provision of $63.3 million for the allowance for loan losses, the allowance for losses on loans increased $46.4 million, equaling $194.0 million at the end of this December from $147.6 million at December 31, 2019. Reflecting the decrease in non-performing loans cited earlier in this discussion, the allowance for credit losses represented 513.55% of non-performing loans at December 31, 2020, as compared to 241.07% at the prior year-end.

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

The following table presents information about our five largest non-performing loans at December 31, 2020:

(Dollars in thousands)	**Loan No. 1**	**Loan No. 2** (2)	**Loan No. 3** (2)	**Loan No. 4** (2)	**Loan No. 5**
Type of Loan	CRE	Multi-Family	C&I	CRE	CRE
Origination date	06/20/14	1/17/12	4/29/14	6/16/03	06/01/16
Origination balance	$ 9,750	$ 2,850	$ 13,325	$ 1,800	$ 1,275
Full commitment balance (1)	$ 9,750	$ 2,850	$ 13,325	$ 1,800	$ 1,275
Balance at December 31, 2020	$ 8,235	$ 1,830	$ 1,764	$ 1,256	$ 1,215
Associated allowance	$ 3	$ 264	None	None	$ 177
Non-accrual date	October 2019	August 2019	June 2017	October 2015	August 2020
Origination LTV	65%	21%	N/A	68%	55%
Current LTV	90%	12%	N/A	40%	70%
Last appraisal	September 2020	December 2019	N/A	August 2020	August 2020

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

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

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

No. 2 - The borrower is an owner of real estate and is based in New Jersey. The loan is collateralized by two contiguous multi-family buildings containing 44 residential units and 4 commercial units, located in Atlantic City, NJ. An updated appraisal has been ordered.

No. 3 - The borrower is an owner of a finance company in New York. The loan is collateralized by various taxi medallions in New York, and Chicago, Illinois.

No. 4 - The borrower is an owner of real estate and is based in New York. This loan is collateralized by a 19,508 square foot commercial building in Woodhaven, New York.

No. 5 - The borrower is an owner of real estate and is based in New York. This loan is collateralized by a four story, multi-family building containing 8 residential units located in Brooklyn, NY.

Troubled Debt Restructurings

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

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

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

At December 31, 2020, loans modified as TDRs totaled $34.3 million, including accruing loans of $15.0 million and non-accrual loans of $19.3 million. At the prior year-end, loans modified as TDRs totaled $40.5 million, including accruing loans of $1.3 million and non-accrual loans of $39.2 million.

Analysis of Troubled Debt Restructurings

The following table sets forth the changes in our TDRs over the twelve months ended December 31, 2020:

(in thousands)	Accruing	Non-Accrual	Total
Balance at December 31, 2019	$ 1,254	$ 39,245	$ 40,499
New TDRs	15,119	5,910	21,029
Charge-offs	—	(17,344)	(17,344)
Transferred to performing	—	(481)	(481)
Loan payoffs, including dispositions and principal pay-downs	(1,406)	(8,012)	(9,418)
Balance at December 31, 2020	$ 14,967	$ 19,318	$ 34,285

Loans on which concessions were made with respect to rate reductions and/or extensions of maturity dates totaled $18.1 million and $32.7 million, respectively, at December 31, 2020 and 2019; loans in connection with which forbearance agreements were reached amounted to $16.2 million and $7.8 million at the respective dates.

Based on the number of loans performing in accordance with their revised terms, our success rate for restructured CRE loans was 100%; for one-to-four loans it was 33% at the end of this December; our success rate for other loans was 18%, at that date.

On a limited basis, we may provide additional credit to a borrower after the loan has been placed on non-accrual status or modified as a TDR if, in management's judgment, the value of the property after the additional loan funding is greater than the initial value of the property plus the additional loan funding amount. In 2020, no such additional credit was provided. Furthermore, the terms of our restructured loans typically would not restrict us from cancelling outstanding commitments for other credit facilities to a borrower in the event of non-payment of a restructured loan.

For additional information about our TDRs at December 31, 2020 and 2019, see the discussion of "Asset Quality" in Note 5, "Loans and Leases" in Item 8, "Financial Statements and Supplementary Data."

Except for the non-accrual loans and TDRs disclosed in this filing, we did not have any potential problem loans at December 31, 2020 that would have caused management to have serious doubts as to the ability of a borrower to comply with present loan repayment terms and that would have resulted in such disclosure if that were the case.

Loan Deferrals

Under U.S. GAAP, banks are required to assess modifications to a loan's terms for potential classification as a TDR. A loan to a borrower experiencing financial difficulty is classified as a TDR when a lender grants a concession that it would otherwise not consider, such as a payment deferral or interest concession. In order to encourage banks to work with impacted borrowers, the CARES Act and bank regulators have provided relief from TDR accounting. The main benefits of TDR relief include a capital benefit in the form of reduced risk-weighted assets, as TDRs are more heavily risk-weighted for capital purposes; aging of the loans is frozen, i.e., they will continue to be reported in the same delinquency bucket they were in at the time of modification; and the loans are generally not reported as non-accrual during the modification period.

Under the CARES Act, the Company made the election to deem that loan modifications do not result in TDRs if they are (1) related to the novel coronavirus disease ("COVID-19"); (2) executed on a loan that was not more than 30 days past due as of December 31, 2019; and (3) executed between March 1, 2020, and the earlier of (A) 60 days after the date of termination of the COVID-19 national emergency declaration or (B) December 31, 2020. In December 2020, Congress amended the CARES Act through the Consolidated Appropriations Act of 2021, which provided additional COVID-19 relief to American families and businesses, including extending TDR relief under the CARES Act until the earlier of December 31, 2021, or 60 days following the termination of the national emergency.

During the second quarter of 2020, the Company implemented various loan modification programs with some of its borrowers, in accordance with the CARES Act and interagency regulatory guidance. These modifications were primarily full payment deferrals for an initial six month period, with the ability to extend again at the end of the deferral period, at the Bank's discretion. Most of these deferrals were entered into during April and May, and were therefore, they were eligible to come off of their deferral period beginning in the fourth quarter of 2020.

As of December 31, 2020, multi-family and CRE full payment (interest and principal) deferrals totaled $80.4 million or 0.2% of their respective portfolios, compared to $5.9 billion, or 15.5% of their respective portfolios as of June 30, 2020. Additionally, the Bank entered into $2.5 billion of principal-only deferrals with borrowers, under essentially the same terms as the full-payment deferral program, except that these borrowers are paying the interest due each on their loans, while deferring the principal. Including these principal-only deferrals, total multi-family and CRE deferrals were $2.6 billion at December 31, 2020 or 6.5% of their respective portfolios, and 6.1% of the entire loan portfolio.

As of December 31, 2020, 99.8% of these deferrals returned to payment status, while the remaining 0.2% or $14.1 million have come off deferral but are still due for their first payment. We continue to work with these borrowers on a case-by-case basis to provide additional assistance, if needed, in line with regulatory guidance and the CARES Act.

The following tables reflect, as of December 31, 2020 the aggregate amount of full-payment multi-family and CRE deferred loans by various categories:

(in millions)	Total Deferred	Total Portfolio	Deferred as a% of Total Portfolio
Multi-family	$ 74.3	$ 32,156.5	0.2%
CRE	6.1	6,836.1	0.1%
Total	$ 80.4	$ 38,992.6	0.2%

(in millions)	Amount in Deferral	Outstanding Balance	Deferred as a% of Outstanding Balance	Weighted-Average LTV
Multi-family	$ 74.3	$ 32,156.5	0.2%	60.1%
CRE:				
Office	$ -	$ 3,322.2	NA	NA
Retail	1.3	1,803.4	0.1%	45.2%
Mixed use	0.8	684.3	0.1%	57.2%
Condo/ Co-op	2.7	262.8	1.0%	42.2%
Industrial	1.3	289.8	0.4%	42.6%
Other	-	473.6	NA	NA
Sub-total CRE	$ 6.1	$ 6,836.1	0.1%	44.9%
Total multi-family and CRE	$ 80.4	$ 38,992.6	0.2%	59.0%

Additionally, the allowance for credit losses on accrued interest receivable on loans, including loans in the deferral program, was $1.0 million, as of December 31, 2020.

Asset Quality Analysis

The following table presents information regarding our consolidated allowance for losses on loans, our non-performing assets, and our loans 30 to 89 days past due at each year-end in the five years ended December 31, 2020. The 2016 amounts exclude covered loans, covered OREO, and non-covered Purchased Credit-impaired ("PCI") loans.

Covered loans and non-covered PCI loans are considered to be performing due to the application of the yield accretion method. Therefore, covered loans and non-covered PCI loans are not reflected in the amounts or ratios provided in this table.

(dollars in thousands)	At or for the Years Ended December 31,				
	2020	2019	2018	2017	2016
Allowance for Credit Losses on Loans and Leases:					
Balance at beginning of year	$ 147,638	$ 159,820	$ 158,046	$ 156,524	$ 145,196
CECL day 1 transition adjustment	1,911	-	-	-	-
Adjusted allowance for credit losses at January 1	149,549	159,820	158,046	156,524	145,196
Provision for losses on non-covered loans	63,279	7,105	18,256	60,943	12,036
Recovery from allowance on PCI loans	—	—	—	1,766	—
Charge-offs:					
Multi-family	—	(659)	(34)	(279)	—
Commercial real estate	(1,870)	—	(3,191)	—	—
One-to-four family residential	(2)	(954)	—	(96)	(170)
Acquisition, development, and construction	—	—	(2,220)	—	—
Other loans	(20,306)	(18,694)	(12,897)	(62,975)	(3,413)
Total charge-offs	(22,178)	(20,307)	(18,342)	(63,350)	(3,583)
Recoveries:					
Multi family	755	—	—	28	78
Commercial real estate	354	—	137	408	799
One-to-four family residential	—	—	—	—	228
Acquisition, development and construction	63	61	127	169	167
Other loans	2,221	959	1,596	1,558	1,603
Total recoveries	$ 3,393	$ 1,020	$ 1,860	$ 2,163	$ 2,875
Net (charge-offs) recoveries	(18,785)	(19,287)	(16,482)	(61,187)	(708)
Balance at end of year	$ 194,043	$ 147,638	$ 159,820	$ 158,046	$ 156,524
Non-Performing Assets:					
Non-accrual mortgage loans:					
Multi-family	$ 4,068	$ 5,407	$ 4,220	$ 11,078	$ 13,558
Commercial real estate	12,142	14,830	3,021	6,659	9,297
One-to-four family residential	1,696	1,730	1,651	1,966	9,679
Acquisition, development, and construction	—	—	—	6,200	6,200
Total non-accrual mortgage loans	17,906	21,967	8,892	25,903	38,734
Non-accrual other loans	19,879	39,276	36,614	47,779	17,735
Loans 90 days or more past due and still accruing interest	—	—	—	—	—
Total non-performing loans (1)	$ 37,785	$ 61,243	$ 45,506	$ 73,682	$ 56,469
Repossessed assets (2)	8,318	12,268	10,794	16,400	11,607
Total non-performing assets	$ 46,103	$ 73,511	$ 56,300	$ 90,082	$ 68,076
Asset Quality Measures:					
Non-performing loans to total loans	0.09%	0.15%	0.11%	0.19%	0.15%
Non-performing assets to total assets	0.08%	0.14	0.11	0.18	0.14
Allowance for credit losses on loans to non-performing loans	513.55	241.07	351.21	214.50	277.19
Allowance for credit losses on loans to total loans	0.45	0.35	0.40	0.41	0.42
Net charge-offs (recoveries) during the period to average loans outstanding during the period (3)	0.04	0.05	0.04	0.16	0.0
Loans 30-89 Days Past Due:					
Multi-family	$ 4,091	$ 1,131	$ —	$ 1,258	$ 28
Commercial real estate	9,989	2,545	—	13,227	—
One-to-four family residential	1,575	—	9	585	2,844
Acquisition, development, and construction	—	—	—	—	—
Other loans	3	44	555	2,719	7,511
Total loans 30-89 days past due (4)	$ 15,658	$ 3,720	$ 564	$ 17,789	$ 10,383

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

(2) The December 31, 2016 amount excludes OREO of $17.0 million that were covered by FDIC loss sharing agreements.

(3) Average loans for 2016 includes covered loans.

(4) *The December 31, 2016 amount excludes loans 30 to 89 days past due of $22.6 million that are covered by FDIC loss sharing agreements. The December 31, 2016 amount also excludes $6,000 of non-covered PCI loans. There were no non-covered PCI loans 30 to 89 days past due at any of the prior year-ends.*

The following table sets forth the allocation of the consolidated allowance for losses on loans, excluding the allowance for losses on non-covered PCI loans, at each year-end for the five years ended December 31, 2020:

	2020		2019		2018		2017		2016	
(dollars in thousands)	Amount	Percent of Loans in Each Category to Total Loans Held for Investment	Amount	Percent of Loans in Each Category to Total Loans Held for Investment	Amount	Percent of Loans in Each Category to Total Loans Held for Investment	Amount	Percent of Loans in Each Category to Total Non-Covered Loans Held for Investment	Amount	Percent of Loans in Each Category to Total Non-Covered Loans Held for Investment
Multi-family loans	$ 150,345	75.28 %	$ 96,751	74.46%	$ 98,972	74.46%	$ 93,651	73.19%	$ 91,590	72.13%
Commercial real estate loans	23,525	15.96	20,744	16.93	19,934	17.44	20,572	19.09	20,943	20.68
One-to-four family residential loans	1,440	0.55	1,051	0.91	1,333	1.11	1,360	1.24	1,484	1.02
Acquisition, development, and construction loans	1,229	0.21	4,148	0.48	10,744	1.02	12,692	1.14	9,908	1.02
Other loans	17,504	8.00	24,944	7.22	28,837	5.97	29,771	5.34	32,599	5.15
Total loans	$ 194,043	100.00 %	$ 147,638	100.00%	$ 159,820	100.00%	$ 158,046	100.00%	$ 156,524	100.00%

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

The following table presents a geographical analysis of our non-performing loans at December 31, 2020:

(in thousands)		
New York	$	34,703
New Jersey		2,218
All other states		864
Total non-performing loans	$	37,785

Securities

Total securities were $5.8 billion, or 10.4%, of total assets at the end of this December, as compared to $5.9 billion, or 11.0%, of total assets at December 31, 2019. During the second quarter of 2017, we reclassified our entire securities portfolio as "Available-for-Sale". Accordingly, at December 31, 2020 and December 31, 2019, we had no securities designated as "Held-to-Maturity". At December 31, 2020, 29% of the securities portfolio was tied to floating rates, 28% of which is currently at floating rates, mainly one and three month LIBOR and prime.

At December 31, 2020, available-for-sale securities were $5.8 billion and had an estimated weighted average life of 4.9 years. Included in the year-end amount were mortgage-related securities of $3.0 billion and other debt securities of $2.8 billion.

At the prior year-end, available-for-sale securities were $5.9 billion, and had an estimated weighted average life of 4.4 years. Mortgage-related securities accounted for $3.4 billion of the year-end balance, with other debt securities accounting for the remaining $2.5 billion.

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

Our general investment strategy is to purchase liquid investments with various maturities to ensure that our overall interest rate risk position stays within the required limits of our investment policies. We generally limit our investments to GSE obligations and U.S. Treasury obligations. At December 31, 2020 and 2019, GSE obligations and U.S. Treasury obligations together represented 81.9% and 82.6% of total securities, respectively. The remainder of the portfolio at those dates was comprised of corporate bonds, foreign notes, capital trust notes, asset-backed securities, and municipal obligations.

Federal Home Loan Bank Stock

As a member of the FHLB-NY, the Bank is required to acquire and hold shares of its capital stock. At December 31, 2020, the Bank held FHLB-NY stock in the amount of $714.0 million. At December 31, 2019, the Bank held FHLB-NY stock in the amount of $647.6 million. Dividends from the FHLB-NY to the Bank totaled $36.3 million and $39.5 million, respectively, in 2020 and 2019.

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 rose $19.1 million year-over-year to $1.2 billion at December 31, 2020.

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.

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

Sources of Funds

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

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

In 2020, loan repayments and sales generated cash flows of $11.9 billion, as compared to $8.9 billion in 2019. Cash flows from repayments accounted for $11.9 billion and $8.8 billion of the respective totals and cash flows from sales accounted for $3.1 million and $115.3 million, of the respective totals.

In 2020, cash flows from the repayment and sale of securities respectively totaled $2.1 billion and $483.9 million, while the purchase of securities amounted to $2.5 billion for the year. By comparison, cash flows from the repayment and sale of securities totaled $2.0 billion and $361.3 million, respectively, in 2019, and were offset by the purchase of securities totaling $2.5 billion.

In 2020, the cash flows from loans and securities were primarily deployed into the production of multi-family loans held for investment, as well as held-for-investment CRE loans and specialty finance loans and leases.

Deposits

Total deposits increased $779.7 million or 2.5% on a year-over-year basis to $32.4 billion. Deposit growth was driven by growth in savings accounts and non-interest bearing accounts and offset by a decline in CDs. Compared to the fourth quarter of last year, CDs declined $3.9 billion or 27.3% to $10.3 billion, while savings accounts increased $1.6 billion or 34.2% to $6.4 billion and interest bearing checking and money market accounts increased over the same timeframe by $2.4 billion or 23.3% to $12.6 billion.

While the vast majority of our deposits are retail in nature (i.e., they are deposits we have gathered through our branches or through business combinations), institutional deposits and municipal deposits are also part of our deposit mix. Retail deposits rose $429.4 million year-over-year to $24.8 billion, while institutional deposits rose $150.1 million to $1.3 billion at year-end. Municipal deposits represented $1.0 billion of total deposits at the end of this December, a $19.5 million increase from the balance at December 31, 2019.

Depending on their availability and pricing relative to other funding sources, we also include brokered deposits in our deposit mix. Brokered deposits accounted for $5.3 billion of our deposits at the end of this December, compared to $5.2 billion at December 31, 2019. Brokered money market accounts represented $3.0 billion of total brokered deposits at December 31, 2020 and $1.5 billion at December 31, 2019; brokered interest-bearing checking accounts represented $1.3 billion and $1.2 billion, respectively, at the corresponding dates. At December 31, 2020, we had $1.0 billion of brokered CDs, compared to $2.5 billion at December 31, 2019.

Borrowed Funds

The majority of our borrowed funds are wholesale borrowings and consist of FHLB-NY advances, repurchase agreements, and federal funds purchased, and, to a lesser extent, junior subordinated debentures and subordinated notes. At December 31, 2020, total borrowed funds increased $1.5 billion or 10.5% to $16.1 billion compared to the balance at December 31, 2019. The bulk of the year-over-year increase was driven by a $1.5 billion or 11.0% increase in the balance of wholesale borrowings.

Wholesale Borrowings

Wholesale borrowings totaled $15.4 billion and $13.9 billion, respectively, at December 31, 2020 and 2019, representing 27.4% and 25.9% of total assets at the respective dates. FHLB-NY advances accounted for $14.6 billion of the year-end 2020 balance, as compared to $13.1 billion at the prior year-end. Pursuant to blanket collateral agreements with the Bank, our FHLB-NY advances and overnight advances are secured by pledges of certain eligible collateral in the form of loans and securities. (For more information regarding our FHLB-NY advances, see the discussion that appears earlier in this report regarding our membership and our ownership of stock in the FHLB-NY.) At December 31, 2020 and 2019, $8.3 billion of our wholesale borrowings had callable features.

Also included in wholesale borrowings were repurchase agreements of $800.0 million at December 31, 2020 and 2019. Repurchase agreements are contracts for the sale of securities owned or borrowed by the Bank with an agreement to repurchase those securities at agreed-upon prices and dates.

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

We had no federal funds purchased at both December 31, 2020 and 2019.

Junior Subordinated Debentures

Junior subordinated debentures totaled $360.3 million at December 31, 2020, slightly higher than the balance at the prior year-end reflecting discount accretion.

Subordinated Notes

At December 31, 2020, the balance of subordinated notes was $295.6 million, relatively unchanged from December 31, 2019.

See Note 9, “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 $1.9 billion and $741.9 million, respectively, at December 31, 2020 and 2019. As in the past, our loan and securities portfolios provided meaningful liquidity in 2020, with cash flows from the repayment and sale of loans totaling $8.1 billion and cash flows from the repayment and sale of securities totaling $2.5 billion.

Additional liquidity stems from deposits and from our use of wholesale funding sources, including brokered deposits and wholesale borrowings. In addition, we have access to the Bank’s approved lines of credit with various

counterparties, including the FHLB-NY. The availability of these wholesale funding sources is generally based on the amount of mortgage loan collateral available under a blanket lien we have pledged to the respective institutions and, to a lesser extent, the amount of available securities that may be pledged to collateralize our borrowings. At December 31, 2020, our available borrowing capacity with the FHLB-NY was $7.3 billion. In addition, the Bank had available-for-sale securities of $5.8 billion, of which, $4.6 billion is unpledged.

Furthermore, the Bank has agreements with the FRB-NY that enable it to access the discount window as a further means of enhancing their liquidity. In connection with these agreements, the Bank has pledged certain loans and securities to collateralize any funds they may borrow. At December 31, 2020, the maximum amount the Bank could borrow from the FRB-NY was $1.1 billion. There were no borrowings against these lines of credit at December 31, 2020.

Our primary investing activity is loan production, and the volume of loans we originated for investment totaled $12.9 billion in 2020. During this time, the net cash used in investing activities totaled $1.0 billion; the net cash provided by our operating activities totaled $334.2 million. Our financing activities provided net cash of $1.9 billion.

CDs due to mature or reprice in one year or less from December 31, 2020 totaled $9.1 billion, representing 88% of total CDs at that date. Our ability to attract and retain retail deposits, including CDs, depends on numerous factors, including, among others, the convenience of our branches and our other banking channels; our customers' satisfaction with the service they receive; the rates of interest we offer; the types of products we feature; and the attractiveness of their terms.

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

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

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

Under New York State Banking Law, a New York State-chartered stock-form savings bank or commercial bank may declare and pay dividends out of its net profits, unless there is an impairment of capital. However, the approval of the Superintendent is required if the total of all dividends declared in a calendar year would exceed the total of a bank's net profits for that year, combined with its retained net profits for the preceding two years. In 2020, the Bank paid dividends totaling $380.0 million to the Parent Company, leaving $301.6 million that it could dividend to the Parent Company without regulatory approval at year-end. Additional sources of liquidity available to the Parent Company at December 31, 2020 included $151.2 million in cash and cash equivalents. If the Bank was to apply to the Superintendent for approval to make a dividend or capital distribution in excess of the dividend amounts permitted under the regulations, there can be no assurance that such application would be approved.

Contractual Obligations and Off-Balance Sheet Commitments

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

For example, we offer CDs with contractual terms to our customers, and borrow funds under contract from the FHLB-NY and various brokerage firms. These contractual obligations are reflected in the Consolidated Statements of Condition under "Deposits" and "Borrowed funds," respectively. At December 31, 2020, we had CDs of $10.3 billion and long-term debt (defined as borrowed funds with an original maturity one year or more) of $13.8 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 $351.0 million at December 31, 2020.

Contractual Obligations

The following table sets forth the maturity profile of the aforementioned contractual obligations as of December 31, 2020:

(in thousands)	Certificates of Deposit	Long-Term Debt (1)	Operating Leases(2)	Total
One year or less	$ 9,120,243	$ 1,022,661	$ 26,961	$ 10,169,865
One to three years	1,022,024	3,075,000	51,539	4,148,563
Three to five years	188,098	800,000	48,997	1,037,095
More than five years	315	8,935,883	223,503	9,159,701
Total	$ 10,330,680	$ 13,833,544	$ 351,000	$ 24,515,224

(1) Includes FHLB advances, repurchase agreements, junior subordinated debentures, and subordinated notes.
(2) Excludes imputed interest of $84.2 million.

At December 31, 2020, we also had commitments to extend credit in the form of mortgage and other loan originations, as well as commercial, performance stand-by, and financial stand-by letters of credit, totaling $2.9 billion. These off-balance sheet commitments consist of agreements to extend credit, as long as there is no violation of any condition established in the contract under which the loan is made. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee.

The following table summarizes our off-balance sheet commitments to extend credit in the form of loans and letters of credit at December 31, 2020:

(in thousands)	
Mortgage Loan Commitments:	
Multi-family and commercial real estate	$ 310,261
One-to-four family	801
Acquisition, development, and construction	100,599
Total mortgage loan commitments	$ 411,661
Other loan commitments (1)	2,063,559
Total loan commitments	$ 2,475,220
Commercial, performance stand-by, and financial stand-by letters of credit	375,876
Total commitments	$ 2,851,096

(1) Includes unadvanced lines of credit.

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

At December 31, 2020, we had commitments to purchase securities totaling $19.8 million.

Capital Position

Total stockholders' equity rose $130.0 million, or 1.9%, year-over-year to $6.8 billion; common stockholders' equity represented 11.26% of total assets and a book value per common share of $13.66 at December 31, 2020. At the prior year-end, total stockholders' equity totaled $6.7 billion, and common stockholders' equity represented 11.57% of total assets and a book value per common share of $13.29.

On a non-GAAP basis, tangible common stockholders' equity increased $ 130.0 million year-over-year to $ 3.9 billion. The year-end 20 20 balance represented 7.26% of tangible common assets and a tangible common book value per common share of $8.43. At the prior year-end, tangible common stockholders' equity totaled $3.8 billion, representing 7.39% of tangible common assets and a tangible common book value per common share of $8.09.

We calculate tangible common stockholders' equity by subtracting the amount of goodwill and preferred stock recorded at the end of a period from the amount of stockholders' equity recorded at the same date. Goodwill totaled $2.4 billion at December 31, 2020 and 2019 while preferred stock was $502.8 million at the end of 2020 and 2019. (See the discussion and reconciliations of stockholders' equity and tangible common stockholders' equity, total assets and tangible assets, and the related financial measures that appear on the last page of this discussion and analysis of our financial condition and results of operations.)

Stockholders' equity and tangible common stockholders' equity both include AOCL, which is comprised of the net unrealized gain or loss on available-for-sale securities; the net unrealized gain on cash flow hedges; and the Company's pension and post-retirement obligations at the end of a period. In the twelve months ended December 31, 2020 and 2019, AOCL totaled $25.5 million and $32.8 million, respectively. The decrease in AOCL was largely the net effect of a $33.9 million decrease in net loss on cash flow hedges to $33.0 million and a $41.4 million increase in the net unrealized gain on securities available for sale recorded at the end of this December compared to December 31, 2019.

As reflected in the following table, our capital measures continued to exceed the minimum federal requirements for a bank holding company at December 31, 2020 and 2019:

At December 31, 2020	Actual		Minimum
(dollars in thousands)	Amount	Ratio	Required Ratio
Common equity tier 1 capital	$ 3,962,399	9.72 %	4.50%
Tier 1 risk-based capital	4,465,239	10.95	6.00
Total risk-based capital	5,289,611	12.97	8.00
Leverage capital	4,465,239	8.52	4.00

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

At December 31, 2020, the capital ratios for the Company and the Bank continued to exceed the levels required for classification as "well capitalized" institutions, as defined under the Federal Deposit Insurance Corporation Improvement Act of 1991, and as further discussed in Note 19, "Capital," in Item 8, "Financial Statements and Supplementary Data."

RESULTS OF OPERATIONS: 2020 AS COMPARED TO 2019

Net Interest Income

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

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

rate (the rate at which banks borrow funds overnight from one another) as it deems necessary. During 2019, the FRB increased its target for the federal funds rate by 100 bp to a range of 2.25% - 2.50%. However, during 2020, in response to the global COVID-19 pandemic, the FRB took a number of actions to support the flow of credit to businesses and households. The actions included a reduction in the target range for the federal funds rate to 0% - 0.25%.

While the target federal funds rate generally impacts the cost of our short-term borrowings and deposits, the yields on our held-for-investment loans and other interest-earning assets are typically impacted by intermediate-term market interest rates.

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

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

For the twelve months ended December 31, 2020, net interest income increased $142.7 million or 14.9% to $1.1 billion. Total interest income declined $97.2 million or 5.4% for the twelve months ended December 31, 2020, while total interest expense dropped $239.9 million or 28.3% for the same time period.

Year-Over-Year Comparison

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

- Interest income on loans declined a modest $10.8 million or 0.7% due to an 18 bp decline in the average loan yield to 3.67% compared to 3.85%. However, this was largely offset by loan growth. Average loans during 2020 rose $1.6 billion or 4.1% to $42.0 billion in 2020 compared to $40.4 billion in 2019.
- Interest income on the securities portfolio declined more than the interest income on loans driven by both a lower average balance and lower yields, given the low interest rate environment in place for most of the year. Interest income on securities decreased $72.9 million or 30.9%, while average securities declined $365.0 million or 5.8% to $6.0 billion and the average yield declined 99 bp to 2.73%.
- Interest expense on average interest-bearing deposits declined significantly mainly the result of a lower average cost of deposits due to the low interest rate environment. The average cost of interest-bearing deposits decreased 78 bp to 1.06% while the average balance of $28.9 billion stayed relatively unchanged.
- Interest expense on borrowed funds declined $15.6 million or 4.9% driven by a 34 bp decline in the average cost to 2.03%, offset by a $1.4 billion or 10.7% increase in the average balance to $14.8 billion.

Net Interest Margin

The direction of the Company’s net interest margin was consistent with that of its net interest income, and generally was driven by the same factors as those described above. At 2.24%, the margin was 22 basis points wider

than the margin recorded for full-year 2019. Adjusted net interest margin is a non-GAAP financial measure, as more fully discussed below.

(dollars in thousands)	For the Twelve Months Ended December 31, 2020	For the Twelve Months Ended December 31, 2019	Change (%)
Total Interest Income	$ 1,707,993	$ 1,805,160	-5 %
Prepayment Income:			
Loans	$ 52,096	$ 48,884	7 %
Securities	2,354	5,304	-56 %
Total prepayment income	$ 54,450	$ 54,188	0 %
GAAP Net Interest Margin	2.24 %	2.02 %	22 bp
Less:			
Prepayment income from loans	11 bp	11 bp	0 bp
Prepayment income from securities	—	1	-1 bp
Total prepayment income contribution to net interest margin	11 bp	12 bp	-1 bp
Adjusted Net Interest Margin (non-GAAP)	2.13 %	1.90 %	23 bp

RECONCILIATION OF NET INTEREST MARGIN AND ADJUSTED NET INTEREST MARGIN

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

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

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

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

Net Interest Income Analysis

(dollars in thousands)	2020 Average Balance	2020 Interest	2020 Average Yield/ Cost	2019 Average Balance	2019 Interest	2019 Average Yield/ Cost	2018 Average Balance	2018 Interest	2018 Average Yield/ Cost
	For the Years Ended December 31,								
ASSETS:									
Interest-earning assets:									
Mortgage and other loans and leases, net (1)	$ 42,027,435	$ 1,542,215	3.67 %	$ 40,384,573	$ 1,553,004	3.85%	$ 39,122,724	$ 1,467,944	3.75%
Securities (2)(3)	5,964,896	162,729	2.73	6,329,898	235,596	3.72	4,819,789	184,136	3.82
Interest-earning cash and cash equivalents	1,108,446	3,049	0.28	744,204	16,560	2.23	1,955,837	37,593	1.92
Total interest-earning assets	49,100,777	1,707,993	3.48	47,458,675	1,805,160	3.80	45,898,350	1,689,673	3.68
Non-interest-earning assets	5,008,260			4,650,420			4,314,990		
Total assets	$ 54,109,037			$ 52,109,095			$ 50,213,340		
LIABILITIES AND STOCKHOLDERS' EQUITY:									
Interest-bearing deposits:									
Interest-bearing checking and money market accounts	$ 10,965,099	$ 56,939	0.52 %	$ 10,597,285	$ 174,347	1.65%	$ 12,033,213	$ 167,972	1.40%
Savings accounts	5,519,963	31,650	0.57	4,737,423	35,705	0.75	4,902,728	28,994	0.59
Certificates of deposit	12,412,183	217,413	1.75	13,532,036	320,234	2.37	10,236,599	182,383	1.78
Total interest-bearing deposits	28,897,245	306,002	1.06	28,866,744	530,286	1.84	27,172,540	379,349	1.40
Borrowed funds	14,833,142	301,849	2.03	13,393,837	317,474	2.37	13,454,912	279,329	2.08
Total interest-bearing liabilities	43,730,387	607,851	1.39	42,260,581	847,760	2.01	40,627,452	658,678	1.62
Non-interest-bearing deposits	2,956,563			2,588,040			2,550,163		
Other liabilities	713,961			596,488			252,804		
Total liabilities	47,400,911			45,445,109			43,430,419		
Stockholders' equity	6,708,126			6,663,986			6,782,921		
Total liabilities and stockholders' equity	$ 54,109,037			$ 52,109,095			$ 50,213,340		
Net interest income/interest rate spread		$ 1,100,142	2.09 %		$ 957,400	1.79%		$ 1,030,995	2.06%
Net interest margin			2.24 %			2.02%			2.25%
Ratio of interest-earning assets to interest-bearing liabilities			1.12			1.12x			1.13x

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

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

Rate/Volume Analysis

	Year Ended December 31, 2020 Compared to Year Ended December 31, 2019 Increase/(Decrease)			Year Ended December 31, 2019 Compared to Year Ended December 31, 2018 Increase/(Decrease)		
	Due to			Due to		
(in thousands)	Volume	Rate	Net	Volume	Rate	Net
INTEREST-EARNING ASSETS:						
Mortgage and other loans and leases, net	$ 86,306	$ (97,095)	$ (10,789)	$ 48,012	$ 37,048	$ 85,060
Securities and interest-earning cash and cash equivalents	(27)	(86,351)	(86,378)	10,056	20,371	30,427
Total	86,279	(183,446)	(97,167)	58,068	57,419	115,487
INTEREST-BEARING LIABILITIES:						
Interest-bearing checking and money market accounts	$ 6,273	$ (123,681)	$ (117,408)	$ (12,836)	$ 19,211	$ 6,375
Savings accounts	9,045	(13,100)	(4,055)	(940)	7,651	6,711
Certificates of deposit	(24,838)	(77,983)	(102,821)	68,257	69,594	137,851
Borrowed funds	49,364	(64,989)	(15,625)	(1,262)	39,407	38,145
Totals	39,844	(279,753)	(239,909)	53,219	135,863	189,082
Change in net interest income	$ 46,435	$ 96,307	$ 142,742	$ 4,849	$ (78,444)	$ (73,595)

Provision for Credit Losses

The provision for credit losses for 2020 was calculated using the CECL methodology, while the year-ago provision for credit losses was calculated using the "incurred loss" methodology. The CECL methodology reflects the impact of a deterioration in forecasted, future economic conditions due to the COVID-19 pandemic.

During 2020, the provision for credit losses totaled $62.2 million, up $55.1 million compared to the $7.1 million we reported during 2019. For additional information about our methodologies for recording recoveries of, and provisions for, loan losses, see the discussion of the loan loss allowance under "Critical Accounting Policies" and the discussion of "Asset Quality" that appear earlier in this report.

Non-Interest Income

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

For the twelve months ended December 31, 2020, non-interest income totaled $61.1 million, down $23.2 million or 27.5% compared to the $84.2 million for the twelve months ended December 31, 2019. This was largely due to a decrease in fee income, as the Company waived certain retail banking fees during the year due to the COVID-19 pandemic. Included in the full-year 2020 period were net gains on securities of $1.3 million compared to a net gain on securities of $7.7 million in full-year 2019. Also during 2019, the Company recorded a branch sale-leaseback gain of $7.9 million, related to a property in Florida.

Non-Interest Income Analysis

The following table summarizes our sources of non-interest income in the twelve months ended December 31, 2020, 2019, and 2018:

	For the Years Ended December 31,		
(in thousands)	2020	2019	2018
Fee income	$ 22,026	$ 29,297	$ 29,765
BOLI income	31,750	28,363	28,252
Net gain (loss) on securities	1,265	7,725	(1,994)
Other income:			
Third-party investment product sales	4,351	6,468	12,474
Other	1,688	12,377	23,061
Total other income	6,039	18,845	35,535
Total non-interest income	$ 61,080	$ 84,230	$ 91,558

Non-Interest Expense

For the twelve months ended December 31, 2020 total non-interest expense was $511.2 million unchanged compared to the amount for the twelve months ended December 31, 2019. Included in the 2020 amount is a $4.4 million lease termination benefit, while, in 2019, non-interest expense included $10.4 million of certain items related to severance costs and branch rationalization costs.

Income Tax Expense

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

For the twelve months ended December 31, 2020, income tax expense totaled $76.7 million compared to $128.3 million for the twelve months ended December 31, 2019. This translates into an effective tax rate of 13.05% in 2020 and 24.51% in 2019. Full-year 2020 results were impacted by a $68.4 million income tax benefit related to certain tax provisions for corporations under the CARES Act. Excluding the impact of the tax benefits, the effective tax rate in 2020, on a non-GAAP basis, was 24.69% compared to 24.51% in 2019.

RESULTS OF OPERATIONS: 2019 AS COMPARED TO 2018

The results of operations comparison of 2019 compared to 2018 can be found in the Company's previously filed Annual Report on Form 10-K for the year-ended December 31, 2019 under Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations"- Results of Operations: 2019 As Compared to 2018."

QUARTERLY FINANCIAL DATA

The following table sets forth selected unaudited quarterly financial data for the years ended December 31, 2020 and 2019:

	2020				2019			
(in thousands, except per share data)	4th	3rd	2nd	1st	4th	3rd	2nd	1st
Net interest income	$ 307,917	$ 281,886	$ 265,872	$ 244,467	$ 242,470	$ 235,915	$ 237,690	$ 241,325
Provision for (recovery of) loan losses	11,036	13,016	17,574	20,602	1,702	4,781	1,844	(1,222)
Non-interest income	15,033	13,768	15,380	16,899	17,462	24,386	17,597	24,785
Non-interest expense	133,568	128,508	123,593	125,521	126,097	123,302	123,052	138,767
Income before income taxes	178,346	154,130	140,085	115,243	132,133	132,218	130,391	128,565
Income tax (benefit) expense	(11,318)	38,360	34,738	14,915	30,959	33,172	33,145	30,988
Net income	189,664	115,770	105,347	100,328	101,174	99,046	97,246	97,577
Preferred stock dividends	8,207	8,207	8,207	8,207	8,207	8,207	8,207	8,207
Net income available to common shareholders	$ 181,457	$ 107,563	$ 97,140	$ 92,121	$ 92,967	$ 90,839	$ 89,039	$ 89,370
Basic earnings per common share	$ 0.39	$ 0.23	$ 0.21	$ 0.20	$ 0.20	$ 0.19	$ 0.19	$ 0.19
Diluted earnings per common share	$ 0.39	$ 0.23	$ 0.21	$ 0.20	$ 0.20	$ 0.19	$ 0.19	$ 0.19

IMPACT OF INFLATION

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

IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

Recently Issued Accounting Standards

In January 2021, the FASB issued ASU No. 2021-01, an update to ASU 2020-04, which clarifies the scope of the optional relief for reference rate reform provided by ASC Topic 848. The ASU permits entities to apply certain of the optional practical expedients and exceptions in ASC 848 to the accounting for derivative contracts and hedging activities that may be affected by changes in interest rates used for discounting cash flows, computing variation margin settlements and calculating price alignment interest (the "discounting transition"). These optional practical expedients and exceptions may be applied to derivative instruments impacted by the discounting transition even if such instruments do not reference a rate that is expected to be discontinued. The ASU was effective upon issuance and can generally be applied through December 31, 2022. The adoption of this ASU is not expected to have a material impact on the Company's Consolidated Statements of Condition, results of operations, or cash flows.

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

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

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

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

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

	At or for the Twelve Months Ended December 31,	
(dollars in thousands)	2020	2019
Stockholders' Equity	$ 6,841,644	$ 6,711,694
Less: Goodwill	(2,426,379)	(2,426,379)
Preferred stock	(502,840)	(502,840)
Tangible common stockholders' equity	$ 3,912,425	$ 3,782,475
Total Assets	$ 56,306,120	$ 53,640,821
Less: Goodwill	(2,426,379)	(2,426,379)
Tangible assets	$ 53,879,741	$ 51,214,442
Common stockholders' equity to total assets	11.26 %	11.57%
Tangible common stockholders' equity to tangible assets	7.26	7.39
Book value per common share	$ 13.66	$ 13.29
Tangible book value per common share	8.43	8.09

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Market Risk

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

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

In 2020, 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) We replace maturing wholesale borrowings with longer term borrowings; and (4) In 2019, we entered into an interest rate swap with a notional amount of $2.0 billion to hedge certain real estate loans.

LIBOR Transition Process

On July 27, 2017, the FCA, which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021 which was recently extended to June 30, 2023. Accordingly, the FRB has recommended an alternative index dubbed the Secured Overnight Financing Rate or "SOFR". The Bank has established a sub-committee of its ALCO to address issues related to the phase-out and ultimate transition away from LIBOR to an alternate rate. This sub-committee is led by our Chief Financial Officer and consists of personnel from various departments throughout the Bank including lending, loan administration, credit risk management, finance/treasury, information technology, and operations. The Company has LIBOR-based contracts that extend beyond 2021 included in loans and leases, securities, wholesale borrowings, derivative financial instruments, and long-term debt. The sub-committee has reviewed contract fallback language and noted that certain contracts will need updated provisions for the transition and is coordinating with impacted business lines. To mitigate the risks associated with the expected discontinuation of LIBOR, the Company has ceased originating LIBOR-linked residential mortgage loans, implemented fallback language for LIBOR-linked commercial loans, adhered to the ISDA 2020 Fallbacks Protocol for interest rate swap agreements, and has updated or is in the process of updating its systems to accommodate SOFR-linked loans. In accordance with regulatory guidance, the Company intends to stop entering into LIBOR transactions by the end of 2021.

Interest Rate Sensitivity Analysis

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

At December 31, 2020, our one-year gap was a negative 4.94%, as compared to a negative 12.31% at December 31, 2019. The change in our one-year gap from December 31, 2019, primarily reflects an increase in cash and cash equivalents and the addition of more term funding.

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

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

The table on the following page sets forth the amounts of interest-earning assets and interest-bearing liabilities outstanding at December 31, 2020 which, based on certain assumptions stemming from our historical experience, are expected to reprice or mature in each of the future time periods shown. Except as stated below, the amounts of assets and liabilities shown as repricing or maturing during a particular time period were determined in accordance with the earlier of (1) the term to repricing, or (2) the contractual terms of the asset or liability.

The table provides an approximation of the projected repricing of assets and liabilities at December 31, 2020 on the basis of contractual maturities, anticipated prepayments, and scheduled rate adjustments within a three-month period and subsequent selected time intervals. For residential mortgage-related securities, prepayment rates are forecasted at a weighted average CPR of 25.83% per annum; for multi-family and CRE loans, prepayment rates are forecasted at weighted average CPRs of 17.12% and 12.08% per annum, respectively. Borrowed funds were not assumed to prepay.

Savings, interest bearing checking and money market accounts were assumed to decay based on a comprehensive statistical analysis that incorporated our historical deposit experience. Based on the results of this analysis, savings accounts were assumed to decay at a rate of 75% for the first five years and 25% for years six through ten. Interest-bearing checking accounts were assumed to decay at a rate of 83% for the first five years and 17% for years six through ten. The decay assumptions reflect the prolonged low interest rate environment and the uncertainty regarding future depositor behavior. Including those accounts having specified repricing dates, money market accounts were assumed to decay at a rate of 91% for the first five years and 9% for years six through ten.

Interest Rate Sensitivity Analysis

	At December 31, 2020						
(dollars in thousands)	Three Months or Less	Four to Twelve Months	More Than One Year to Three Years	More Than Three Years to Five Years	More Than Five Years to 10 Years	More Than 10 Years	Total
INTEREST-EARNING ASSETS:							
Mortgage and other loans (1)	$ 6,520,686	$ 8,407,968	$ 15,009,998	$ 9,668,798	$ 3,110,910	$ 127,453	$ 42,845,813
Mortgage-related securities (2)(3)	367,911	451,525	880,988	478,446	599,285	260,170	3,038,325
Other securities (2)	1,932,993	287,878	53,716	103,846	1,094,060	16,520	3,489,013
Interest-earning cash and cash equivalents	1,790,684	—	—	—	—	—	1,790,684
Total interest-earning assets	10,612,274	9,147,371	15,944,702	10,251,090	4,804,255	404,143	51,163,835
INTEREST-BEARING LIABILITIES:							
Interest-bearing checking and money market accounts	7,474,907	916,477	1,660,309	945,532	1,612,848	—	12,610,073
Savings accounts	2,044,047	1,495,181	714,257	531,147	1,630,976	—	6,415,608
Certificates of deposit	3,689,590	5,435,058	1,017,840	187,907	285	—	10,330,680
Borrowed funds	788,926	697,661	5,375,000	800,000	8,280,000	141,957	16,083,544
Total interest-bearing liabilities	13,997,470	8,544,377	8,767,406	2,464,586	11,524,109	141,957	45,439,905
Interest rate sensitivity gap per period (4)	$ (3,385,196)	$ 602,994	$ 7,177,296	$ 7,786,504	$ (6,719,854)	$ 262,186	$ 5,723,930
Cumulative interest rate sensitivity gap	$ (3,385,196)	$ (2,782,202)	$ 4,395,094	$ 12,181,598	$ 5,461,744	$ 5,723,930	
Cumulative interest rate sensitivity gap as a percentage of total assets	(6.01) %	(4.94) %	7.81 %	21.63 %	9.70 %	10.17 %	
Cumulative net interest-earning assets as a percentage of net interest-bearing liabilities	75.82 %	87.66 %	114.04 %	136.07 %	112.06 %	112.60 %	

(1) For the purpose of the gap analysis, loans held for sale, non-performing loans and the allowance for loan losses have been excluded.
(2) Mortgage-related and other securities, including FHLB stock, are shown at their respective carrying amounts.
(3) Expected amount based, in part, on historical experience.
(4) The interest rate sensitivity gap per period represents the difference between interest-earning assets and interest-bearing liabilities.

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

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

As of December 31, 2020, the impact of a 100 bp decline in market interest rates for our loans would have had very little impact on prepayment speeds due to the current low interest rates and current coupons being floored at base rates. The impact of a 100 bp increase in market interest rates would have decreased our projected prepayment rates for multi-family and CRE loans by a constant prepayment rate of 2.92% per annum

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

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

Based on the information and assumptions in effect at December 31, 2020, the following table sets forth our EVE, assuming the changes in interest rates noted:

(dollars in thousands)

Change in Interest Rates (in basis points) (1)	Market Value of Assets	Market Value of Liabilities	Economic Value of Equity	Net Change	Estimated Percentage Change in Economic Value of Equity
+ 200	$ 53,316,881	$ 47,963,413	$ 5,353,468	$ (607,154)	(10.19) %
+ 100	54,639,624	48,758,180	5,881,444	(79,178)	(1.33)
—	55,875,174	49,914,552	5,960,622	—	—

(1) The impact of a 100-bp and a 200-bp reduction in interest rates is not presented in view of the current level of the federal funds rate and other short-term interest rates.

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

As with the Interest Rate Sensitivity Analysis, certain shortcomings are inherent in the methodology used in the preceding interest rate risk measurements. Modeling changes in EVE requires that certain assumptions be made which

may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the EVE analysis presented above assumes that the composition of our interest rate sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured, and also assumes that a particular change in interest rates is reflected uniformly across the yield curve, regardless of the duration to maturity or repricing of specific assets and liabilities. Furthermore, the model does not take into account the benefit of any strategic actions we may take to further reduce our exposure to interest rate risk. Accordingly, while the EVE analysis provides an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to, and do not, provide a precise forecast of the effect of changes in market interest rates on our net interest income, and may very well differ from actual results.

We also utilize an internal net interest income simulation to manage our sensitivity to interest rate risk. The simulation incorporates various market-based assumptions regarding the impact of changing interest rates on future levels of our financial assets and liabilities. The assumptions used in the net interest income simulation are inherently uncertain. Actual results may differ significantly from those presented in the following table, due to the frequency, timing, and magnitude of changes in interest rates; changes in spreads between maturity and repricing categories; and prepayments, among other factors, coupled with any actions taken to counter the effects of any such changes. Based on the information and assumptions in effect at December 31, 2020, the following table reflects the estimated percentage change in future net interest income for the next twelve months, assuming the changes in interest rates noted:

Change in Interest Rates (in basis points) (1) (2)	Estimated Percentage Change in Future Net Interest Income
+100 over one year	(1.02)%
+200 over one year	(2.68)

(1) In general, short- and long-term rates are assumed to increase in parallel fashion across all four quarters and then remain unchanged.
(2) The impact of a 100bp and a 200-bp reduction in interest rates is not presented in view of the current level of the federal funds rate and other short-term interest rates.

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

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

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

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

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

In connection with our net interest income simulation modeling, we also evaluate the impact of changes in the slope of the yield curve. At December 31, 2020, our analysis indicated that an immediate inversion of the yield curve would be expected to result in a 6.57% decrease in net interest income; conversely, an immediate steepening of the yield curve would be expected to result in a 1.74% increase in net interest income. It should be noted that the yield curve changes in these scenarios were updated, given the changing market rate environment, which resulted in an increase in the income sensitivity.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

NEW YORK COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF CONDITION

(in thousands, except share data)	December 31, 2020	December 31, 2019
ASSETS:		
Cash and cash equivalents	$ 1,947,931	$ 741,870
Securities:		
Debt securities available-for-sale ($1,278,177 and $1,372,238 pledged at December 31, 2020 and 2019, respectively)	5,813,333	5,853,057
Equity investments with readily determinable fair values, at fair value	31,576	32,830
Total securities	5,844,909	5,885,887
Loans held for sale	117,136	—
Loans and leases held for investment, net of deferred loan fees and costs	42,883,598	41,894,155
Less: Allowance for credit losses on loans and leases	(194,043)	(147,638)
Total loans and leases, net	42,806,691	41,746,517
Federal Home Loan Bank stock, at cost	714,005	647,562
Premises and equipment, net	287,447	312,626
Operating lease right-of-use assets	266,864	286,194
Goodwill	2,426,379	2,426,379
Bank-owned life insurance	1,164,196	1,145,058
Other real estate owned and other repossessed assets	8,318	12,268
Other assets	839,380	436,460
Total assets	$ 56,306,120	$ 53,640,821
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Deposits:		
Interest-bearing checking and money market accounts	$ 12,610,073	$ 10,230,144
Savings accounts	6,415,608	4,780,007
Certificates of deposit	10,330,680	14,214,858
Non-interest-bearing accounts	3,080,452	2,432,123
Total deposits	32,436,813	31,657,132
Borrowed funds:		
Wholesale borrowings:		
Federal Home Loan Bank advances	14,627,661	13,102,661
Repurchase agreements	800,000	800,000
Total wholesale borrowings	15,427,661	13,902,661
Junior subordinated debentures	360,259	359,866
Subordinated notes	295,624	295,066
Total borrowed funds	16,083,544	14,557,593
Operating lease liabilities	266,846	285,991
Other liabilities	677,273	428,411
Total liabilities	49,464,476	46,929,127
Stockholders' equity:		
Preferred stock at par $0.01 (5,000,000 shares authorized): Series A (515,000 shares issued and outstanding)	502,840	502,840
Common stock at par $0.01 (900,000,000 shares authorized; 490,439,070 and 490,439,070 shares issued; and 463,901,808 and 467,346,781 shares outstanding, respectively)	4,904	4,904
Paid-in capital in excess of par	6,122,690	6,115,487
Retained earnings	494,229	342,023
Treasury stock, at cost (26,537,262 and 23,092,289 shares, respectively)	(257,541)	(220,717)
Accumulated other comprehensive loss, net of tax:		
Net unrealized gain (loss) on securities available for sale, net of tax of $(25,072) and $(9,424), respectively	66,880	25,440
Net unrealized loss on pension and post-retirement obligations, net of tax of $21,898 and $22,191, respectively	(59,345)	(59,136)
Net unrealized (loss) gain on cash flow hedges, net of tax of $12,519 and $(333), respectively	(33,013)	853
Total accumulated other comprehensive loss, net of tax	(25,478)	(32,843)
Total stockholders' equity	6,841,644	6,711,694
Total liabilities and stockholders' equity	$ 56,306,120	$ 53,640,821

See accompanying notes to the consolidated financial statements.

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

(in thousands, except per share data)	Years Ended December 31, 2020	2019	2018
INTEREST INCOME:			
Loans and leases	$ 1,542,215	$ 1,553,004	$ 1,467,944
Securities and money market investments	165,778	252,156	221,729
Total interest income	1,707,993	1,805,160	1,689,673
INTEREST EXPENSE:			
Interest-bearing checking and money market accounts	56,939	174,347	167,972
Savings accounts	31,650	35,705	28,994
Certificates of deposit	217,413	320,234	182,383
Borrowed funds	301,849	317,474	279,329
Total interest expense	607,851	847,760	658,678
Net interest income	1,100,142	957,400	1,030,995
Provision for credit losses	62,228	7,105	18,256
Net interest income after provision for credit loan losses	1,037,914	950,295	1,012,739
NON-INTEREST INCOME:			
Fee income	22,026	29,297	29,765
Bank-owned life insurance	31,750	28,363	28,252
Net gain (loss) on securities	1,265	7,725	(1,994)
Other	6,039	18,845	35,535
Total non-interest income	61,080	84,230	91,558
NON-INTEREST EXPENSE:			
Operating expenses:			
Compensation and benefits	300,914	301,697	317,496
Occupancy and equipment	85,887	89,174	100,107
General and administrative	124,389	120,347	129,025
Total non-interest expense	511,190	511,218	546,628
Income before income taxes	587,804	523,307	557,669
Income tax expense	76,695	128,264	135,252
Net income	$ 511,109	$ 395,043	$ 422,417
Preferred stock dividends	32,828	32,828	32,828
Net income available to common shareholders	$ 478,281	$ 362,215	$ 389,589
Basic earnings per common share	$ 1.02	$ 0.77	$ 0.79
Diluted earnings per common share	$ 1.02	$ 0.77	$ 0.79
Net income	$ 511,109	$ 395,043	$ 422,417
Other comprehensive income (loss), net of tax:			
Change in net unrealized gain (loss) on securities available for sale, net of tax of $(15,836); $(17,669); and $31,345, respectively	41,935	45,934	(50,553)
Change in pension and post-retirement obligations, net of tax of $1,660; $(2,307) and $(2,829)	(5,359)	4,756	(27,113)
Change in net unrealized (loss) gain on cash flow hedges, net of tax of $16,088 and $(376), respectively	(42,397)	964	—
Less: Reclassification adjustment for sales of available-for-sale securities, net of tax of $188; $1,527; and $(4), respectively	(495)	(3,918)	10
Reclassification adjustment for defined benefit pension plan, net of tax of $(1,953); $(2,726) and $(2,068), respectively	5,150	7,185	5,170
Reclassification adjustment for net gain on cash flow hedges included in net income, net of tax $(3,236) and $43, respectively	8,531	(111)	—
Total other comprehensive income (loss), net of tax	7,365	54,810	(72,486)
Total comprehensive income, net of tax	$ 518,474	$ 449,853	$ 349,931

See accompanying notes to the consolidated financial statements.

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

(in thousands, except share data)	Shares Outstanding	Preferred Stock (Par Value: $0.01)	Common Stock (Par Value: $0.01)	Paid-in Capital in excess of Par	Retained Earnings	Treasury Stock, at Cost	Accumulated Other Comprehensive Loss, Net of Tax	Total Stockholders' Equity
Twelve Months Ended December 31, 2020								
Balance at December 31, 2019	467,346,781	$ 502,840	$ 4,904	$ 6,115,487	$ 342,023	$ (220,717)	$ (32,843)	$ 6,711,694
Opening retained earnings adjustment (1)	—	—	—	—	(10,468)	—	—	(10,468)
Adjusted balance, beginning of period					331,555			6,701,226
Shares issued for restricted stock, net of forfeitures	2,321,105	—	—	(22,198)	—	22,198	—	—
Compensation expense related to restricted stock awards	—	—	—	29,401	—	—	—	29,401
Net income	—	—	—	—	511,109	—	—	511,109
Dividends paid on common stock ($0.68)	—	—	—	—	(315,607)	—	—	(315,607)
Dividends paid on preferred stock ($63.76)	—	—	—	—	(32,828)	—	—	(32,828)
Purchase of common stock	(5,766,078)	—	—	—	—	(59,022)	—	(59,022)
Other comprehensive income, net of tax	—	—	—	—	—	--	7,365	7,365
Balance at December 31, 2020	463,901,808	$ 502,840	$ 4,904	$ 6,122,690	$ 494,229	$ (257,541)	$ (25,478)	$ 6,841,644
Twelve Months Ended December 31, 2019								
Balance at December 31, 2018	473,536,604	$ 502,840	$ 4,904	$ 6,099,940	$ 297,202	$ (161,998)	$ (87,653)	$ 6,655,235
Shares issued for restricted stock, net of forfeitures	1,665,028	—	—	(16,501)	—	16,501	—	—
Compensation expense related to restricted stock awards	—	—	—	32,048	—	—	—	32,048
Net income	—	—	—	—	395,043	—	—	395,043
Dividends paid on common stock ($0.68)	—	—	—	—	(317,394)	—	—	(317,394)
Dividends paid on preferred stock ($63.76)	—	—	—	—	(32,828)	—	—	(32,828)
Purchase of common stock	(7,854,851)	—	—	—	—	(75,220)	—	(75,220)
Other comprehensive loss, net of tax	—	—	—	—	—	—	54,810	54,810
Balance at December 31, 2019	467,346,781	$ 502,840	$ 4,904	$ 6,115,487	$ 342,023	$ (220,717)	$ (32,843)	$ 6,711,694
Twelve Months Ended December 31, 2018								
Balance at December 31, 2017	488,490,352	$ 502,840	$ 4,891	$ 6,072,559	$ 237,868	$ (7,615)	$ (15,167)	$ 6,795,376
Shares issued for restricted stock, net of forfeitures	2,039,603	—	13	(8,879)	—	8,866	—	—
Compensation expense related to restricted stock awards	—	—	—	36,260	—	—	—	36,260
Net income	—	—	—	—	422,417	—	—	422,417
Dividends paid on common stock ($0.68)	—	—	—	—	(333,061)	—	—	(333,061)
Dividends paid on preferred stock ($63.76)	—	—	—	—	(32,828)	—	—	(32,828)
Effect of adopting ASU No. 2016-01	—	—	—	—	260	—	—	260
Effect of adopting ASU No. 2018-02	—	—	—	—	2,546	—	(2,546)	—
Purchase of common stock	(16,993,351)	—	—	—	—	(163,249)	—	(163,249)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(69,940)	(69,940)
Balance at December 31, 2018	473,536,604	$ 502,840	$ 4,904	$ 6,099,940	$ 297,202	$ (161,998)	$ (87,653)	$ 6,655,235

(1) Amount represents a $10.5 million cumulative adjustment, net of tax, to retained earnings as of January 1, 2020, as a result of the adoption of ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which became effective January 1, 2020.

See accompanying notes to the consolidated financial statements.

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

(in thousands)	Years Ended December 31, 2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 511,109	$ 395,043	$ 422,417
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	62,228	7,105	18,256
Depreciation	23,871	27,096	32,323
Amortization of discounts and premiums, net	11,123	7,951	(3,891)
Net (gain) loss on securities	(1,265)	(7,725)	14
Gain on trading activity	(23)	(66)	(222)
Net loss (gain) on sales of loans	—	75	(111)
Net gain on sales of fixed assets	—	(7,402)	—
Stock-based compensation	29,401	32,048	36,260
Deferred tax expense	219,342	100,813	23,197
Changes in operating assets and liabilities:			
(Increase) decrease in other assets(1)	(411,074)	(55,825)	29,952
Increase (decrease) in other liabilities(2)	8,619	10,571	(53,320)
Purchases of securities held for trading	(15,000)	(42,500)	(141,615)
Proceeds from sales of securities held for trading	15,023	42,566	141,837
Origination of loans held for sale	(119,158)	—	—
Proceeds from sales of loans originated for sale	—	—	35,258
Net cash provided by operating activities	334,196	509,750	540,355
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from repayment of securities available for sale	2,061,756	1,962,433	817,822
Proceeds from sales of securities available for sale	483,872	361,311	278,539
Purchase of securities available for sale	(2,513,853)	(2,503,248)	(3,288,204)
Redemption of Federal Home Loan Bank stock	172,544	135,906	120,220
Purchases of Federal Home Loan Bank stock	(238,987)	(138,878)	(160,991)
Proceeds from (purchases of) bank-owned life insurance, net	12,296	(138,119)	16,303
Proceeds from sales of loans	3,128	115,205	195,760
Purchases of loans	(95,618)	(864,299)	—
Other changes in loans, net	(911,805)	(998,515)	(1,990,068)
Dispositions (purchases) of premises and equipment, net	1,308	9,297	(9,847)
Net cash used in investing activities	(1,025,359)	(2,058,907)	(4,020,466)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase in deposits	779,681	892,702	1,662,267
Net increase in short-term borrowed funds	1,150,000	1,100,000	—
Proceeds from long-term borrowed funds	6,925,000	4,785,812	5,667,268
Repayments of long-term borrowed funds	(6,550,000)	(5,537,000)	(4,373,500)
Cash dividends paid on common stock	(315,607)	(317,394)	(333,061)
Cash dividends paid on preferred stock	(32,828)	(32,828)	(32,828)
Treasury stock repurchased	(50,190)	(67,125)	(160,767)
Payments relating to treasury shares received for restricted stock award tax payments	(8,832)	(8,095)	(2,482)
Net cash provided by financing activities	1,897,224	816,072	2,426,897
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,206,061	(733,085)	(1,053,214)
Cash, cash equivalents, and restricted cash at beginning of year	741,870	1,474,955	2,528,169
Cash, cash equivalents, and restricted cash at end of year	$ 1,947,931	$ 741,870	$ 1,474,955
Supplemental information:			
Cash paid for interest	$ 632,660	$ 813,161	$ 645,588
Cash paid for income taxes	117,873	75,680	44,123
Non-cash investing and financing activities:			
Transfers to repossessed assets from loans	$ 578	$ 4,689	$ 5,631
Operating lease liabilities arising from obtaining right-of-use assets as of January 1, 2019	—	324,360	—
Securitization of residential mortgage loans to mortgage-backed securities available for sale	53,199	93,531	—
Transfer of loans from held for investment to held for sale	—	115,280	195,649
Disposition of premises and equipment	—	1,245	—
Shares issued for restricted stock awards	22,198	16,501	8,879

(1) Includes $20.0 million and $38.4 million of net amortization of operating lease right-of-use assets for the twelve months ended December 31, 2020 and December 31, 2019, respectively.

(2) Includes $20.0 million and $38.4 million of net amortization of operating lease liability for the twelve months ended December 31, 2020 and December 31, 2019, respectively.

See accompanying notes to the consolidated financial statements.

NOTE 1: ORGANIZATION AND BASIS OF PRESENTATION

Organization

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

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

The Company currently operates 237 branches through eight local divisions, each with a history of service and strength: Queens County Savings Bank, Roslyn Savings Bank, Richmond County Savings Bank, Roosevelt Savings Bank, and Atlantic Bank in New York; Garden State Community Bank in New Jersey; Ohio Savings Bank in Ohio; and AmTrust Bank in Arizona and Florida.

Basis of Presentation

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For cash flow reporting purposes, cash and cash equivalents include cash on hand, amounts due from banks, and money market investments, which include federal funds sold and reverse repurchase agreements. At December 31, 2020 and 2019, the Company's cash and cash equivalents totaled $1.9 billion and $741.9 million, respectively. Included in cash and cash equivalents at those dates were $1.6 billion and $608.4 million, respectively, of interest-bearing deposits in other financial institutions, primarily consisting of balances due from the FRB-NY. There were no federal funds sold at December 31, 2020. Included in cash and cash equivalents at December 31, 2019 were federal funds sold of $1.7 million. There was $193.5 million of reverse repurchase agreements outstanding at December 31, 2020. There were no reverse repurchase agreements outstanding at December 31, 2019.

Debt Securities and Equity Investments with Readily Determinable Fair Values

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

The fair values of our securities—and particularly our fixed-rate securities—are affected by changes in market interest rates and credit spreads. In general, as interest rates rise and/or credit spreads widen, the fair value of fixed-rate securities will decline. As interest rates fall and/or credit spreads tighten, the fair value of fixed-rate securities will rise.

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. Based on an evaluation of available information about past events, current conditions, and reasonable and supportable forecasts that are relevant to collectability, the Company has concluded that it expects to receive all contractual cash flows from each security held in its available-for-sale securities portfolio.

The Company first assess whether (i) it intends to sell, or (ii) it is more likely than not that the Company 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, the Company evaluates 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.

Management has made the accounting policy election to exclude accrued interest receivable on available-for-sale securities from the estimate of credit losses. Available-for-sale debt securities are placed on non-accrual status when the Company no longer expects to receive all contractual amounts due, which is generally at 90 days past due. Accrued interest receivable is reversed against interest income when a security is placed on non-accrual status.

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

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

Federal Home Loan Bank Stock

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

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

Loans

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

The Company recognizes interest income on loans using the interest method over the life of the loan. Accordingly, the Company defers certain loan origination and commitment fees, and certain loan origination costs,

and amortizes the net fee or cost as an adjustment to the loan yield over the term of the related loan. When a loan is sold or repaid, the remaining net unamortized fee or cost is recognized in interest income.

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

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

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

Allowance for Credit Losses on Loans and Leases

The Company's January 1, 2020, adoption of ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments," resulted in a significant change to our methodology for estimating the allowance since December 31, 2019. ASU No. 2016-13 replaces the incurred loss methodology with an expected loss methodology that is referred to as the CECL methodology. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loan receivables. It also applies to off-balance sheet exposures not accounted for as insurance and net investments in leases accounted for under ASC Topic 842. At December 31, 2019, the allowance for loan and lease losses totaled $147.6 million. On January 1, 2020, the Company adopted the CECL methodology under ASU Topic 326 and recognized an increase in the ACL on loans and leases of $1.9 million as a "Day 1" transition adjustment from changes in methodology, with a corresponding decrease in retained earnings. Separately, at December 31, 2019, the Company had an allowance for unfunded commitments of $461,000. Upon adoption, the Company recognized an increase in the allowance for unfunded commitments of $12.5 million as a "Day 1" transition adjustment with a corresponding decrease in retained earnings.

The allowance for credit losses on loans and leases is deducted from the amortized cost basis of a financial asset or a group of financial assets so that the balance sheet reflects the net amount the Company expects to collect. Amortized cost is the unpaid loan balance, net of deferred fees and expenses, and includes negative escrow. Subsequent changes (favorable and unfavorable) in expected credit losses are recognized immediately in net income as a credit loss expense or a reversal of credit loss expense. Management estimates the allowance by projecting and multiplying together the probability-of-default, loss-given-default and exposure-at-default depending on economic parameters for each month of the remaining contractual term. Economic parameters are developed using available information relating to past events, current conditions, economic forecasts, and macroeconomic assumptions. The Company's economic parameters are forecast over a reasonable and supportable period of 24 months, and afterwards reverts to a historical average loss rate on a straight line basis over a 12 month period. Historical credit experience over the observation period provides the basis for the estimation of expected credit losses, with qualitative adjustments made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency levels and terms, as well as for changes in environmental conditions, such as changes in legislation, regulation, policies, administrative practices or other relevant factors. Expected credit losses are estimated over the contractual term of the loans, adjusted for forecasted prepayments when appropriate. The contractual term excludes potential extensions or renewals. The methodology used in the estimation of the allowance for credit losses on loans and leases, which is performed at least quarterly, is designed to be dynamic and responsive to changes in portfolio credit quality and forecasted economic conditions. Each quarter the Company reassesses the appropriateness of the reasonable and supportable forecasting period, the reversion period and historical mean at the portfolio segment level, considering any required adjustments for differences in underwriting standards, portfolio mix, and other relevant data shifts over time.

The allowance for credit losses on loans and leases is measured on a collective (pool) basis when similar risk characteristics exist. The portfolio segment represents the level at which a systematic methodology is applied to estimate credit losses. Management believes the products within each of the entity's portfolio segments exhibit similar risk characteristics. Smaller pools of homogenous financing receivables with homogeneous risk characteristics were modeled using the methodology selected for the portfolio segment. The macroeconomic data used in the quantitative models are based on a reasonable and supportable forecast period of 24 months. The Company leverages economic projections including property market and prepayment forecasts from established independent third parties to inform its loss drivers in the forecast. Beyond this forecast period, the Company reverts to a historical average loss rate. This reversion to the historical average loss rate is performed on a straight-line basis over 12 months.

Loans that do not share risk characteristics are evaluated on an individual basis. These include loans that are in nonaccrual status with balances above management determined materiality thresholds depending on loan class and also loans that are designated as TDR or "reasonably expected TDR" (criticized, classified, or maturing loans that will have a modification processed within the next three months). In addition, all taxi medallion loans are individually evaluated. If a loan is determined to be collateral dependent, or meets the criteria to apply the collateral dependent practical expedient, expected credit losses are determined based on the fair value of the collateral at the reporting date, less costs to sell as appropriate.

The Company maintains an allowance for credit losses on off-balance sheet credit exposures. The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted as a provision for credit losses expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over their estimated life. The Company examined historical credit conversion factor ("CCF") trends to estimate utilization rates, and chose an appropriate mean CCF based on both management judgment and quantitative analysis. Quantitative analysis involved examination of CCFs over a range of fund-up windows (between 12 and 36 months) and comparison of the mean CCF for each fund-up window with management judgment determining whether the highest mean CCF across fund-up windows made business sense. The Company applies the same standards and estimated loss rates to the credit exposures as to the related class of loans.

Allowance for Loan and Lease Losses - 2019

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

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

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

The Company primarily measures impairment on an individual loan and determine the extent to which a specific valuation allowance is necessary by comparing the loan's outstanding balance to either the fair value of the

collateral, less the estimated cost to sell, or the present value of expected cash flows, discounted at the loan's effective interest rate. Generally, when the fair value of the collateral, net of the estimated cost to sell, or the present value of the expected cash flows is less than the recorded investment in the loan, any shortfall is promptly charged off.

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

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

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

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

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

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

- Periodic inspections of the loan collateral by qualified in-house and external property appraisers/inspectors;

- Regular meetings of executive management with the pertinent Board committees, during which observable trends in the local economy and/or the real estate market are discussed;

- Assessment of the aforementioned factors by the pertinent members of the Board of Directors and management when making a business judgment regarding the impact of anticipated changes on the future level of loan losses; and

- Analysis of the portfolio in the aggregate, as well as on an individual loan basis, taking into consideration payment history, underwriting analyses, and internal risk ratings.

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

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

Goodwill

The Company adopted, on a prospective basis, ASU No. 2017-04, Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment on January 1, 2020. The Company has significant intangible assets related to goodwill and as of December 31, 2020, the Company had goodwill of $2.4 billion. In connection with its acquisitions, the assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill represents the excess of the purchase price of its acquisitions over the fair value of identifiable net assets acquired, including other identified intangible assets. The Company tests goodwill for impairment at the reporting unit level. The Company has identified one reporting unit which is the same as its operating segment and reportable segment. If the Company changes its strategy or if market conditions shift, its judgments may change, which may result in adjustments to the recorded goodwill balance.

The Company performs its goodwill impairment test in the fourth quarter of each year, or more often if events or circumstances warrant. For annual goodwill impairment testing, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If the Company concludes that this is the case, it would compare the fair value the reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The loss recognized, however, would not exceed the total amount of goodwill allocated to that reporting unit. Additionally, the Company would consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. As of December 31, 2020, the Company's goodwill was not impaired.

Premises and Equipment, Net

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

Depreciation is included in "Occupancy and equipment expense" in the Consolidated Statements of Income and Comprehensive Income, and amounted to $23.9 million, $27.1 million, and $32.3 million, respectively, in the years ended December 31, 2020, 2019, and 2018.

Bank-Owned Life Insurance

The Company has purchased life insurance policies on certain employees. These BOLI policies are recorded in the Consolidated Statements of Condition at their cash surrender value. Income from these policies and changes in the cash surrender value are recorded in "Non-interest income" in the Consolidated Statements of Income and Comprehensive Income. At December 31, 2020 and 2019, the Company's investment in BOLI was $1.2 billion and $1.1 billion, respectively. The Company had additional purchases of $150.0 during the year ended December 31, 2019. The Company's investment in BOLI generated income of $31.8 million, $28.4 million, and $28.3 million, respectively, during the years ended December 31, 2020, 2019, and 2018.

Repossessed Assets and OREO

Repossessed assets consist of any property or other assets acquired through, or in lieu of, foreclosure are sold or rented, and are recorded at fair value, less the estimated selling costs, at the date of acquisition. Following foreclosure, management periodically performs a valuation of the asset, and the assets are carried at the lower of the carrying amount or fair value, less the estimated selling costs. Expenses and revenues from operations and changes in valuation, if any, are included in "General and administrative expense" in the Consolidated Statements of Income and Comprehensive Income. At December 31, 2020, the Company had $1.8 million of OREO and $6.5 million of taxi medallions. At December 31, 2019, the Company had $2.0 million of OREO and $10.3 million of taxi medallions.

Income Taxes

Income tax expense consists of income taxes that are currently payable and deferred income taxes. Deferred income tax expense is determined by recognizing deferred tax assets and liabilities for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. The Company assesses the deferred tax assets and establishes a valuation allowance when realization of a deferred asset is not considered to be "more likely than not." The Company considers its expectation of future taxable income in evaluating the need for a valuation allowance.

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

Derivative Instruments and Hedging Activities

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

Stock-Based Compensation

Under the New York Community Bancorp, Inc. 2020 Omnibus Incentive Plan (the "2020 Incentive Plan"), which was approved by the Company's shareholders at its Annual Meeting on June 3, 2020, shares are available for grant as restricted stock or other forms of related rights. At December 31, 2020, the Company had 11,913,461 shares available for grant under the 2020 Incentive Plan. Compensation cost related to restricted stock grants is recognized on a straight-line basis over the vesting period. For a more detailed discussion of the Company's stock-based compensation, see Note 15, "Stock-Related Benefit Plans."

Retirement Plans

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

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

Earnings per Common Share (Basic and Diluted)

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

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

The following table presents the Company's computation of basic and diluted earnings per common share for the years ended December 31, 2020, 2019, and 2018:

(in thousands, except share and per share amounts)	Years Ended December 31, 2020	2019	2018
Net income available to common shareholders	$ 478,281	$ 362,215	$ 389,589
Less: Dividends paid on and earnings allocated to participating securities	(5,798)	(4,333)	(4,871)
Earnings applicable to common stock	$ 472,483	$ 357,882	$ 384,718
Weighted average common shares outstanding	462,605,341	465,380,010	487,287,872
Basic earnings per common share	$ 1.02	$ 0.77	$ 0.79
Earnings applicable to common stock	$ 472,483	$ 357,882	$ 384,718
Weighted average common shares outstanding	462,605,341	465,380,010	487,287,872
Potential dilutive common shares	676,061	283,322	—
Total shares for diluted earnings per common share computation	463,281,402	465,663,332	487,287,872
Diluted earnings per common share and common share equivalents	$ 1.02	$ 0.77	$ 0.79

Impact of Recent Accounting Pronouncements

Recently Adopted Accounting Standards

The Company adopted ASU No. 2020-04 in the first quarter of 2020 upon issuance. The amendments provide optional expedients and exceptions for certain contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of rate reform. The guidance is effective from the date of issuance until December 31, 2022. If certain criteria are met, the amendments allow exceptions to the designation criteria of the hedging relationship and the assessment of hedge effectiveness during the transition period. To date, the guidance has not had a material impact on the Company's Consolidated Statements of Condition, results of operations, or cash flows. The Company will continue to assess the impact as the reference rate transition occurs.

The Company adopted ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments and its amendments, ("ASU No. 2016-13") as of January 1, 2020. ASU No. 2016-13 amended guidance on reporting credit losses for assets held on an amortized cost basis and available-for-sale debt securities. For assets held at amortized cost, ASU No. 2016-13 eliminated the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The amendments in ASU No. 2016-13 replaced the incurred loss impairment methodology with a methodology that reflects the measurement of expected credit losses based on relevant information about past events, including historical loss experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of financial assets to present the net amount expected to be collected. For available-for-sale debt securities, credit losses will be presented as an allowance rather than as a write-down. The amendments affected loans, debt securities, trade receivables, off-balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

The Company adopted ASU No. 2016-13 on a modified retrospective basis with a cumulative-effect adjustment to retained earnings as of the adoption date and, accordingly, the Company recorded a net of tax decrease of $10.5 million to retained earnings as of January 1, 2020. The results for prior period amounts continue to be reported in accordance with previously applicable GAAP. A prospective transition approach was required for debt securities for which an OTTI had been recognized before the effective date. The effect of the prospective transition approach was to maintain the same amortized cost basis before and after the effective date of ASU No. 2016-13. Amounts previously recognized in accumulated other comprehensive income (loss) as of the date of adoption that relate to improvements in cash flows expected to be collected continue to be accreted into income over the remaining life of the asset. Recoveries of amounts previously written off relating to improvements in cash flows after the date of adoption are recorded in earnings when received.

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

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

The adoption of ASU No. 2017-04 did not have a material effect on the Company's Consolidated Statements of Condition, results of operations, or cash flows. During the year ended December 31, 2020, the Company assessed the current environment, including the estimated impact of the COVID-19 pandemic on macroeconomic variables and economic forecasts and how those might impact the fair value of its reporting unit. After consideration of the items above and the year 2020 results, the Company determined it was not more-likely-than-not that the fair value of its reporting unit was below its book value as of December 31, 2020.

NOTE 3: RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE LOSS

(in thousands)	For the Twelve Months Ended December 31, 2020	
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:	$ 683	Net gain on securities
	(188)	Income tax expense
	$ 495	Net gain on securities, net of tax
Unrealized gains on cash flow hedges:	$ (11,767)	Interest expense
	3,236	Income tax benefit
	$ (8,531)	Net gain on cash flow hedges, net of tax
Amortization of defined benefit pension plan items:		
Past service liability	$ 249	Included in the computation of net periodic credit [2]
Actuarial losses	(7,352)	Included in the computation of net periodic cost [2]
	(7,103)	Total before tax
	1,953	Income tax benefit
	$ (5,150)	Amortization of defined benefit pension plan items, net of tax
Total reclassifications for the period	$ (13,186)	

(1) Amounts in parentheses indicate expense items.

(2) See Note 14, “Employee Benefits,” for additional information.

NOTE 4: SECURITIES

The following tables summarize the Company's portfolio of debt securities available for sale and equity investments with readily determinable fair values at December 31, 2020 and 2019:

(in thousands)	December 31, 2020			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Debt securities available-for-sale				
Mortgage-Related Debt Securities:				
GSE certificates	$ 1,155,436	$ 54,310	$ 136	$ 1,209,610
GSE CMOs	1,786,896	44,691	2,872	1,828,715
Total mortgage-related debt securities	$ 2,942,332	$ 99,001	$ 3,008	$ 3,038,325
Other Debt Securities:				
U. S. Treasury obligations	$ 64,984	$ 1	$ —	$ 64,985
GSE debentures	1,158,253	3,998	3,949	1,158,302
Asset-backed securities (1)	530,226	2,576	5,703	527,099
Municipal bonds	25,776	625	90	26,311
Corporate bonds	870,745	17,928	6,447	882,226
Foreign notes	25,000	538	—	25,538
Capital trust notes	95,507	5,540	10,500	90,547
Total other debt securities	$ 2,770,491	$ 31,206	$ 26,689	$ 2,775,008
Total debt securities available for sale	$ 5,712,823	$ 130,207	$ 29,697	$ 5,813,333
Equity securities:				
Preferred stock	15,292	201	—	15,493
Mutual funds	15,814	269	—	16,083
Total equity securities	$ 31,106	$ 470	$ —	$ 31,576
Total securities (2)	$ 5,743,929	$ 130,677	$ 29,697	$ 5,844,909

(1) The underlying assets of the asset-backed securities are substantially guaranteed by the U.S. Government..
(2) Excludes accrued interest receivable of $14.9 million included in other assets in the Consolidated Statements of Condition.

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

(1) The underlying assets of the asset-backed securities are substantially guaranteed by the U.S. Government.
(2) Primarily consists of mutual funds that are CRA-qualified investments.
(3) Excludes accrued interest receivable of $24.4 million included in other assets in the Consolidated Statements of Condition.

At December 31, 2020 and 2019, respectively, the Company had $714.0 million and $647.6 million of FHLB-NY stock, at cost. The Company maintains an investment in FHLB-NY stock partly in conjunction with its membership in the FHLB and partly related to its access to the FHLB funding it utilizes.

The following table summarizes the gross proceeds, gross realized gains, and gross realized losses from the sale of available-for-sale securities during the years ended December 31, 2020, 2019, and 2018:

(in thousands)	December 31, 2020	2019	2018
Gross proceeds	$ 483,872	$ 361,311	$ 278,539
Gross realized gains	1,945	5,445	967
Gross realized losses	1,262	—	981

Net unrealized gains on equity securities recognized in earnings for the years ended December 31, 2020 and 2019, were $582,000 and $2.3 million, respectively. Net unrealized losses on equity securities recognized in earnings for the year ended December 31, 2018 were $2.0 million.

The following table summarizes, by contractual maturity, the amortized cost of securities at December 31, 2020:

	Mortgage-Related Securities	Average Yield	U.S. Government and GSE Obligations	Average Yield	State, County, and Municipal	Average Yield (1)	Other Debt Securities (2)	Average Yield	Fair Value
(dollars in thousands)									
Available-for-Sale Debt Securities:									
Due within one year	$ 49,797	3.03 %	$ 75,934	0.56 %	$ —	— %	$ 49,704	3.02	$ 176,720
Due from one to five years	405,157	3.16	21,924	3.52	—	—	151,873	2.22	615,048
Due from five to ten years	175,689	2.48	138,053	2.37	19,898	3.51	779,401	1.88	1,130,037
Due after ten years	2,311,689	2.15	987,326	1.60	5,878	3.33	540,500	1.29	3,891,528
Total debt securities available for sale	$ 2,942,332	2.32	$ 1,223,237	1.66	$ 25,776	3.47	$ 1,521,478	1.74	$ 5,813,333

(1) Not presented on a tax-equivalent basis.
(2) 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 December 31, 2020:

	Less than Twelve Months		Twelve Months or Longer		Total	
(in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Temporarily Impaired Securities:						
U. S. Treasury obligations	$ —	$ —	$ —	$ —	$ —	$ —
GSE certificates	58,876	136	—	—	58,876	136
GSE CMOs	442,207	2,807	73,568	65	515,775	2,872
GSE debenture	522,441	3,949	—	—	522,441	3,949
Asset-backed securities	—	—	363,618	5,703	363,618	5,703
Municipal bonds	—	—	8,891	90	8,891	90
Corporate bonds	72,024	2,976	246,528	3,471	318,552	6,447
Foreign notes	—	—	—	—	—	—
Capital trust notes	—	—	33,393	10,500	33,393	10,500
Equity securities	—	—	—	—	—	—
Total temporarily impaired securities	$ 1,095,548	$ 9,868	$ 725,998	$ 19,829	$ 1,821,546	$ 29,697

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

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

The investment securities designated as having a continuous loss position for twelve months or more at December 31, 2020 consisted of four agency collateralized mortgage obligations, five capital trusts notes, seven asset-backed securities, three corporate bonds, and one municipal bond. The investment securities designated as having a continuous loss position for twelve months or more at December 31, 2019 consisted of seven US Government agency securities, five capital trusts notes, three agency mortgage-related securities, three agency CMOs, three asset-backed securities, two corporate bonds, one municipal bond, and one mutual fund.

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. Based on an evaluation of available information about past events, current conditions, and reasonable and supportable forecasts that are relevant to collectability, the Company has concluded that it expects to receive all contractual cash flows from each security held in its available-for-sale securities portfolio.

We first 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.

None of the unrealized losses identified as of December 31, 2020 or December 31, 2019 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 was recorded with respect to debt securities as of or during the nine months ended December 31, 2020.

Management has made the accounting policy election to exclude accrued interest receivable on available-for-sale securities from the estimate of credit losses. Available-for-sale debt securities are placed on non-accrual status when we no longer expect to receive all contractual amounts due, which is generally at 90 days past due. Accrued interest receivable is reversed against interest income when a security is placed on non-accrual status.

NOTE 5: LOANS AND LEASES

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

	December 31, 2020		December 31, 2019	
(dollars in thousands)	Amount	Percent of Loans Held for Investment	Amount	Percent of Loans Held for Investment
Loans and Leases Held for Investment:				
Mortgage Loans:				
Multi-family	$ 32,236,385	75.28 %	$ 31,158,672	74.46%
Commercial real estate	6,835,763	15.96	7,081,910	16.93
One-to-four family	235,989	0.55	380,361	0.91
Acquisition, development, and construction	89,790	0.21	200,596	0.48
Total mortgage loans held for investment (1)	39,397,927	92.00	38,821,539	92.78
Other Loans:				
Commercial and industrial	1,682,519	3.93	1,742,380	4.16
Lease financing, net of unearned income of $116,366 and $104,826, respectively	1,734,824	4.05	1,271,998	3.04
Total commercial and industrial loans (2)	3,417,343	7.98	3,014,378	7.20
Other	6,520	0.02	8,102	0.02
Total other loans held for investment	3,423,863	8.00	3,022,480	7.22
Total loans and leases held for investment (1)	$ 42,821,790	100.00 %	$ 41,844,019	100.00%
Net deferred loan origination costs	61,808		50,136	
Allowance for loan and lease losses	(194,043)		(147,638)	
Total loans and leases held for investment, net	$ 42,689,555		$ 41,746,517	
Loans held for sale (3)	117,136		—	
Total loans and leases, net	$ 42,806,691		$ 41,746,517	

(1) *Excludes accrued interest receivable of $219.1 million and $116.9 million at December 31, 2020 and December 31, 2019, respectively, which is included in other assets in the Consolidated Statements of Condition.*

(2) *Includes specialty finance loans and leases of $3.0 billion and $2.6 billion, respectively, at December 31, 2020 and December 31, 2019, and other C&I loans of $393.3 million and $420.1 million, respectively, at December 31, 2020 and December 31, 2019.*

(3) *Includes deferred loan origination fees of $1.7 million.*

Loans and Leases

Loans and Leases Held for Investment

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

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

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

other C&I loans that primarily are made to small and mid-size businesses in Metro New York. Other C&I loans are typically made for working capital, business expansion, and the purchase of machinery and equipment.

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

To further manage its credit risk, the Company's lending policies limit the amount of credit granted to any one borrower and typically require conservative debt service coverage ratios and loan-to-value ratios. Nonetheless, the ability of the Company's borrowers to repay these loans may be impacted by adverse conditions in the local real estate market, the local economy and changes in applicable laws and regulations. Accordingly, there can be no assurance that its underwriting policies will protect the Company from credit-related losses or delinquencies.

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

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

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

Included in loans held for investment at December 31, 2020 and December 31, 2019, were loans of $37.5 million and $38.2 million, respectively, to officers, directors, and their related interests and parties. There were no loans to principal shareholders at that date.

Asset Quality

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 December 31, 2020 and December 31, 2019, all of our non-performing loans were non-accrual loans.

The following table presents information regarding the quality of the Company's loans held for investment at December 31, 2020:

(in thousands)	Loans 30-89 Days Past Due	Non-Accrual Loans	Loans 90 Days or More Delinquent and Still Accruing Interest	Total Past Due Loans	Current Loans	Total Loans Receivable
Multi-family	$ 4,091	$ 4,068	$ —	$ 8,159	$ 32,228,226	$ 32,236,385
Commercial real estate	9,989	12,142	—	22,131	6,813,632	6,835,763
One-to-four family	1,575	1,696	—	3,271	232,718	235,989
Acquisition, development, and construction	—	—	—	—	89,790	89,790
Commercial and industrial(1) (2)	—	19,866	—	19,866	3,397,477	3,417,343
Other	3	13	—	16	6,504	6,520
Total	$ 15,658	$ 37,785	$ —	$ 53,443	$ 42,768,347	$ 42,821,790

(1) Includes $18.6 million of taxi medallion-related loans that were 90 days or more past due. There were no taxi medallion-related loans that were 30 to 89 days past due.
(2) Includes lease financing receivables, all of which were current.

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

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

(1) Includes $30.4 million of taxi medallion-related loans that were 90 days or more past due. There were no taxi medallion-related loans that were 30 to 89 days past due.
(2) Includes lease financing receivables, all of which were current.

The following table summarizes the Company's portfolio of loans held for investment by credit quality indicator at December 31, 2020:

(in thousands)	Mortgage Loans: Multi-Family	Mortgage Loans: Commercial Real Estate	Mortgage Loans: One-to-Four Family	Mortgage Loans: Acquisition, Development, and Construction	Mortgage Loans: Total Mortgage Loans	Other Loans: Commercial and Industrial(1)	Other Loans: Other	Other Loans: Total Other Loans
Credit Quality Indicator:								
Pass	$ 31,220,071	$ 5,884,244	$ 221,861	$ 68,233	$ 37,394,409	$ 3,388,293	$ 6,507	$ 3,394,800
Special mention	566,756	637,101	12,436	21,557	1,237,850	2,842	—	2,842
Substandard	449,558	314,418	1,692	—	765,668	26,208	13	26,221
Doubtful	—	—	—	—	—	—	—	—
Total	$ 32,236,385	$ 6,835,763	$ 235,989	$ 89,790	$ 39,397,927	$ 3,417,343	$ 6,520	$ 3,423,863

(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, 2019:

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

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

The 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 December 31, 2020.

(in thousands)	Vintage Year							
Risk Rating Group	2020	2019	2018	2017	2016	Prior To 2016	Revolving Loans	Total
Pass	$ 9,819,431	$ 6,719,587	$ 5,986,476	$ 4,260,433	$ 3,062,012	$ 7,571,266	$ 24,608	$ 37,443,813
Special Mention	13,067	116,400	176,428	164,635	332,176	425,632	-	1,228,338
Substandard	-	121,861	177,123	60,924	221,835	172,293	-	754,036
Total mortgage loans	$ 9,832,498	$ 6,957,848	$ 6,340,027	$ 4,485,992	$ 3,616,023	$ 8,169,191	$ 24,608	$ 39,426,187
Pass	962,956	757,220	180,133	209,963	126,680	144,999	1,046,400	3,428,351
Special Mention	-	42	-	-	-	-	2,800	2,842
Substandard	2,987	5,284	3,103	12,558	1,252	1,034	-	26,218
Total other loans	965,943	762,546	183,236	222,521	127,932	146,033	1,049,200	3,457,411
Total	$ 10,798,441	$ 7,720,394	$ 6,523,263	$ 4,708,513	$ 3,743,955	$ 8,315,224	$ 1,073,808	$ 42,883,598

When management determines that foreclosure is probable, 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 December 31, 2020:

	Collateral Type	
(in thousands)	Real Property	Other
Multi-family	$ 7,525	$ —
Commercial real estate	25,462	—
One-to-four family	557	—
Acquisition, development, and construction	—	—
Commercial and industrial	—	26,487
Other	—	—
Total collateral-dependent loans held for investment	$ 33,544	26,487

Other collateral primarily 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 twelve months ended December 31, 2020.

At December 31, 2020 and December 31, 2019, the Company had no residential mortgage loans in the process of foreclosure.

The interest income that would have been recorded under the original terms of non-accrual loans at the respective year-ends, and the interest income actually recorded on these loans in the respective years, is summarized below:

(in thousands)	December 31, 2020	2019	2018
Interest income that would have been recorded	$ 4,491	$ 5,599	$ 4,145
Interest income actually recorded	(939)	(3,409)	(3,480)
Interest income foregone	$ 3,552	$ 2,190	$ 665

Troubled Debt Restructurings

The Company is required to account for certain loan modifications and restructurings as TDRs. In general, a modification or restructuring of a loan constitutes a TDR if the Company grants a concession to a borrower experiencing financial difficulty. A loan modified as a TDR generally is placed on non-accrual status until the Company determines that future collection of principal and interest is reasonably assured, which requires, among other things, that the borrower demonstrate performance according to the restructured terms for a period of at least six consecutive months.

In an effort to proactively manage delinquent loans, the Company has selectively extended to certain borrowers concessions such as rate reductions, extension of maturity dates, and forbearance agreements. As of December 31, 2020, loans on which concessions were made with respect to rate reductions and/or extension of maturity dates amounted to $18.1million; loans on which forbearance agreements were reached amounted to $16.2 million.

The CARES Act was enacted on March 27, 2020. Under the CARES Act, the Company made the election to deem that loan modifications do not result in TDRs if they are (1) related to the novel coronavirus disease (“COVID-19”); (2) executed on a loan that was not more than 30 days past due as of December 31, 2019; and (3) executed between March 1, 2020, and the earlier of (A) 60 days after the date of termination of the National Emergency or (B) December 31, 2020. This includes short-term (e.g., up to six months) modifications such as payment deferrals, fee waivers, extensions of repayment terms, or delays in payment that are insignificant. Borrowers considered current are those that are less than 30 days past due on their contractual payments at the time a modification program is implemented.

The following table presents information regarding the Company’s TDRs as of December 31, 2020 and 2019:

	December 31, 2020			December 31, 2019		
(in thousands)	Accruing	Non-Accrual	Total	Accruing	Non-Accrual	Total
Loan Category:						
Multi-family	$ -	$ -	$ -	-	3,577	3,577
Commercial real estate	14,967	-	14,967	-	-	-
One-to-four family	-	557	557	-	584	584
Acquisition, development, and construction	-	-	-	389	-	389
Commercial and industrial (1)	-	18,761	18,761	865	35,084	35,949
Total	$ 14,967	$ 19,318	$ 34,285	1,254	39,245	40,499

(1) Includes $17.5 million and $27.3 million of taxi medallion-related loans at December 31, 2020 and 2019, respectively.

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

The financial effects of the Company's TDRs for the twelve months ended December 31, 2020, 2019 and 2018 are summarized as follows:

	For the Twelve Months Ended December 31, 2020						
				Weighted Average Interest Rate			
(dollars in thousands)	Number of Loans	Pre-Modification Recorded Investment	Post-Modification Recorded Investment	Pre-Modification	Post-Modification	Charge-off Amount	Capitalized Interest
Loan Category:							
Commercial real estate	1	$ 15,119	$ 15,119	8.00%	3.50%	$ -	$ -
Commercial and industrial	42	8,912	7,471	2.36	2.23	1,441	-
Total	43	$ 24,031	$ 22,590			$ 1,441	$ -

	For the Twelve Months Ended December 31, 2019						
				Weighted Average Interest Rate			
(dollars in thousands)	Number of Loans	Pre-Modification Recorded Investment	Post-Modification Recorded Investment	Pre-Modification	Post-Modification	Charge-off Amount	Capitalized Interest
Loan Category:							
One-to-four family	1	131	131	5.50	5.50	—	3
Commercial and industrial	72	35,156	30,685	4.31	4.37	4,471	—
Total	73	$ 35,287	$ 30,816			$ 4,471	$ 3

	For the Twelve Months Ended December 31, 2018						
				Weighted Average Interest Rate			
(dollars in thousands)	Number of Loans	Pre-Modification Recorded Investment	Post-Modification Recorded Investment	Pre-Modification	Post-Modification	Charge-off Amount	Capitalized Interest
Loan Category:							
Acquisition, development, and construction	1	$ 900	$ 900	4.50%	4.50%	$ —	$ —
Commercial and industrial	21	7,763	5,455	3.25	3.13	2,308	—
Total	22	$ 8,663	$ 6,355			$ 2,308	$ —

At December 31, 2020, C&I loans totaling $3.2 million that had been modified as a TDR during the twelve months ended at that date were in payment default. At December 31, 2019, C&I and one-to-four family loans totaling $1.1 million that had been modified as a TDR during the twelve months ended at that date were in payment default. At December 31, 2018, one C&I loan in the amount of $194,000 that had been modified as a TDR during the twelve months ended at that date was in prepayment default.

The Company does not consider a payment to be in default when the loan is in forbearance, or otherwise granted a delay of payment, when the agreement to forebear or allow a delay of payment is part of a modification.

Subsequent to the modification, the loan is not considered to be in default until payment is contractually past due in accordance with the modified terms. However, the Company does consider a loan with multiple modifications or forbearance periods to be in default, and would also consider a loan to be in default if the borrower were in bankruptcy or if the loan were partially charged off subsequent to modification.

NOTE 6: ALLOWANCE FOR CREDIT LOSSES ON LOANS AND LEASES

Allowance for Credit Losses on Loans and Leases

The following table summarizes activity in the allowance for loan and lease losses for the periods indicated:

	Twelve Months Ended December 31,					
	2020			2019		
(in thousands)	Mortgage	Other	Total	Mortgage	Other	Total
Balance, beginning of period	$ 122,694	$ 24,944	$ 147,638	$ 130,983	$ 28,837	$ 159,820
Impact of CECL adoption	99	1,812	1,911	—	—	—
Adjusted balance, beginning of period	122,793	26,756	149,549	130,983	28,837	159,820
Charge-offs	(1,872)	(20,306)	(22,178)	(1,613)	(18,694)	(20,307)
Recoveries	1,172	2,221	3,393	61	959	1,020
Provision for (recovery of) credit losses on loans and leases	54,445	8,834	63,279	(6,737)	13,842	7,105
Balance, end of period	$ 176,538	$ 17,505	$ 194,043	$ 122,694	$ 24,944	$ 147,638

At December 31, 2020, the allowance for credit losses on loans and leases totaled $194.0 million, up $46.4 million compared to December 31, 2019, driven by a provision for credit losses of $63.3 million that exceeded net charge-offs by $44.5 million during the year 2020.

Separately, at December 31, 2019, the Company had an allowance for unfunded commitments of $461,000. With the adoption of CECL on January 1, 2020, The Company recognized a “Day 1” transition adjustment of $12.5 million. At December 31, 2020, the allowance for unfunded commitments totaled $11.9 million.

For the year ended December 31, 2020 the allowance for credit losses on loans and leases increased primarily due to negative changes in the macroeconomic factors surrounding the COVID-19 pandemic, specifically the resultant estimated decreases in property values. The forecast scenario includes low single digit growth of Gross Domestic Product (“GDP”), while unemployment remains elevated into the forecasted time horizon. In addition to these quantitative inputs, several qualitative factors were considered, including the risk that the economic decline proves to be more severe and/or prolonged than our baseline forecast which also increased our allowance for loan and lease losses. The impact of the unprecedented fiscal stimulus and changes to federal and local laws and regulations, including changes to various government sponsored loan programs, was also considered.

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 December 31, 2020:

(in thousands)	Recorded Investment	Related Allowance	Interest Income Recognized
Nonaccrual loans with no related allowance:			
Multi-family	$ —	$ —	$ —
Commercial real estate	2,256	—	—
One-to-four family	557	—	21
Acquisition, development, and construction	—	—	—
Other	19,821	—	820
Total nonaccrual loans with no related allowance	$ 22,634	$ —	$ 841
Nonaccrual loans with an allowance recorded:			
Multi-family	$ 4,068	$ 589	$ 28
Commercial real estate	9,886	133	52
One-to-four family	1,139	370	14
Acquisition, development, and construction	—	—	—
Other	58	18	5
Total nonaccrual loans with an allowance recorded	$ 15,151	$ 1,110	$ 99
Total nonaccrual loans:			
Multi-family	$ 4,068	$ 589	$ 28
Commercial real estate	12,142	133	52
One-to-four family	1,696	370	35
Acquisition, development, and construction	—	—	—
Other	19,879	18	825
Total nonaccrual loans	$ 37,785	$ 1,110	$ 940

The following table presents additional information about the Company's impaired loans at December 31, 2019:

(in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Impaired loans with no related allowance:					
Multi-family	$ 3,577	$ 6,790	$ —	$ 4,336	$ 266
Commercial real estate	14,717	19,832	—	6,140	371
One-to-four family	584	602	—	811	21
Acquisition, development, and construction	389	1,289	—	3,508	364
Other	37,669	114,636	—	39,598	2,494
Total impaired loans with no related allowance	$ 56,936	$ 143,149	$ —	$ 54,393	$ 3,516
Impaired loans with an allowance recorded:					
Multi-family	$ —	$ —	$ —	$ —	$ —
Commercial real estate	—	—	—	—	—
One-to-four family	—	—	—	—	—
Acquisition, development, and construction	—	—	—	—	—
Other	1,445	4,173	116	4,111	13
Total impaired loans with an allowance recorded	$ 1,445	$ 4,173	$ 116	$ 4,111	$ 13
Total impaired loans:					
Multi-family	$ 3,577	$ 6,790	$ —	$ 4,336	$ 266
Commercial real estate	14,717	19,832	—	6,140	371
One-to-four family	584	602	—	811	21
Acquisition, development, and construction	389	1,289	—	3,508	364
Other	39,114	118,809	116	43,709	2,507
Total impaired loans	$ 58,381	$ 147,322	$ 116	$ 58,504	$ 3,529

NOTE 7. LEASES

Lessor Arrangements

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

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

The residual value component of a lease financing receivable represents the estimated fair value of the leased equipment at the end of the lease term. In establishing residual value estimates, the Company may rely on industry data, historical experience, and independent appraisals and, where appropriate, information regarding product life cycle, product upgrades and competing products. Upon expiration of a lease, residual assets are remarketed, resulting in an extension of the lease by the lessee, a lease to a new customer or purchase of the residual asset by the lessee or

another party. Impairment of residual values arises if the expected fair value is less than the carrying amount. The Company assesses its net investment in lease financing receivables (including residual values) for impairment on an annual basis with any impairment losses recognized in accordance with the impairment guidance for financial instruments. As such, net investment in lease financing receivables may be reduced by an allowance for credit losses with changes recognized as provision expense. On certain lease financings, the Company obtains residual value insurance from third parties to manage and reduce the risk associated with the residual value of the leased assets. At December 31, 2020 and December 31, 2019, the carrying value of residual assets with third-party residual value insurance for at least a portion of the asset value was $70.6 million and $70.1 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 thousands)	For the Twelve Months ended December 31, 2020	For the Twelve Months Ended December 31, 2019
Interest income on lease financing (1)	$ 52,279	$ 38,087

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

At December 31, 2020 and December 31, 2019, the carrying value of net investment in leases was $1.9 billion and $1.4 billion. The components of net investment in direct financing leases, including the carrying amount of the lease receivables, as well as the unguaranteed residual asset were as follows:

(in thousands)	December 31, 2020	December 31, 2019
Net investment in the lease - lease payments receivable	$ 1,771,097	$ 1,302,760
Net investment in the lease - unguaranteed residual assets	80,093	74,064
Total lease payments	$ 1,851,190	$ 1,376,824

The following table presents the remaining maturity analysis of the undiscounted lease receivables as of December 31, 2020, as well as the reconciliation to the total amount of receivables recognized in the Consolidated Statements of Condition:

(in thousands)	December 31, 2020
2021	$ 37,373
2022	171,549
2023	277,468
2024	111,378
2025	430,585
Thereafter	822,837
Total lease payments	1,851,190
Plus: deferred origination costs	32,008
Less: unearned income	(116,366
Total lease finance receivables, net	$ 1,766,832

Lessee Arrangements

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets and operating lease liabilities in the Consolidated Statements of Condition.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the incremental borrowing rate (FHLB borrowing rate) is used based on the information available at adoption date in determining the present value of lease payments. The implicit rate is used when readily determinable. The operating lease ROU asset is measured at cost, which includes the initial measurement of the lease liability, prepaid rent and initial direct costs incurred by the Company, less incentives received. The lease terms include options to extend the lease when it is reasonably certain that we will exercise that option. For the vast majority of the Company's leases, we are reasonably certain we will exercise our options to renew to the end of all renewal option periods. As such, substantially all of our future options to extend the leases have been included in the lease liability and ROU assets.

Variable costs such as the proportionate share of actual costs for utilities, common area maintenance, property taxes and insurance are not included in the lease liability and are recognized in the period in which they are incurred. Amortization of the ROU assets was $20.0 million and $38.4 million for the twelve months ended December 31, 2020 and 2019, respectively. Included in the twelve months ended December 31, 2019, was $11.7 million that was due to the closing of certain locations.

The Company has operating leases for corporate offices, branch locations, and certain equipment. The Company's leases have remaining lease terms of one year to approximately 25 years, the vast majority of which include one or more options to extend the leases for up to five years resulting in lease terms up to 40 years.

During the twelve months ended December 31, 2019, the Company entered into a sale-lease back transaction with an unrelated third party with a lease term of 20 years (including renewal options). The sale of the branch property in Florida resulted in a gain of $7.9 million in 2019, which is included in "Other income" in the Consolidated Statements of Income and Comprehensive Income for the twelve months ended December 31, 2019.

The components of lease expense were as follows:

(in thousands)	For the Twelve Months Ended December 31, 2020	For the Twelve Months Ended December 31, 2019
Operating lease cost	$ 22,721	$ 28,695
Sublease income	(68)	(105)
Total lease cost	$ 22,653	$ 28,590

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

(in thousands)	For the Twelve Months Ended December 31, 2020	For the Twelve Months Ended December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 22,721	$ 28,695

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

(in thousands, except lease term and discount rate)	December 31, 2020		December 31, 2019
Operating Leases:			
Operating lease right-of-use assets	266,864	$	286,194
Operating lease liabilities	266,846		285,991
Weighted average remaining lease term	16 years		17 years
Weighted average discount rate%	3.12%		3.23%

(in thousands) Maturities of lease liabilities:		December 31, 2020
2021	$	26,961
2022		25,994
2023		25,545
2024		24,884
2025		24,113
Thereafter		223,503
Total lease payments		351,000
Less: imputed interest		(84,154)
Total present value of lease liabilities	$	266,846

NOTE 8: DEPOSITS

The following table sets forth the weighted average interest rates for each type of deposit at December 31, 2020 and 2019:

	December 31,					
	2020			2019		
(dollars in thousands)	Amount	Percent of Total	Weighted Average Interest Rate	Amount	Percent of Total	Weighted Average Interest Rate
Interest-bearing checking and money market accounts	$ 12,610,073	38.87 %	0.28 %	$ 10,230,144	32.32 %	1.30%
Savings accounts	6,415,608	19.78	0.41	4,780,007	15.10	0.75
Certificates of deposit	10,330,680	31.85	0.83	14,214,858	44.90	2.30
Non-interest-bearing accounts	3,080,452	9.50	—	2,432,123	7.68	—
Total deposits	$ 32,436,813	100.00 %	0.45 %	$ 31,657,132	100.00 %	1.57%

At December 31, 2020 and 2019, the aggregate amount of deposits that had been reclassified as loan balances (i.e., overdrafts) was $2.3 million and $2.4 million, respectively.

The scheduled maturities of certificates of deposit ("CDs") at December 31, 2020 were as follows:

(in thousands)	
1 year or less	$ 9,120,243
More than 1 year through 2 years	708,342
More than 2 years through 3 years	313,682
More than 3 years through 4 years	187,089
More than 4 years through 5 years	1,009
Over 5 years	315
Total CDs	$ 10,330,680

The following table presents a summary of CDs in amounts of $100,000 or more by remaining term to maturity, at December 31, 2020:

	CDs of $100,000 or More Maturing Within				
(in thousands)	3 Months or Less	Over 3 to 6 Months	Over 6 to 12 Months	Over 12 Months	Total
Total	$ 2,548,901	$ 3,094,530	$ 717,291	$ 384,860	$ 6,745,582

Included in total deposits at both December 31, 2020 and 2019 were brokered deposits of $5.3 billion and $5.2 billion with weighted average interest rates of 0.08% and 1.94% at the respective year-ends. Brokered money market accounts represented $3.0 billion and $1.5 billion, respectively, of the December 31, 2020 and 2019 totals, and brokered interest-bearing checking accounts represented $1.3 billion and $1.2 billion, respectively. Brokered CDs represented $1.0 billion and $2.5 billion of brokered deposits at December 31, 2020 and 2019, respectively.

NOTE 9: BORROWED FUNDS

The following table summarizes the Company's borrowed funds at December 31, 2020 and 2019:

	December 31,	
(in thousands)	2020	2019
Wholesale borrowings:		
FHLB advances	$ 14,627,661	$ 13,102,661
Repurchase agreements	800,000	800,000
Total wholesale borrowings	$ 15,427,661	$ 13,902,661
Junior subordinated debentures	360,259	359,866
Subordinated notes	295,624	295,066
Total borrowed funds	$ 16,083,544	$ 14,557,593

Accrued interest on borrowed funds is included in "Other liabilities" in the Consolidated Statements of Condition and amounted to $19.3 million and $23.4 million, respectively, at December 31, 2020 and 2019.

FHLB Advances

The contractual maturities and the next call dates of FHLB advances outstanding at December 31, 2020 were as follows:

(dollars in thousands)	Contractual Maturity		Earlier of Contractual Maturity or Next Call Date	
Year	Amount	Weighted Average Interest Rate (1)	Amount	Weighted Average Interest Rate (1)
2021	$ 3,272,661	0.87 %	$ 8,952,661	1.73 %
2022	550,000	1.31	2,150,000	1.43
2023	2,525,000	0.85	2,725,000	0.91
2024	800,000	0.53	800,000	0.53
2028	4,350,000	2.40	—	—
2029	3,130,000	1.55	—	—
Total FHLB advances	$ 14,627,661	1.47	$ 14,627,661	1.47

(1) Does not included the effect interest rate swap agreements.

FHLB advances include both straight fixed-rate advances and advances under the FHLB convertible advance program, which gives the FHLB the option of either calling the advance after an initial lock-out period of up to five years and quarterly thereafter until maturity, or a one-time call at the initial call date.

The Company had $2.3 billion of short-term FHLB advances at December 31, 2020. During the twelve months ended December 31, 2020, the average balance of short-term FHLB advances were $2.1 billion, with a weighted average interest rate of .72%, generating interest expense of $15.3 million. The Company had $1.0 billion of short-term FHLB advances at December 31, 2019. During the twelve months ended December 31, 2019, the average balance of short-term FHLB advances were $52.4 million, with a weighted average interest rate of 1.9%, generating interest expense of $1.0 million. There were no short-term advances at December 31, 2018.

At December 31, 2020 and 2019, respectively, the Bank had unused lines of available credit with the FHLB of up to $7.3 billion and $7.9 billion. The Company had no overnight advances at December 31, 2020, and $100.0 million overnight FHLB advances at December 31, 2019. During the twelve months ended December 31, 2020, the average balance of overnight advances amounted to $2.0 million, with a weighted average interest rate of 1.2%, generating interest expense of $24,000. During the twelve months ended December 31, 2019, the average balances of overnight advances amounted to $3.1 million, with weighted average interest rates of 2.1%, generating interest expense of $66,000.

Total FHLB advances generated interest expense of $245.7 million, $259.0 million, and $248.0 million, in the years ended December 31, 2020, 2019, and 2018, respectively.

Repurchase Agreements

The following table presents an analysis of the contractual maturities and next call dates of the Company's outstanding repurchase agreements accounted for as secured borrowings at December 31, 2020:

(dollars in thousands)	Contractual Maturity		Earlier of Contractual Maturity or Next Call Date	
Year	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
2021	$ —	— %	$ 400,000	2.31 %
2022	—	—	400,000	2.16
2028	300,000	2.37	—	—
2029	500,000	2.16	—	—
	$ 800,000	2.24	$ 800,000	2.24

The following table provides the contractual maturity and weighted average interest rate of repurchase agreements, and the amortized cost and fair value of the securities collateralizing the repurchase agreements, at December 31, 2020:

(dollars in thousands)			Mortgage-Related and Other Securities		GSE Debentures and U.S. Treasury Obligations	
Period of Maturity	Amount	Weighted Average Interest Rate	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Greater than 90 days	$ 800,000	2.24%	$ 286,198	$ 304,261	$ 571,182	$ 573,344

The Company had no short-term repurchase agreements outstanding at December 31, 2020 or 2019.

At December 31, 2020 and 2019, the accrued interest on repurchase agreements amounted to $1.7 million. The interest expense on repurchase agreements was $18.2 million, $17.7 million, and $6.8 million, in the years ended December 31, 2020, 2019, and 2018, respectively.

Federal Funds Purchased

There were no federal funds purchased outstanding at December 31, 2020 or 2019.

In 2020 and 2019, respectively, the average balances of federal funds purchased were $179.9 million and $6.8 million, with weighted average interest rates of 0.49% and 1.7%. In 2018, the average balance of federal funds purchased amounted to $620,000 with a weighted average interest rate of 2.2%. The interest expense produced by federal funds purchased was $886,000, $118,000 and $14,000 for the years ended December 31, 2020, 2019 and 2018, respectively.

Junior Subordinated Debentures

At December 31, 2020 and 2019, the Company had $360.3 million and $359.9 million, respectively, of outstanding junior subordinated deferrable interest debentures ("junior subordinated debentures") held by statutory business trusts (the "Trusts") that issued guaranteed capital securities.

The Trusts are accounted for as unconsolidated subsidiaries, in accordance with GAAP. The proceeds of each issuance were invested in a series of junior subordinated debentures of the Company and the underlying assets of each

statutory business trust are the relevant debentures. The Company has fully and unconditionally guaranteed the obligations under each trust's capital securities to the extent set forth in a guarantee by the Company to each trust. The Trusts' capital securities are each subject to mandatory redemption, in whole or in part, upon repayment of the debentures at their stated maturity or earlier redemption.

The following junior subordinated debentures were outstanding at December 31, 2020:

Issuer	Interest Rate of Capital Securities and Debentures	Junior Subordinated Debentures Amount Outstanding	Capital Securities Amount Outstanding	Date of Original Issue	Stated Maturity	First Optional Redemption Date
		(dollars in thousands)				
New York Community Capital Trust V (BONUSESSM Units)	6.00%	$ 146,333	$ 139,982	Nov. 4, 2002	Nov. 1, 2051	Nov. 4, 2007 (1)
New York Community Capital Trust X	1.82	123,712	120,000	Dec. 14, 2006	Dec. 15, 2036	Dec. 15, 2011 (2)
PennFed Capital Trust III	3.47	30,928	30,000	June 2, 2003	June 15, 2033	June 15, 2008 (2)
New York Community Capital Trust XI	1.89	59,286	57,500	April 16, 2007	June 30, 2037	June 30, 2012 (2)
Total junior subordinated debentures		$ 360,259	$ 347,482			

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

The Bifurcated Option Note Unit SecuritiES[SM] ("BONUSES units") included in the preceding table were issued by the Company on November 4, 2002 at a public offering price of $50.00 per share. Each of the 5,500,000 BONUSES units offered consisted of a capital security issued by New York Community Capital Trust V, a trust formed by the Company, and a warrant to purchase 2.4953 shares of the common stock of the Company (for a total of approximately 13.7 million common shares) at an effective exercise price of $20.04 per share. Each capital security has a maturity of 49 years, with a coupon, or distribution rate, of 6.00% on the $50.00 per share liquidation amount. The warrants and capital securities were non-callable for five years from the date of issuance and were not called by the Company when the five-year period passed on November 4, 2007.

The gross proceeds of the BONUSES units totaled $275.0 million and were allocated between the capital security and the warrant comprising such units in proportion to their relative values at the time of issuance. The value assigned to the warrants, $92.4 million, was recorded as a component of additional "paid-in capital" in the Company's Consolidated Statements of Condition. The value assigned to the capital security component was $182.6 million. The $92.4 million difference between the assigned value and the stated liquidation amount of the capital securities was treated as an original issue discount, and is being amortized to interest expense over the 49-year life of the capital securities on a level-yield basis. At December 31, 2020, this discount totaled $65.4 million.

The other three trust preferred securities noted in the preceding table were formed for the purpose of issuing Company Obligated Mandatorily Redeemable Capital Securities of Subsidiary Trusts Holding Solely Junior Subordinated Debentures (collectively, the "Capital Securities"). Dividends on the Capital Securities are payable either quarterly or semi-annually and are deferrable, at the Company's option, for up to five years. As of December 31, 2020, all dividends were current.

Interest expense on junior subordinated debentures was $18.8 million, $22.4 million, and $21.7 million, respectively, for the years ended December 31, 2020, 2019, and 2018.

Subordinated Notes

At December 31, 2020 and 2019, the Company had $295.6 million and $295.1 million, respectively, of fixed-to-floating rate subordinated notes outstanding:

Date of Original Issue	Stated Maturity	Interest Rate(1)	Original Issue Amount
	(dollars in thousands)		
Nov. 6, 2018	Nov. 6, 2028	5.90%	$ 300,000

(1) *From and including the date of original issuance to, but excluding November 6, 2023, the Notes will bear interest at an initial rate of 5.90% per annum payable semi-annually. Unless redeemed, from and including November 6, 2023 to but excluding the maturity date, the interest rate will reset quarterly to an annual interest rate equal to the then-current three-month LIBOR rate plus 278 basis point payable quarterly.*

The interest expense on subordinated notes amounted to $18.3 million for the years ended December 31, 2020 and 2019. The interest expense on subordinated notes amounted to $2.8 million for the year ended December 31, 2018

NOTE 10: FEDERAL, STATE, AND LOCAL TAXES

The following table summarizes the components of the Company's net deferred tax asset (liability) at December 31, 2020 and 2019:

(in thousands)	December 31, 2020	December 31, 2019
Deferred Tax Assets:		
Allowance for credit losses on loans and leases	$ 53,260	$ 40,584
Compensation and related benefit obligations	20,760	19,401
Non-accrual interest	672	624
Net operating loss carryforwards	5,682	19,750
Other	17,240	12,169
Gross deferred tax assets	97,614	92,528
Valuation allowance	—	—
Deferred tax asset after valuation allowance	$ 97,614	$ 92,528
Deferred Tax Liabilities:		
Amortizable intangibles	$ (2,775)	$ (2,480)
Acquisition accounting and fair value adjustments on securities (including OTTI)	(12,407)	(9,742)
Premises and equipment	(6,385)	(7,578)
Prepaid pension cost	(24,412)	(22,739)
Fair value adjustments on loans	(92,340)	(3,209)
Leases	(370,305)	(237,429)
Other	(8,880)	(10,782)
Gross deferred tax liabilities	$ (517,504)	$ (293,959)
Net deferred tax liability	$ (419,890)	$ (201,431)

The deferred tax liability represents the anticipated federal, state, and local tax expenses or benefits that are expected to be realized in future years upon the utilization of the underlying tax attributes comprising said balances. The net deferred tax liability is included in "Other liabilities" in the Consolidated Statements of Condition at December 31, 2020 and 2019.

At December 31, 2020, the Company had a New York City net operating loss ("NOL") carry forward of $83.9 million, which is available to offset future federal taxable income. The NOL may be carried forward for 20 years to

any future calendar tax year after 2020. At December 31, 2019, the Company had a federal NOL carryforward that was fully utilized during 2020.

The Company has determined that all deductible temporary differences and net operating loss carryforwards are more likely than not to provide a benefit in reducing future federal, state, and local tax liabilities, as applicable. The Company has reached this determination based on its history of reporting positive taxable income in all relevant tax jurisdictions, the length of time available to utilize the net operating loss carryforwards, and the recognition of taxable income in future periods from taxable temporary differences.

The following table summarizes the Company's income tax expense for the years ended December 31, 2020, 2019, and 2018:

	December 31,		
(in thousands)	2020	2019	2018
Federal – current	$ (147,691)	$ 4,069	$ 89,187
State and local – current	5,044	23,382	22,868
Total current	(142,647)	27,451	112,055
Federal – deferred	189,826	100,971	13,058
State and local – deferred	29,516	(158)	10,139
Total deferred	219,342	100,813	23,197
Income tax expense reported in net income	76,695	128,264	135,252
Income tax expense reported in stockholders' equity related to:			
Securities available-for-sale	15,648	16,142	(32,162)
Pension liability adjustments	293	5,033	4,897
Cash flow hedge	(12,852)	333	—
Non-credit portion of OTTI losses	—	—	821
Adoption of ASU 2016-13	(3,972)	—	—
Total income taxes	$ 75,812	149,772	108,808

The following table presents a reconciliation of statutory federal income tax expense (benefit) to combined actual income tax expense (benefit) reported in net income for the years ended December 31, 2020, 2019, and 2018:

	December 31,		
(in thousands)	2020	2019	2018
Statutory federal income tax at 21%, 21% and 21%, respectively	$ 123,439	$ 109,894	$ 117,111
State and local income taxes, net of federal income tax effect	27,303	18,346	24,451
Effect of tax law changes	(73,103)	—	1,625
Non-deductible FDIC deposit insurance premiums	7,857	6,938	8,852
Effect of tax deductibility of ESOP	(3,208)	(3,163	(3,116)
Non-taxable income and expense of BOLI	(6,726)	(5,981)	(5,957)
Federal tax credits	(1,290)	(750)	(531)
Adjustments relating to prior tax years	634	373	(7,246)
Other, net	1,789	2,607	63
Total income tax expense	$ 76,695	$ 128,264	$ 135,252

GAAP requires that the impact of tax legislation be recognized in the period in which the law was enacted. The CARES Act was enacted on March 27, 2020 to provide relief related to the COVID-19 pandemic. The CARES Act includes many measures to assist companies including the allowance of net operating losses originating in 2018, 2019 or 2020 to be carried back five years. The Company recorded $68.4 million in tax benefits for the year ended December 31, 2020 relating to the enactment of the CARES Act. Due to changes to the New Jersey tax laws enacted in 2018, a tax expense of $2.1 million for the year-ended December 31, 2018 was recorded.

The Company invests in affordable housing projects through limited partnerships that generate federal Low Income Housing Tax Credits. The balances of these investments, which are included in "Other assets" in the Consolidated Statements of Condition, were $84.5 million and $57.1 million, respectively, at December 31, 2020 and 2019, and included commitments of $54.2 million and $29.1 million that are expected to be funded over the next three years. The Company elected to apply the proportional amortization method to these investments. Recognized in the determination of income tax (benefit) expense from operations for the years ended December 31, 2020, 2019, and 2018 were $7.5 million, $5.9 million, and $5.2 million, respectively, of affordable housing tax credits and other tax benefits, and an offsetting $6.2 million, $5.2 million, and $4.7 million, respectively, for the amortization of the related investments. No impairment losses were recognized in relation to these investments for the years ended December 31, 2020, 2019, and 2018.

GAAP prescribes a recognition threshold and measurement attribute for use in connection with the obligation of a company to recognize, measure, present, and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on a tax return. As of December 31, 2020, the Company had $37.8 million of unrecognized gross tax benefits. Gross tax benefits do not reflect the federal tax effect associated with state tax amounts. The total amount of net unrecognized tax benefits at December 31, 2020 that would have affected the effective tax rate, if recognized, was $29.9 million.

Interest and penalties (if any) related to the underpayment of income taxes are classified as a component of income tax expense in the Consolidated Statements of Income and Comprehensive Income. During the years ended December 31, 2020, 2019, and 2018, the Company recognized income tax expense attributed to interest and penalties of $2.8 million, $2.5 million, and $1.7 million, respectively. Accrued interest and penalties on tax liabilities were $18.4 million and $14.5 million, respectively, at December 31, 2020 and 2019.

The following table summarizes changes in the liability for unrecognized gross tax benefits for the years ended December 31, 2020, 2019, and 2018:

	December 31,		
(in thousands)	2020	2019	2018
Uncertain tax positions at beginning of year	$ 35,749	$ 33,357	$ 33,681
Additions for tax positions relating to current-year operations	830	925	—
Additions for tax positions relating to prior tax years	1,547	2,036	1,660
Subtractions for tax positions relating to prior tax years	(306)	(569)	(1,984)
Reductions in balance due to settlements	—	—	—
Uncertain tax positions at end of year	$ 37,820	$ 35,749	$ 33,357

The Company and its subsidiaries have filed tax returns in many states. The following are the more significant tax filings that are open for examination:

- Federal tax filings for tax years 2017 through the present;
- New York State tax filings for tax years 2010 through the present;
- New York City tax filings for tax years 2011 through the present; and
- New Jersey tax filings for tax years 2016 through the present.

In addition to other state audits, the Company is currently under examination by the following taxing jurisdictions of significance to the Company:

- New York State for the tax years 2010 through 2014; and
- New York City for the tax years 2011 and 2014.

It is reasonably possible that there will be developments within the next twelve months that would necessitate an adjustment to the balance of unrecognized tax benefits, including decreases of up to $21 million due to completion of tax authorities' exams and the expiration of statutes of limitations.

As a savings institution, the Bank is subject to a special federal tax provision regarding its frozen tax bad debt reserve. At December 31, 2020, the Bank's federal tax bad debt base-year reserve was $61.5 million, with a related federal deferred tax liability of $12.9 million, which has not been recognized since the Bank does not expect that this reserve will become taxable in the foreseeable future. Events that would result in taxation of this reserve include redemptions of the Bank's stock or certain excess distributions by the Bank to the Company.

NOTE 11. DERIVATIVE AND HEDGING ACTIVITIES

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

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") requires all standardized derivatives, including most interest rate swaps, to be submitted for clearing to central counterparties to reduce counterparty risk. Two of the central counterparties are the Chicago Mercantile Exchange ("CME") and the London Clearing House ("LCH"). As of December 31, 2020, all of the Company's $4.3billion notional derivative contracts were cleared on the LCH. Daily variation margin payments on derivatives cleared through the LCH are accounted for as legal settlement. For derivatives cleared through LCH, the net gain (loss) position includes the variation margin amounts as settlement of the derivative and not collateral against the fair value of the derivative, which includes accrued interest; therefore, those interest rate and derivative contracts the Company clears through the LCH are reported at a fair value of approximately zero at December 31, 2020.

The Company's exposure is limited to the value of the derivative contracts in a gain position less any collateral held and plus any collateral posted. When there is a net negative exposure, we consider our exposure to the counterparty to be zero. At December 31, 2020, the Company had a net negative exposure.

Fair Value of Hedges of Interest Rate Risk

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

The Company has entered into an interest rate swap with a notional amount of $2.0 billion to hedge certain real estate loans. For the twelve months ended December 31, 2020, the floating rate received related to the net settlement of this interest rate swap was less than the fixed rate payments. As such, interest income from Loans and Leases in the accompanying Consolidated Statements of Income and Comprehensive Income was decreased by $34.6 million for the twelve months ended December 31, 2020, respectively. For the twelve months ended December 31, 2019, the floating rate received related to the net settlement of this interest rate swap was less than the fixed rate payments. As such, interest income from Loans and Leases in the accompanying Consolidated Statements of Income and Comprehensive Income was decreased by $3.4 million for the twelve months ended December 31, 2019, respectively.

As of December 31, 2020, the following amounts were recorded on the balance sheet related to cumulative basis adjustment for fair value hedges.

(in thousands)	December 31, 2020		December 31, 2019	
Line Item in the Consolidated Statements of Condition in which the Hedge Item is Included	Carrying Amount of the Hedged Assets	Cumulative Amount of Fair Value Hedging Adjustments Included in the Carrying Amount of the Hedged Assets	Carrying Amount of the Hedged Assets	Cumulative Amount of Fair Value Hedging Adjustments Included in the Carrying Amount of the Hedged Assets
Total loans and leases, net [(1)]	$ 2,073,214	$ 73,214	$ 2,053,483	$ 53,483

(1) These amounts include the amortized cost basis of closed portfolios used to designate hedging relationships in which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. At December 31, 2020, the amortized cost basis of the closed portfolios used in these hedging relationships was $3.6 billion; the cumulative basis adjustments associated with these hedging relationships was $73.2 million; and the amount of the designated hedged items was $2.0 billion.

The following table sets forth information regarding the Company's derivative financial instruments at December 31, 2020.

	December 31, 2020		
		Fair Value	
(in thousands)	Notional Amount	Other Assets	Other Liabilities
Derivatives designated as fair value hedging instruments:			
Interest rate swap	$ 2,000,000	$ —	$ —
Total derivatives designated as fair value hedging instruments	$ 2,000,000	$ —	$ —

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

(in thousands)	For the Twelve Months Ended December 31, 2020	For the Twelve Months Ended December 31, 2019
Derivative – interest rate swap:		
Interest income	$ (19,731)	$ (53,483)
Hedged item – loans:		
Interest income	$ 19,731	$ 53,483

Cash Flow Hedges of Interest Rate Risk

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

Interest rate swaps with notional amounts totaling $2.3 billion and $800.0 million as of December 31, 2020 and December 31, 2019, respectively, were designated as cash flow hedges of certain FHLB borrowings.

The following table summarizes information about the interest rate swaps designated as cash flow hedges at December 31, 2020 and December 31, 2019:

(dollars in thousands)	December 31, 2020	December 31, 2019
Notional amounts	$ 2,250,000	$ 800,000
Cash collateral posted	45,532	1,185
Weighted average pay rates	1.27%	1.62%
Weighted average receive rates	0.23%	1.90%
Weighted average maturity	1.9 years	2.5 years

The following table presents the effect of the Company's cash flow derivative instruments on AOCL for the year ending December 31, 2020:

(in thousands)	For the Twelve Months Ended December 31, 2020	For the Twelve Months Ended December 31, 2019
Amount of (loss) gain recognized in AOCL	$ (58,484)	$ 1,340
Amount of reclassified from AOCL to interest expense	11,768	(154)

Gains (losses) included in the Consolidated Statements of Income related to interest rate derivatives designated as cash flow hedges during the twelve months ended December 31, 2020 was $11.8 million. Amounts reported in AOCL related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate borrowings. During the next twelve months, the Company estimates that an additional $23.5 million will be reclassified to interest expense.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Pledged Assets

The Company pledges securities to serve as collateral for its repurchase agreements, among other purposes. At December 31, 2020, the Company had pledged available for sale mortgage-related securities and other debt securities with carrying values of $898.3 million and $379.8 million, respectively. At December 31, 2019, the Company had pledged available for sale mortgage-related securities and other debt securities with carrying values of $651.3 million and $721.0 million, respectively. In addition, the Company had $33.5 billion and $32.6 billion of loans pledged to the FHLB-NY to serve as collateral for its wholesale borrowings at the respective year-ends.

Loan Commitments and Letters of Credit

At December 31, 2020 and 2019, the Company had commitments to originate loans, including unused lines of credit, of $2.5 billion and $2.0 billion, respectively. The majority of the outstanding loan commitments at those dates were expected to close within 90 days. In addition, the Company had commitments to originate letters of credit totaling $375.9 million and $509.9 million at December 31, 2020 and 2019.

The following table summarizes the Company's off-balance sheet commitments to originate loans and letters of credit at December 31, 2020:

(in thousands)		
Mortgage Loan Commitments:		
Multi-family and commercial real estate	$	310,261
One-to-four family		801
Acquisition, development, and construction		100,599
Total mortgage loan commitments	$	411,661
Other loan commitments		2,063,559
Total loan commitments	$	2,475,220
Commercial, performance stand-by, and financial stand-by letters of credit		375,876
Total commitments	$	2,851,096

Financial Guarantees

The Company provides guarantees and indemnifications to its customers to enable them to complete a variety of business transactions and to enhance their credit standings. These guarantees are recorded at their respective fair values in "Other liabilities" in the Consolidated Statements of Condition. The Company deems the fair value of the guarantees to equal the consideration received.

The following table summarizes the Company's guarantees and indemnifications at December 31, 2020:

(in thousands)	Expires Within One Year	Expires After One Year	Total Outstanding Amount	Maximum Potential Amount of Future Payments
Financial stand-by letters of credit	$ 164,498	$ 50,724	$ 215,222	$ 354,225
Performance stand-by letters of credit	3,351	-	3,351	3,351
Commercial letters of credit	3,860	1,038	4,898	18,300
Total letters of credit	$ 171,709	$ 51,762	$ 223,471	$ 375,876

The maximum potential amount of future payments represents the notional amounts that could be funded under the guarantees and indemnifications if there were a total default by the guaranteed parties or if indemnification provisions were triggered, as applicable, without consideration of possible recoveries under recourse provisions or from collateral held or pledged.

The Company collects fees upon the issuance of commercial and stand-by letters of credit. Fees for stand-by letters of credit fees are initially recorded by the Company as a liability, and are recognized as income periodically through the respective expiration dates. Fees for commercial letters of credit are collected and recognized as income at the time that they are issued and upon payment of each set of documents presented. In addition, the Company requires adequate collateral, typically in the form of cash, real property, and/or personal guarantees upon its issuance of irrevocable stand-by letters of credit. Commercial letters of credit are primarily secured by the goods being purchased in the underlying transaction and are also personally guaranteed by the owner(s) of the applicant company.

At December 31, 2020, the Company had commitments to purchase securities totaling $19.8 million.

Legal Proceedings

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

NOTE 13: INTANGIBLE ASSETS

Goodwill

Goodwill is presumed to have an indefinite useful life and is tested for impairment, rather than amortized, at the reporting unit level, at least once a year. There was no change in goodwill during the year ended December 31, 2020. During the year ended December 31, 2019, goodwill was reduced by $9.8 million related to the sale of the Company's wealth management business, Peter B. Cannell & Co. Goodwill totaled $2.4 billion at each of these dates.

NOTE 14: EMPLOYEE BENEFITS

Retirement Plan

The New York Community Bancorp, Inc. Retirement Plan (the "Retirement Plan") covers substantially all employees who had attained minimum age, service, and employment status requirements prior to the date when the individual plans were frozen by the banks of origin. Once frozen, the individual plans ceased to accrue additional benefits, service, and compensation factors, and became closed to employees who would otherwise have met eligibility requirements after the "freeze" date.

The following table sets forth certain information regarding the Retirement Plan as of the dates indicated:

(in thousands)	December 31, 2020	December 31, 2019
Change in Benefit Obligation:		
Benefit obligation at beginning of year	$ 159,896	$ 143,235
Interest cost	4,692	5,660
Actuarial loss (gain)	14,629	18,806
Annuity payments	(6,510)	(6,473)
Settlements	(575)	(1,332)
Benefit obligation at end of year	$ 172,132	$ 159,896
Change in Plan Assets:		
Fair value of assets at beginning of year	$ 242,558	$ 210,246
Actual return (loss) on plan assets	25,557	40,117
Contributions	--	--
Annuity payments	(6,510)	(6,473)
Settlements	(575)	(1,332)
Fair value of assets at end of year	$ 261,030	$ 242,558
Funded status (included in "Other assets")	$ 88,898	$ 82,662
Changes recognized in other comprehensive income for the year ended December 31:		
Amortization of prior service cost	$ -	$ —
Amortization of actuarial loss	(7,327)	(10,035)
Net actuarial (gain) loss arising during the year	4,577	(7,378)
Total recognized in other comprehensive income for the year (pre-tax)	$ (2,750)	$ (17,413)
Accumulated other comprehensive loss (pre-tax) not yet recognized in net periodic benefit cost at December 31:		
Prior service cost	$ -	$ —
Actuarial loss, net	73,017	75,767
Total accumulated other comprehensive loss (pre-tax)	$ 73,017	$ 75,767

In 2021, an estimated $6.9 million of unrecognized net actuarial loss for the Retirement Plan will be amortized from AOCL into net periodic benefit cost. The comparable amount recognized as net periodic benefit cost in 2020 was $7.3 million. No prior service cost will be amortized in 2021 and none was amortized in 2020. The discount rates used to determine the benefit obligation at December 31, 2020 and 2019 were 2.2% and 3.0%, respectively.

The discount rate reflects rates at which the benefit obligation could be effectively settled. To determine this rate, the Company considers rates of return on high-quality fixed-income investments that are currently available and are expected to be available during the period until the pension benefits are paid. The expected future payments are discounted based on a portfolio of high-quality rated bonds (AA or better) for which the Company relies on the Financial Times Stock Exchange ("FTSE") Pension Liability Index that is published as of the measurement date.

The components of net periodic pension (credit) expense were as follows for the years indicated:

	Years Ended December 31,		
(in thousands)	2020	2019	2018
Components of net periodic pension expense (credit):			
Interest cost	$ 4,692	$ 5,660	$ 5,085
Expected return on plan assets	(15,505)	(13,933)	(16,139)
Amortization of net actuarial loss	7,327	10,035	7,179
Net periodic pension (credit) expense	$ (3,486)	$ 1,762	$ (3,875)

The following table indicates the weighted average assumptions used in determining the net periodic benefit cost for the years indicated:

	Years Ended December 31,		
	2020	2019	2018
Discount rate	3.0%	4.1%	3.4
Expected rate of return on plan assets	6.5	6.8	7.0

As of December 31, 2020, Retirement Plan assets were invested in two diversified investment portfolios of the Pentegra Retirement Trust (the "Trust"), a private placement investment fund.

The Company (in this context, the "Plan Sponsor") chooses the specific asset allocation for the Retirement Plan within the parameters set forth in the Trust's Investment Policy Statement. The long-term investment objectives are to maintain the Retirement Plan's assets at a level that will sufficiently cover the Plan Sponsor's long-term obligations, and to generate a return on those assets that will meet or exceed the rate at which the Plan Sponsor's long-term obligations will grow.

The Retirement Plan allocates its assets in accordance with the following targets:

- To hold 55% of its assets in equity securities via investment in the Trust's Long-Term Growth—Equity ("LTGE") Portfolio, a diversified portfolio that invests in a number of actively and passively managed equity mutual funds and collective trusts in order to gain exposure to both U.S. and non-U.S. equity markets;
- To hold 44% of its assets in intermediate-term investment-grade bonds via investment in the Long-Term Growth—Fixed Income ("LTGFI") Portfolio, a diversified portfolio that invests in a number of fixed-income mutual funds and collective investment trusts, primarily including intermediate-term bond funds with a focus on U.S. investment grade securities and opportunistic allocations to below-investment grade and non-U.S. investments; and
- To hold 1% in a cash equivalents portfolio for liquidity purposes.

In addition, the Retirement Plan holds Company shares, the value of which is approximately equal to 12% of the assets that are held by the Trust.

The LTGE and LTGFI portfolios are designed to provide long-term growth of equity and fixed-income assets with the objective of achieving an investment return in excess of the cost of funding the active life, deferred vesting, and all 30-year term and longer obligations of retired lives in the Trust. Risk and volatility are further managed in accordance with the distinct investment objectives of the Trust's respective portfolios.

The following table presents information about the fair value measurements of the investments held by the Retirement Plan as of December 31, 2020:

(in thousands)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity:				
Large-cap value (1)	$ 23,206	$ —	$ 23,206	$ —
Large-cap growth (2)	22,997	—	22,997	—
Large-cap core (3)	15,146	—	15,146	—
Mid-cap value (4)	4,509	—	4,509	—
Mid-cap growth (5)	6,316	—	6,316	—
Mid-cap core (6)	5,113	—	5,113	—
Small-cap value (7)	3,307	—	3,307	—
Small-cap growth (8)	8,674	—	8,674	—
Small-cap core (9)	3,400	—	3,400	—
International equity (10)	32,248	—	32,248	—
Fixed Income Funds:				
Fixed Income – U.S. Core (11)	74,523	—	74,523	—
Intermediate duration (12)	24,953	—	24,953	—
Equity Securities:				
Company common stock	31,401	31,401	—	—
Cash Equivalents:				
Money market *	5,237	2,321	2,916	—
	$ 261,030	$ 33,722	$ 227,308	$ —

* *Includes cash equivalent investments in equity and fixed income strategies.*

(1) *This category contains large-cap stocks with above-average yield. The portfolio typically holds between 60 and 70 stocks.*

(2) *This category seeks long-term capital appreciation by investing primarily in large growth companies based in the U.S.*

(3) *This fund tracks the performance of the S&P 500 Index by purchasing the securities represented in the Index in approximately the same weightings as the Index.*

(4) *This category employs an indexing investment approach designed to track the performance of the CRSP US Mid-Cap Value Index.*

(5) *This category employs an indexing investment approach designed to track the performance of the CRSP US Mid-Cap Growth Index.*

(6) *This category seeks to track the performance of the S&P Midcap 400 Index.*

(7) *This category consists of a selection of investments based on the Russell 2000 Value Index.*

(8) *This category consists of a mutual fund invested in small cap growth companies along with a fund invested in a selection of investments based on the Russell 2000 Growth Index.*

(9) *This category consists of a mutual fund investing in readily marketable securities of U.S. companies with market capitalizations within the smallest 10% of the market universe, or smaller than the 1000th largest US company.*

(10) *This category invests primarily in medium to large non-US companies in developed and emerging markets. Under normal circumstances, at least 80% of total assets will be invested in equity securities, including common stocks, preferred stocks, and convertible securities.*

(11) This category currently includes equal investments in three mutual funds, two of which usually hold at least 80% of fund assets in investment grade fixed income securities, seeking to outperform the Barclays US Aggregate Bond Index while maintaining

a similar duration to that index. The third fund targets investments of 50% or more in mortgage-backed securities guaranteed by the US government and its agencies.

(12) *This category consists of a mutual fund which invest in a diversified portfolio of high-quality bonds and other fixed income securities, including U.S. Government obligations, mortgage-related and asset backed securities, corporate and municipal bonds, CMOs, and other securities mostly rated A or better.*

Current Asset Allocation

The asset allocations for the Retirement Plan as of December 31, 2020 and 2019 were as follows:

	At December 31,	
	2020	2019
Equity securities	60%	58%
Debt securities	38	40
Cash equivalents	2	2
Total	100%	100%

Determination of Long-Term Rate of Return

The long-term rate of return on Retirement Plan assets assumption was based on historical returns earned by equities and fixed income securities, and adjusted to reflect expectations of future returns as applied to the Retirement Plan's target allocation of asset classes. Equities and fixed income securities were assumed to earn long-term rates of return in the ranges of 6% to 8% and 3% to 5%, respectively, with an assumed long-term inflation rate of 2.5% reflected within these ranges. When these overall return expectations are applied to the Retirement Plan's target allocations, the result is an expected rate of return of 5% to 7%.

Expected Contributions

The Company does not expect to contribute to the Retirement Plan in 2021.

Expected Future Annuity Payments

The following annuity payments, which reflect expected future service, as appropriate, are expected to be paid by the Retirement Plan during the years indicated:

(in thousands)	
2021	$ 7,995
2022	8,073
2023	8,060
2024	8,302
2025	8,567
2026 and thereafter	43,728
Total	$ 84,725

Qualified Savings Plan

The Company maintains a defined contribution qualified savings plan in which all full-time employees are able to participate after three months of service and having attained age 21. The Company instituted a safe harbor matching contribution program during the year ended December 31, 2020. These Company contributions totaled $5.7 million in 2020. The Company did not make any contributions in 2019.

Post-Retirement Health and Welfare Benefits

The Company offers certain post-retirement benefits, including medical, dental, and life insurance (the "Health & Welfare Plan") to retired employees, depending on age and years of service at the time of retirement. The costs of such benefits are accrued during the years that an employee renders the necessary service.

The Health & Welfare Plan is an unfunded plan and is not expected to hold assets for investment at any time. Any contributions made to the Health & Welfare Plan are used to immediately pay plan premiums and claims as they come due.

The following table sets forth certain information regarding the Health & Welfare Plan as of the dates indicated:

	December 31,	
(in thousands)	2020	2019
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 11,898	$ 13,583
Interest cost	327	512
Actuarial gain	238	(1,233)
Premiums and claims paid	(614)	(964)
Benefit obligation at end of year	$ 11,849	11,898
Change in plan assets:		
Fair value of assets at beginning of year	$ -	$ —
Employer contribution	614	964
Premiums and claims paid	(614)	(964)
Fair value of assets at end of year	$ -	$ —
Funded status (included in "Other liabilities")	$ (11,849)	(11,898)
Changes recognized in other comprehensive income for the year ended December 31:		
Amortization of prior service cost	$ 249	$ 249
Amortization of actuarial gain	(25)	(124)
Net actuarial (gain) loss arising during the year	238	(1,234)
Total recognized in other comprehensive income for the year (pre-tax)	$ 462	$ (1,109)
Accumulated other comprehensive loss (pre-tax) not yet recognized in net periodic benefit cost at December 31:		
Prior service cost	$ (287)	$ (536)
Actuarial loss, net	1,679	1,466
Total accumulated other comprehensive income (pre-tax)	$ 1,392	$ 930

The discount rates used in the preceding table were 2.0% and 2.9%, respectively, at December 31, 2020 and 2019.

The estimated net actuarial loss and the prior service liability that will be amortized from AOCL into net periodic benefit cost in 2021 are $46,000 and $249,000, respectively.

The following table presents the components of net periodic benefit cost for the years indicated:

	Years Ended December 31,		
(in thousands)	2020	2019	2018
Components of Net Periodic Benefit Cost:			
Service cost	$ —	$ —	$ —
Interest cost	327	512	513
Amortization of past-service liability	(249)	(249)	(249)
Amortization of net actuarial loss	25	124	309
Net periodic benefit cost	$ 103	$ 387	$ 573

The following table presents the weighted average assumptions used in determining the net periodic benefit cost for the years indicated:

	Years Ended December 31,		
	2020	2019	2018
Discount rate	2.9 %	3.9%	3.3%
Current medical trend rate	6.5	6.5	6.5
Ultimate trend rate	5.0	5.0	5.0
Year when ultimate trend rate will be reached	2026	2025	2024

Expected Contributions

The Company expects to contribute $915,000 to the Health & Welfare Plan to pay premiums and claims in the fiscal year ending December 31, 2021.

Expected Future Payments for Premiums and Claims

The following amounts are currently expected to be paid for premiums and claims during the years indicated under the Health & Welfare Plan:

(in thousands)	
2021	$ 915
2022	881
2023	851
2024	820
2025	789
2026 and thereafter	3,451
Total	$ 7,707

NOTE 15: STOCK-RELATED BENEFIT PLANS

New York Community Bank Employee Stock Ownership Plan

All full-time employees who have attained 21 years of age and have completed twelve consecutive months of credited service are eligible to participate in the ESOP, with benefits vesting on a six-year basis, starting with 20% in the second year of employment and continuing in 20% increments in each successive year. Benefits are payable upon death, retirement, disability, or separation from service, and may be paid in stock. However, in the event of a change in control, as defined in the ESOP, any unvested portion of benefits shall vest immediately.

In 2020, 2019, and 2018, the Company allocated 405,167, 349,356, and 529,531 shares, respectively, to participants in the ESOP. For the years ended December 31, 2020, 2019, and 2018, the Company recorded ESOP-related compensation expense of $4.3 million, $4.2 million, and $5.0 million, respectively.

Supplemental Executive Retirement Plan

The Bank has established a Supplemental Executive Retirement Plan ("SERP"), which provided additional unfunded, non-qualified benefits to certain participants in the ESOP in the form of Company common stock. The SERP was frozen in 1999. Trust-held assets, consisting entirely of Company common stock, amounted to 2,191,915 and 2,046,449 shares, respectively, at December 31, 2020 and 2019, including shares purchased through dividend reinvestment. The cost of these shares is reflected as a reduction of paid-in capital in excess of par in the Consolidated Statements of Condition.

Stock Based Compensation

At December 31, 2020, the Company had a total of 11,913,461 shares available for grants as restricted stock, options, or other forms of related rights under the 2020 Incentive Plan, which was approved by the Company's shareholders at its Annual Meeting on June 3, 2020. The Company granted 2,421,345 shares of restricted stock, with an average fair value of $11.61 per share on the date of grant, during the twelve months ended December 31, 2020.

During 2019 and 2018, the Company granted 2,031,198 shares and 2,543,023 shares, respectively, of restricted stock, which had average fair values of $10.45 and $13.50 per share on the respective grant dates. The shares of restricted stock that were granted during the years ended December 31, 2020, 2019, and 2018 vest over a period of five years. Compensation and benefits expense related to the restricted stock grants is recognized on a straight-line basis over the vesting period and totaled $28.4 million, $30.9 million, and $36.3 million, respectively, for the years ended December 31, 2020, 2019, and 2018.

The following table provides a summary of activity with regard to restricted stock awards in the year ended December 31, 2020:

	For the Year Ended December 31, 2020	
	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at beginning of year	6,516,101	$ 13.31
Granted	2,421,345	11.61
Vested	(2,180,891)	14.06
Canceled	(528,507)	12.88
Unvested at end of year	6,228,048	12.43

As of December 31, 2020, unrecognized compensation cost relating to unvested restricted stock totaled $52.5 million. This amount will be recognized over a remaining weighted average period of 2.8 years.

In addition, the Company has granted a total of 477,872 Performance-Based Restricted Stock Units (“PSUs”). Included in this total are 446,181 shares granted during the twelve months ended December 31, 2020, which have a performance period of January 1, 2020 to December 31, 2022 and vest on April 1, 2023, subject to adjustment or forfeiture, based upon the achievement by the Company of certain performance standards. During the twelve months ended December 31, 2020, 386,983 shares were forfeited. The Company granted 418,674 PSUs during 2019, which have a performance period of January 1, 2019 to December 31, 2021 and vest on April 1, 2022, subject to adjustment or forfeiture, based upon the achievement by the Company of certain performance standards. Compensation and benefits expense related to PSUs is recognized using the fair value as of the date the units were approved, on a straight-line basis over the vesting period and totaled $1.0 million and $1.1 million for the twelve months ended December 31, 2020 and 2019, respectively. As of December 31, 2020, unrecognized compensation cost relating to unvested PSUs totaled $3.1 million. This amount will be recognized over a remaining weighted average period of 1.8 years. As of December 31, 2020, the Company believes it is probable that the performance conditions will be met.

NOTE 16: FAIR VALUE MEASUREMENTS

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

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

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

The following tables present assets and liabilities that were measured at fair value on a recurring basis as of December 31, 2020 and 2019, and that were included in the Company’s Consolidated Statements of Condition at those dates:

	Fair Value Measurements at December 31, 2020				
(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting Adjustments	Total Fair Value
Assets:					
Mortgage-related Debt Securities Available for Sale:					
GSE certificates	$ —	$ 1,209,610	$ —	$ —	$ 1,209,610
GSE CMOs	—	1,828,715	—	—	1,828,715
Total mortgage-related debt securities	$ —	$ 3,038,325	$ —	$ —	$ 3,038,325
Other Debt Securities Available for Sale:					
U. S. Treasury obligations	$ 64,985	$ —	$ —	$ —	$ 64,985
GSE debentures	—	1,158,302	—	—	1,158,302
Asset-backed securities	—	527,099	—	—	527,099
Municipal bonds	—	26,311	—	—	26,311
Corporate bonds	—	882,226	—	—	882,226
Foreign notes	—	25,538	—	—	25,538
Capital trust notes	—	90,547	—	—	90,547
Total other debt securities	$ 64,985	$ 2,710,023	$ —	$ —	$ 2,775,008
Total debt securities available for sale	$ 64,985	$ 5,748,348	$ —	$ —	$ 5,813,333
Equity securities:			—	—	
Preferred stock	$ 15,493	$ —	$ —	$ —	$ 15,493
Mutual funds	—	16,083	—	—	16,083
Total equity securities	$ 15,493	$ 16,083	$ —	$ —	$ 31,576
Total securities	$ 80,478	$ 5,764,431	$ —	$ —	$ 5,844,909

(in thousands)	Fair Value Measurements at December 31, 2019 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Netting Adjustments	Total Fair Value
Assets:					
Mortgage-Related Debt Securities Available for Sale:					
GSE certificates	$ —	$ 1,552,623	$ —	$ —	$ 1,552,623
GSE CMOs	—	1,801,112	—	—	1,801,112
Total mortgage-related debt securities	$ —	$ 3,353,735	$ —	$ —	$ 3,353,735
Other Debt Securities Available for Sale:					
U.S. Treasury obligations	$ 41,839	$ —	$ —	$ —	$ 41,839
GSE debentures	—	1,094,240	—	—	1,094,240
Asset-backed securities	—	373,254	—	—	373,254
Municipal bonds	—	26,892	—	—	26,892
Corporate bonds	—	867,182	—	—	867,182
Capital trust notes	—	95,915	—	—	95,915
Total other debt securities	$ 41,839	$ 2,457,483	$ —	$ —	$ 2,499,322
Total debt securities available for sale	$ 41,839	$ 5,811,218	$ —	$ —	$ 5,853,057
Equity securities:			—	—	
Preferred stock	$ 15,414	$ —	$ —	$ —	$ 15,414
Mutual funds and common stock	—	17,416	—	—	17,416
Total equity securities	$ 15,414	$ 17,416	$ —	$ —	$ 32,830
Total securities	$ 57,253	$ 5,828,634	$ —	$ —	$ 5,885,887

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

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

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

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

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

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

Fair Value Option

Gains and Losses Included in Income for Assets Where the Fair Value Option Has Been Elected

The assets accounted for under the fair value option are initially measured at fair value. Gains and losses from the initial measurement and subsequent changes in fair value are recognized in earnings. The following table presents the changes in fair value related to initial measurement, and the subsequent changes in fair value included in earnings, for MSRs for the periods indicated:

	(Loss) Gain Included in Mortgage Banking Income from Changes in Fair Value (1)		
	For the Twelve Months Ended December 31,		
(in thousands)	2020	2019	2018
Loans held for sale	$ —	$ —	$ —
Mortgage servicing rights	—	—	(224)
Total loss	$ —	$ —	$

(1) *Included in "Non-interest income."*

Assets Measured at Fair Value on a Non-Recurring Basis

Certain assets are measured at fair value on a non-recurring basis. Such instruments are subject to fair value adjustments under certain circumstances (e.g., when there is evidence of impairment). The following tables present assets that were measured at fair value on a non-recurring basis as of December 31, 2020 and 2019, and that were included in the Company's Consolidated Statements of Condition at those dates:

	Fair Value Measurements at December 31, 2020 Using			
(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Certain loans (1)	$ —	$ —	$ 41,066	$ 41,066
Other assets(2)	—	—	5,655	5,655
Total	$ —	$ —	$ 46,721	$ 46,721

(1) *Represents the fair value of certain loans individually assessed for impairment, based on the value of the collateral.*

(2) *Represents the fair value of repossessed assets, based on the appraised value of the collateral subsequent to its initial classification as repossessed assets 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 thousands)	Fair Value Measurements at December 31, 2019 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 [1]	$ —	$ —	$ 42,767	$ 42,767
Other assets [2]	—	—	1,481	1,481
Total	$ —	$ —	$ 44,248	$ 44,248

(1) Represents the fair value of impaired loans, based on the value of the collateral.
(2) Represents the fair value of repossessed assets, based on the appraised value of the collateral subsequent to its initial classification as repossessed assets.

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

Other Fair Value Disclosures

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

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

The following tables summarize the carrying values, estimated fair values, and fair value measurement levels of financial instruments that were not carried at fair value on the Company’s Consolidated Statements of Condition at December 31, 2020 and 2019:

	December 31, 2020				
			Fair Value Measurement Using		
(in thousands)	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and cash equivalents	$ 1,947,931	$ 1,947,931	$ 1,947,931	$ —	$ —
FHLB stock [1]	714,005	714,005	—	714,005	—
Loans and leases, net	42,806,691	42,376,214	—	—	42,376,214
Financial Liabilities:					
Deposits	$ 32,436,813	$ 32,466,013	$ 22,106,133 (2)	$ 10,359,880 (3)	$ —
Borrowed funds	16,083,544	16,794,338	—	16,794,338	—

(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 thousands)	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)
	December 31, 2019		Fair Value Measurement Using				
Financial Assets:							
Cash and cash equivalents	$ 741,870	$ 741,870	$ 741,870		$ —		$ —
FHLB stock (1)	647,562	647,562	—		647,562		—
Loans and leases, net	41,746,517	41,699,929	—		—		41,699,929
Financial Liabilities:							
Deposits	$ 31,657,132	$ 31,713,945	$ 17,442,274	(2)	$ 14,271,671	(3)	$ —
Borrowed funds	14,557,593	14,882,776	—		14,882,776		—

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

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

Cash and Cash Equivalents

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

Securities

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

Federal Home Loan Bank Stock

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

Loans

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

Deposits

The fair values of deposit liabilities with no stated maturity (i.e., interest-bearing checking and money market accounts, savings accounts, and non-interest-bearing accounts) are equal to the carrying amounts payable on demand. The fair values of CDs represent contractual cash flows, discounted using interest rates currently offered on deposits

with similar characteristics and remaining maturities. These estimated fair values do not include the intangible value of core deposit relationships, which comprise a portion of the Company's deposit base.

Borrowed Funds

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

Off-Balance Sheet Financial Instruments

The fair values of commitments to extend credit and unadvanced lines of credit are estimated based on an analysis of the interest rates and fees currently charged to enter into similar transactions, considering the remaining terms of the commitments and the creditworthiness of the potential borrowers. The estimated fair values of such off-balance sheet financial instruments were insignificant at December 31, 2020 and 2019.

NOTE 17: DIVIDEND RESTRICTIONS

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

Various legal restrictions limit the extent to which the Company's subsidiary bank can supply funds to the Parent Company and its non-bank subsidiaries. The Company's subsidiary bank would require the approval of the Superintendent of the NYSDFS if the dividends they declared in any calendar year were to exceed the total of their respective net profits for that year combined with their respective retained net profits for the preceding two calendar years, less any required transfer to paid-in capital. The term "net profits" is defined as the remainder of all earnings from current operations plus actual recoveries on loans, investments, and other assets, after deducting from the total thereof all current operating expenses, actual losses if any, and all federal, state, and local taxes. In 2020, dividends of $380.0 million were paid by the Bank to the Parent Company. At December 31, 2020, the Bank could have paid additional dividends of $301.6 million to the Parent Company without regulatory approval.

NOTE 18: PARENT COMPANY-ONLY FINANCIAL INFORMATION

The following tables present the condensed financial statements for New York Community Bancorp, Inc. (Parent Company only):

Condensed Statements of Condition

	December 31,	
(in thousands)	2020	2019
ASSETS:		
Cash and cash equivalents	$ 151,205	$ 183,063
Investments in subsidiaries	7,333,764	7,169,066
Receivables from subsidiaries	—	2,249
Other assets	23,342	23,338
Total assets	$ 7,508,311	$ 7,377,716
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Junior subordinated debentures	$ 360,259	$ 359,866
Subordinated notes	295,624	295,066
Other liabilities	10,784	11,090
Total liabilities	666,667	666,022
Stockholders' equity	6,841,644	6,711,694
Total liabilities and stockholders' equity	$ 7,508,311	$ 7,377,716

Condensed Statements of Income

	Years Ended December 31,		
(in thousands)	2020	2019	2018
Interest income	$ 293	$ 668	$ 500
Dividends received from subsidiaries	380,000	380,000	380,000
Other income	582	716	793
Gross income	380,875	381,384	381,293
Operating expenses	51,730	49,926	59,372
Income before income tax benefit and equity in underdistributed earnings of subsidiaries	329,145	331,458	321,921
Income tax benefit	14,163	13,669	16,616
Income before equity in underdistributed earnings of subsidiaries	343,308	345,127	338,537
Equity in underdistributed earnings of subsidiaries	167,801	49,916	83,880
Net income	$ 511,109	$ 395,043	$ 422,417

Condensed Statements of Cash Flows

(in thousands)	Years Ended December 31, 2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 511,109	$ 395,043	$ 422,417
Change in other assets	(4)	386	256
Change in other liabilities	(306)	(2,608)	(1,152)
Other, net	30,352	32,776	36,677
Equity in underdistributed earnings of subsidiaries	(167,801)	(49,916)	(83,880)
Net cash provided by operating activities	373,350	375,681	374,318
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in receivable from subsidiaries, net	2,249	4,206	(1,705)
Net cash provided by (used in) investing activities	2,249	4,206	(1,705)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Treasury stock repurchased	(59,022)	(75,220)	(163,249)
Cash dividends paid on common and preferred stock	(348,435)	(350,222)	(365,889)
Proceeds from issuance of subordinated notes	—	—	294,607
Net cash used in financing activities	(407,457)	(425,442)	(234,531)
Net (decrease) increase in cash and cash equivalents	(31,858)	(45,555)	138,082
Cash and cash equivalents at beginning of year	183,063	228,618	90,536
Cash and cash equivalents at end of year	$ 151,205	$ 183,063	$ 228,618

NOTE 19: CAPITAL

The Company is subject to examination, regulation, and periodic reporting under the Bank Holding Company Act of 1956, as amended, which is administered by the FRB. The FRB has adopted capital adequacy guidelines for bank holding companies (on a consolidated basis) that are substantially similar to those of the FDIC for the Bank.

The following tables present the regulatory capital ratios for the Company at December 31, 2020 and 2019, in comparison with the minimum amounts and ratios required by the FRB for capital adequacy purposes:

	Risk-Based Capital							
At December 31, 2020	Common Equity Tier 1		Tier 1		Total		Leverage Capital	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	$ 3,962,399	9.72 %	$ 4,465,239	10.95 %	$ 5,289,611	12.97 %	$ 4,465,239	8.52 %
Minimum for capital adequacy purposes	1,834,858	4.50	2,446,478	6.00	3,261,970	8.00	2,095,846	4.00
Excess	$ 2,127,541	5.22 %	$ 2,018,761	4.95 %	$ 2,027,641	4.97 %	$ 2,369,393	4.52 %

	Risk-Based Capital							
At December 31, 2019	Common Equity Tier 1		Tier 1		Total		Leverage Capital	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	$ 3,818,311	9.91%	$ 4,321,151	11.22%	$ 5,111,990	13.27%	$ 4,321,151	8.66%
Minimum for capital adequacy purposes	1,733,826	4.50	2,311,768	6.00	3,082,358	8.00	1,996,966	4.00
Excess	$ 2,084,485	5.41%	$ 2,009,383	5.22%	$ 2,029,632	5.27%	$ 2,324,185	4.66%

At December 31, 2020, our total risk-based capital ratio exceeded the minimum requirement for capital adequacy purposes by 497 basis points and the fully phased-in capital conservation buffer by 247 basis points.

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

The quantitative measures established to ensure capital adequacy require that banks maintain minimum amounts and ratios of leverage capital to average assets and of common equity tier 1 capital, tier 1 capital, and total capital to risk-weighted assets (as such measures are defined in the regulations). At December 31, 2020, the Bank exceeded all the capital adequacy requirements to which they were subject.

As of December 31, 2020, the Company and the Bank are categorized as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as well capitalized, a bank must maintain a minimum common equity tier 1 risk-based capital ratio of 6.50%; a minimum tier 1 risk-based capital ratio of 8.00%; a minimum total risk-based capital ratio of 10.00%; and a minimum leverage capital ratio of 5.00%. In the opinion of management, no conditions or events have transpired since December 31, 2020 to change these capital adequacy classifications.

The following tables present the actual capital amounts and ratios for the Bank at December 31, 2020 and 2019 in comparison to the minimum amounts and ratios required for capital adequacy purposes.

	Risk-Based Capital							
At December 31, 2020	Common Equity Tier 1		Tier 1		Total		Leverage Capital	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	$ 4,964,055	12.18 %	$ 4,964,055	12.18 %	$ 5,145,321	12.62 %	$ 4,964,055	9.48 %
Minimum for capital adequacy purposes	1,834,112	4.50	2,445,483	6.00	3,260,643	8.00	2,095,175	4.00
Excess	$ 3,129,943	7.68 %	$ 2,518,572	6.18 %	$ 1,884,678	4.62 %	$ 2,868,880	5.48 %

	Risk-Based Capital							
At December 31, 2019	Common Equity Tier 1		Tier 1		Total		Leverage Capital	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	$4,785,217	12.42%	$4,785,217	12.42%	$4,933,900	12.81%	$4,785,217	9.59%
Minimum for capital adequacy purposes	1,733,085	4.50	2,310,780	6.00	3,081,040	8.00	1,996,288	4.00
Excess	$3,052,132	7.92%	$2,474,437	6.42%	$1,852,860	4.81%	$2,788,929	5.59%

Preferred Stock

On March 17, 2017, the Company issued 20,600,000 depositary shares, each representing a 1/40th interest in a share of the Company's Fixed-to-Floating Rate Series A Noncumulative Perpetual Preferred Stock, par value $0.01 per share, with a liquidation preference of $1,000 per share (equivalent to $25 per depositary share). Dividends will accrue on the depositary shares at a fixed rate equal to 6.375% per annum until March 17, 2027, and a floating rate equal to Three-month LIBOR plus 382.1 basis points per annum beginning on March 17, 2027. Dividends will be payable in arrears on March 17, June 17, September 17, and December 17 of each year, which commenced on June 17, 2017.

Treasury Stock Repurchases

On October 23, 2018, the Board of Directors approved the repurchase of up to $300 million of the Company's outstanding common stock. As of December 31, 2020, the Company has repurchased a total of 28.9 million shares at an average price of $9.63 or an aggregate purchase of $278.1 million. During the years ended December 31, 2020 and 2019, the Company repurchased 5.0 million and 7.1 million shares, at a cost of $50.2 million and $67.1 million, respectively.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
New York Community Bancorp, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of condition of New York Community Bancorp, Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February, 26, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for the recognition and measurement of credit losses as of January 1, 2020 due to the adoption of ASC Topic 326, *Financial Instruments – Credit Losses*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting

principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for credit losses on loans and leases related to the multi-family, commercial real estate and specialty finance portfolio segments that are evaluated on a collective basis.

As discussed in Note 2 and Note 6 to the consolidated financial statements, the Company's allowance for credit losses (ACL) on loans and leases was $194 million as of December 31, 2020, a portion of which related to the multi-family, commercial real estate and specialty finance portfolio segments. The allowance for credit losses on loans and leases is measured on a collective basis when similar risk characteristics exist (collective ACL). Management estimates the collective ACL by projecting and multiplying together the probability-of-default (PD), loss-given-default (LGD) and exposure-at-default depending on economic parameters for each month of the remaining contractual term. For the multi-family and commercial real estate portfolios, the Company estimates the exposure-at-default using a prepayment model which projects prepayments over the life of the loans. Economic parameters are developed using available information relating to past events, current conditions, economic forecasts, and macroeconomic assumptions. Economic parameters are forecast over a reasonable and supportable period. After the reasonable and supportable period, the Company reverts to a historical average loss rate on a straight line basis. Historical credit experience over the observation period provides the basis for the estimation of expected credit losses, with qualitative adjustments made for differences in current loan-specific risk characteristics as well as for changes in environmental conditions.

We identified the assessment of the collective ACL on loans and leases related to the multi-family, commercial real estate and specialty finance portfolio segments as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment due to significant measurement uncertainty. Specifically, the assessment encompassed the evaluation of the collective ACL methodology, including the methods and models used to estimate the PD, LGD, and prepayments and their significant assumptions. Such significant assumptions included portfolio segmentation, the selection of the economic forecasts and macroeconomic assumptions, the reasonable and supportable forecast period, the reversion period and the historical observation period. The assessment also included the evaluation of the qualitative adjustments and their significant assumptions for differences in loan-specific risk characteristics and changes in environmental factors. The assessment also included an evaluation of the conceptual soundness and performance of the PD, LGD, and prepayments models. In addition, auditor judgment was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's measurement of the collective ACL on loans and leases related to multi-family, commercial real estate and specialty finance portfolio segments, including controls over the:

- Development of the collective ACL on loans and leases related to the multi-family, commercial real estate and specialty finance portfolio segments methodology
- development of the PD, LGD, and prepayment models
- identification and determination of the significant assumptions used in the PD, LGD, and prepayment models
- development of the qualitative adjustments, including the significant assumptions used in the measurement of the qualitative factors
- performance monitoring of the PD, LGD, and prepayment models
- analysis of the collective ACL on loans and leases related to the multi-family, commercial real estate and specialty finance portfolio segments results, trends, and ratios

We evaluated the Company's process to develop the collective ACL on loans and leases related to the multi-family, commercial real estate and specialty finance portfolio segments estimate by testing certain sources of data, factors, and assumptions that the Company used, and considered the relevance and reliability of such data, factors, and assumptions. In addition, we involved credit risk professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's collective ACL methodology for compliance with U.S. generally accepted accounting principles
- evaluating judgments made by the Company relative to the development and performance testing of the PD, LGD, and prepayment models by comparing them to relevant Company-specific metrics and trends and the applicable industry and regulatory practices
- assessing the conceptual soundness and performance of the PD, LGD, and prepayment models by inspecting the model documentation to determine whether the models are suitable for their intended use
- evaluating the selection of the economic forecasts and underlying macroeconomic assumptions by comparing it to the Company's business environment and relevant industry practices
- assessing the economic forecasts through comparison to publicly available forecasts
- evaluating the length of the reasonable and supportable period, the reversion period and the historical observation period by comparing them to specific portfolio risk characteristics and trends
- determining whether the loan portfolio is segmented by similar risk characteristics by comparing to the Company's business environment and relevant industry practices
- evaluating the methodology used to develop the qualitative factors and their significant assumptions and the effect of those factors on the allowance for credit losses on loans and leases compared with relevant credit risk factors and consistency with credit trends and identified limitations of the underlying quantitative models.

We also assessed the sufficiency of the audit evidence obtained related to the collective ACL on loans and leases related to the multi-family, commercial real estate and specialty finance portfolio segments estimate by evaluating the:

- determination of cumulative results of the audit procedures
- qualitative aspects of the Company's accounting practices
- potential bias in the accounting estimate.

KPMG LLP

We have served as the Company's auditor since 1993.

New York, New York
February 26, 2021

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
New York Community Bancorp, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited New York Community Bancorp, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of condition of the Company as of December 31, 2020 and 2019, the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated February 26, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

New York, New York
February 26, 2021

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Under the supervision, and with the participation, of our Chief Executive Officer and Chief Financial Officer, our management evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15(b), as adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Disclosure controls and procedures are the controls and other procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Our system of internal control is designed under the supervision of management, including our Chief Executive Officer and Chief Financial Officer, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles ("GAAP").

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are made only in accordance with the authorization of management and the Boards of Directors of the Company and the Bank; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions or that the degree of compliance with policies and procedures may deteriorate.

As of December 31, 2020, management assessed the effectiveness of the Company's internal control over financial reporting based upon the framework established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based upon its assessment, management concluded that the Company's internal control over financial reporting as of December 31, 2020 was effective using this criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2020 has been audited by KPMG LLP, an independent registered public accounting firm that audited the Company's consolidated financial statements as of and for the year ended December 31, 2020, as stated in their report, included in Item 8 on the preceding page, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2020.

(c) Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Information regarding our directors, executive officers, and corporate governance appears in our Proxy Statement for the Annual Meeting of Shareholders to be held on May 26, 2021 (hereafter referred to as our "2021 Proxy Statement") under the captions "Information with Respect to Nominees, Continuing Directors, and Executive Officers," "Section 16(a) Beneficial Ownership Reporting Compliance," "Meetings and Committees of the Board of Directors," and "Corporate Governance," and is incorporated herein by this reference.

A copy of our Code of Business Conduct and Ethics, which applies to our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and Chief Accounting Officer as officers of the Company, and all other senior financial officers of the Company designated by the Chief Executive Officer from time to time, is available on the Investor Relations portion of our website: www.myNYCB.com and will be provided, without charge, upon written request to the Chief Corporate Governance Officer and Corporate Secretary at 615 Merrick Avenue, Westbury, NY 11590.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation appears in our 2021 Proxy Statement under the captions "Compensation Committee Report," "Compensation Committee Interlocks and Insider Participation," "Compensation Discussion and Analysis," "Executive Compensation and Related Information," and "Director Compensation," and is incorporated herein by this reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, AND RELATED STOCKHOLDER MATTERS

The following table provides information regarding the Company's equity compensation plans at December 31, 2020:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights *(a)*	Weighted-average exercise price of outstanding options, warrants, and rights *(b)*	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) *(c)*
Equity compensation plans approved by security holders	—	—	11,913,461
Equity compensation plans not approved by security holders	—	—	—
Total	—	—	11,913,461

Information relating to the security ownership of certain beneficial owners and management appears in our 2021 Proxy Statement under the captions "Security Ownership of Certain Beneficial Owners" and "Information with Respect to Nominees, Continuing Directors, and Executive Officers."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions, and director independence, appears in our 2021 Proxy Statement under the captions "Transactions with Certain Related Persons" and "Corporate Governance," respectively, and is incorporated herein by this reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accounting fees and services appears in our 2021 Proxy Statement under the caption "Audit and Non-Audit Fees," and is incorporated herein by this reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents Filed As Part of This Report

1. Financial Statements

The following are incorporated by reference from Item 8 hereof:

- Reports of Independent Registered Public Accounting Firm;
- Consolidated Statements of Condition at December 31, 2020 and 2019;
- Consolidated Statements of Income and Comprehensive Income for each of the years in the three-year period ended December 31, 2020;
- Consolidated Statements of Changes in Stockholders' Equity for each of the years in the three-year period ended December 31, 2020;
- Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2020; and
- Notes to the Consolidated Financial Statements.

The following are incorporated by reference from Item 9A hereof:

- Management's Report on Internal Control over Financial Reporting; and
- Changes in Internal Control over Financial Reporting.

2. Financial Statement Schedules

Financial statement schedules have been omitted because they are not applicable or because the required information is provided in the Consolidated Financial Statements or Notes thereto.

3. Exhibits Required by Securities and Exchange Commission Regulation S-K

The following exhibits are filed as part of this Form 10-K, and this list includes the Exhibit Index.

Exhibit No.	
3.1	Amended and Restated Certificate of Incorporation (1)
3.2	Certificates of Amendment of Amended and Restated Certificate of Incorporation (2)
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation (3)
3.4	Certificate of Designations of the Registrant with respect to the Series A Preferred Stock, dated March 16, 2017, filed with the Secretary of State of the State of Delaware and effective March 16, 2017 (4)
3.5	Amended and Restated Bylaws(5)
4.1	Specimen Stock Certificate (6)
4.2	Deposit Agreement, dated as of March 16, 2017, by and among the Registrant, Computershare, Inc. and Computershare Trust Company, N.A., as joint depositary, and the holders from time to time of the depositary receipts described therein (7)
4.3	Form of certificate representing the Series A Preferred Stock (7)
4.4	Form of depositary receipt representing the Depositary Shares (7)
4.5	Description of securities registered pursuant to Section 12 of the Securities and Exchange Act of 1934. (8)
4.6	Registrant will furnish, upon request, copies of all instruments defining the rights of holders of long-term debt instruments of the registrant and its consolidated subsidiaries.

10.1	Form of Employment Agreement between New York Community Bancorp, Inc. and Joseph R. Ficalora, Robert Wann, Thomas R. Cangemi, James J. Carpenter, and John J. Pinto* (9)
10.2(P)	Form of Change in Control Agreements among the Company, the Bank, and Certain Officers* (10)
10.3(P)	Form of Queens County Savings Bank Outside Directors' Consultation and Retirement Plan* (10)
10.4(P)	Supplemental Benefit Plan of Queens County Savings Bank* (11)
10.5(P)	Excess Retirement Benefits Plan of Queens County Savings Bank* (10)
10.6(P)	Queens County Savings Bank Directors' Deferred Fee Stock Unit Plan* (10)
10.7	New York Community Bancorp, Inc. Management Incentive Compensation Plan* (12)
10.8	New York Community Bancorp, Inc. 2012 Stock Incentive Plan* (13)
10.9	Underwriting Agreement, dated November 1, 2018, by and among the Registrant and Goldman Sachs & Co., Sandler O'Neill & Partners, L.P., Credit Suisse Securities (USA) LLC, Jeffries LLC, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representatives of the several underwriters listed therein (14)
10.10	Consulting Agreement between New York Community Bancorp, Inc. and James J. Carpenter* (15)
10.11	New York Community Bancorp, Inc., 2020 Omnibus Incentive Plan* (16)
11.0	Statement Re: Computation of Per Share Earnings (See Note 2 to the Consolidated Financial Statements)
21.0	Subsidiaries information incorporated herein by reference to Part I, "Subsidiaries"
23.0	Consent of KPMG LLP, dated February 26, 2021 (attached hereto)
31.1	Rule 13a-14(a) Certification of Chief Executive Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto)
31.2	Rule 13a-14(a) Certification of Chief Financial Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto)
32.0	Section 1350 Certifications of the Chief Executive Officer and Chief Financial Officer of the Company in accordance with Section 906 of the Sarbanes-Oxley Act of 2002 (attached hereto)
101	The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2020, formatted in Inline XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Condition, (ii) the Consolidated Statements of Income and Comprehensive Income, (iii) the Consolidated Statements of Changes in Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) the Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Date File (formatted in Inline XBRL and contained in Exhibit 101)

* Management plan or compensation plan arrangement.

(1) Incorporated by reference to Exhibits filed with the Company's Form 10-Q for the quarterly period ended March 31, 2001 (File No. 0-22278)

(2) Incorporated by reference to Exhibits filed with the Company's Form 10-K for the year ended December 31, 2003 (File No. 1-31565)

(3) Incorporated by reference to Exhibits to the Company's Form 8-K filed with the Securities and Exchange Commission on April 27, 2016 (File No. 1-31565)

(4) Incorporated herein by reference to 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 Exhibits filed with the Company's Form 10-K for the year ended December 31, 2016 (File No. 1-31565)
(6) Incorporated by reference to Exhibits filed with the Company's Form 10-Q 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
(8) Incorporated by reference to Exhibits filed with the Company's Form 10-K for the year ended December 31, 2019 (File No. 1-31565)
(9) Incorporated by reference to Exhibits filed with the Company's Form 8-K filed with the Securities and Exchange Commission on March 9, 2006 (File No. 1-31565)
(10) Incorporated by reference to Exhibits filed with the Company's Registration Statement filed on Form S-1, Registration No. 33-66852
(11) Incorporated by reference to Exhibits filed with the 1995 Proxy Statement for the Annual Meeting of Shareholders held on April 19, 1995
(12) Incorporated by reference to Exhibits filed with the 2006 Proxy Statement for the Annual Meeting of Shareholders held on June 7, 2006 (File No. 1-31565)
(13) Incorporated by reference to Exhibits filed with the 2012 Proxy Statement for the Annual Meeting of Shareholders held on June 7, 2012 (File No. 1-31565)
(14) Incorporated by reference to Exhibits filed with the Company's Form 8-K filed with the Securities and Exchange Commission on November 6, 2018 (File No. 1-31565)
(15) Incorporated by reference to Exhibits filed with the Company's Form 10-K/A for the year ended December 31, 2019 (File No. 1-31565)
(16) Incorporated by reference to Exhibits filed with the Company's Registration Statement filed on Form S-8 filed on August 5, 2020. Registration No. 333-241023

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

February 26, 2021

New York Community Bancorp, Inc.
(Registrant)

/s/ Thomas R. Cangemi
Thomas R. Cangemi
President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Thomas R. Cangemi 2/26/21
Thomas R. Cangemi
President, Chief Executive Officer,
and Director
(Principal Executive Officer)

/s/ John J. Pinto 2/26/21
John J. Pinto
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Dominick Ciampa 2/26/21
Dominick Ciampa
Director

/s/ Hanif W. Dahya 2/26/21
Hanif W. Dahya
Director

/s/ Leslie D. Dunn 2/26/21
Leslie D. Dunn
Director

/s/ Michael J. Levine 2/26/21
Michael J. Levine
Chairman of the Board of Directors

/s/ James J. O'Donovan 2/26/21
James J. O'Donovan
Director

/s/ Lawrence Rosano, Jr. 2/26/21
Lawrence Rosano, Jr.
Director

/s/ Ronald A. Rosenfeld 2/26/21
Ronald A. Rosenfeld
Director

/s/ Lawrence J. Savarese 2/26/21
Lawrence J. Savarese
Director

/s/ John M. Tsimbinos 2/26/21
John M. Tsimbinos
Director

/s/ Robert Wann 2/26/21
Robert Wann
Senior Executive Vice President,
Chief Operating Officer, and Director

EXHIBIT 23.0

Consent of Independent Registered Public Accounting Firm

The Board of Directors

New York Community Bancorp, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-241023, 333-218358, 333-182334, 333-146512, 333-135279, 333-130908, 333-110361, 333-105901, 333-89826, 333-66366, 333-51988, and 333-32881) on Form S-8 and the registration statements (Nos. 333-188181, 333-188178, 333-129338, 333-105350, 333-100767, 333-86682, 333-150442, 333-152147, 333-166080, 333-210919, 333-210917, 333-230835, and 333-230836) on Form S-3 of New York Community Bancorp, Inc. of our reports dated February 26, 2021, with respect to the consolidated statements of condition of New York Community Bancorp, Inc. as of December 31, 2020 and 2019, the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2020, which reports appears in the December 31, 2020 annual report on Form 10-K of New York Community Bancorp, Inc.

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for the recognition and measurement of credit losses as of January 1, 2020 due to the adoption of ASC Topic 326, *Financial Instruments – Credit Losses.*

KPMG LLP

New York, New York
February 26, 2021

EXHIBIT 31.1

NEW YORK COMMUNITY BANCORP, INC.

CERTIFICATIONS

I, Thomas R. Cangemi, certify that:

1. I have reviewed this annual report on Form 10-K of New York Community Bancorp, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: February 26, 2021

BY: /s/ Thomas R. Cangemi
Thomas R. Cangemi
President and Chief Executive Officer
(Duly Authorized Officer)

EXHIBIT 31.2

NEW YORK COMMUNITY BANCORP, INC.

CERTIFICATIONS

I, John J. Pinto, certify that:

1. I have reviewed this annual report on Form 10-K of New York Community Bancorp, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: February 26, 2021

BY: /s/ John J. Pinto
John J. Pinto
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.0

NEW YORK COMMUNITY BANCORP, INC.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADDED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of New York Community Bancorp, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2020 as filed with the Securities and Exchange Commission (the "Report"), the undersigned certify, pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

DATE: February 26, 2021

BY: /s/ Thomas R. Cangemi
Thomas R. Cangemi
President and Chief Executive Officer
(Duly Authorized Officer)

DATE: February 26, 2021

BY: /s/ John J. Pinto
John J. Pinto
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Public Exhibit 4

NYC Bancorp Quarterly Report on Form 10-Q for the Quarterly Period ended March 31, 2021

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

FORM 10-Q

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

For the quarterly period ended March 31, 2021

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

For the transition period from _________ to _________

Commission File Number 1-31565

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

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

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

(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(s)	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 SM	**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, $0.01 par value	**NYCB PA**	**New York Stock Exchange**

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-Accelerated filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

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

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

465,063,850

Number of shares of common stock outstanding at May 3, 2021

NEW YORK COMMUNITY BANCORP, INC.

FORM 10-Q

Quarter Ended March 31, 2021

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GLOSSARY

BASIS POINT

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

BOOK VALUE PER COMMON SHARE

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

BROKERED DEPOSITS

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

CHARGE-OFF

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

COMMERCIAL REAL ESTATE LOAN

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

COST OF FUNDS

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

CRE CONCENTRATION RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DERIVATIVE

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

DIVIDEND PAYOUT RATIO

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

EFFICIENCY RATIO

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

GOODWILL

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

GOVERNMENT-SPONSORED ENTERPRISES

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

GSE OBLIGATIONS

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

INTEREST RATE SENSITIVITY

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

INTEREST RATE SPREAD

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

LOAN-TO-VALUE RATIO

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

MULTI-FAMILY LOAN

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

NET INTEREST INCOME

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

NET INTEREST MARGIN

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

NON-ACCRUAL LOAN

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

NON-PERFORMING LOANS AND ASSETS

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

OREO AND OTHER REPOSSESSED ASSETS

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

RENT-REGULATED APARTMENTS

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

REPURCHASE AGREEMENTS

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

SYSTEMICALLY IMPORTANT FINANCIAL INSTITUTION ("SIFI")

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

WHOLESALE BORROWINGS

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

YIELD

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

LIST OF ABBREVIATIONS AND ACRONYMS

ACL—Allowance for Credit Losses on Loans and Leases
ADC—Acquisition, development, and construction loan
ALCO—Asset and Liability Management Committee
AMT—Alternative minimum tax
AmTrust—AmTrust Bank
AOCL—Accumulated other comprehensive loss
ASC—Accounting Standards Codification
ASU—Accounting Standards Update
BOLI—Bank-owned life insurance
BP—Basis point(s)
CARES Act—Coronavirus Aid, Relief, and Economic Security Act
C&I—Commercial and industrial loan
CCAR—Comprehensive Capital Analysis and Review
CDs—Certificates of deposit
CECL—Current Expected Credit Loss
CFPB—Consumer Financial Protection Bureau
CMOs—Collateralized mortgage obligations
CMT—Constant maturity treasury rate
CPI—Consumer Price Index
CPR—Constant prepayment rate
CRA—Community Reinvestment Act
CRE—Commercial real estate loan
Desert Hills—Desert Hills Bank
DIF—Deposit Insurance Fund
DFA—Dodd-Frank Wall Street Reform and Consumer Protection Act
DSCR—Debt service coverage ratio
EAR—Earnings at Risk
EPS—Earnings per common share
ERM—Enterprise Risk Management
EVE—Economic Value of Equity at Risk
Fannie Mae—Federal National Mortgage Association
FASB—Financial Accounting Standards Board
FDI Act—Federal Deposit Insurance Act
FDIC—Federal Deposit Insurance Corporation
FHLB—Federal Home Loan Bank
FHLB-NY—Federal Home Loan Bank of New York
FOMC—Federal Open Market Committee
FRB—Federal Reserve Board
FRB-NY—Federal Reserve Bank of New York
Freddie Mac—Federal Home Loan Mortgage Corporation
FTEs—Full-time equivalent employees
GAAP—U.S. generally accepted accounting principles
GLBA—The Gramm Leach Bliley Act
GNMA—Government National Mortgage Association
GSEs—Government-sponsored enterprises
HQLAs—High-quality liquid assets
LIBOR—London Interbank Offered Rate
LSA—Loss Share Agreements
LTV—Loan-to-value ratio
MBS—Mortgage-backed securities
NIM—Net interest margin
NOL—Net operating loss
NPAs—Non-performing assets
NPLs—Non-performing loans
NPV—Net Portfolio Value
NYSDFS—New York State Department of Financial Services
NYSE—New York Stock Exchange
OCC—Office of the Comptroller of the Currency
OFAC—Office of Foreign Assets Control
OREO—Other real estate owned
PPP—Paycheck Protection Program loans administered by the Small Business Administration
SEC—U.S. Securities and Exchange Commission
SIFI—Systemically Important Financial Institution
TDRs—Troubled debt restructurings

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NEW YORK COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF CONDITION
(in thousands, except share data)

	March 31, 2021 (unaudited)	December 31, 2020
Assets:		
Cash and cash equivalents	$ 2,722,915	$ 1,947,931
Securities:		
Debt securities available-for-sale ($1,242,310 and $1,278,177 pledged at March 31, 2021 and December 31, 2020, respectively) (Allowance for credit losses of $0 at March 31, 2021 and December 31, 2020)	6,177,905	5,813,333
Equity investments with readily determinable fair values, at fair value	15,801	31,576
Total securities	6,193,706	5,844,909
Loans held for sale	141,435	117,136
Loans and leases held for investment, net of deferred loan fees and costs	43,125,139	42,883,598
Less: Allowance for credit losses on loans and leases	(197,758)	(194,043)
Total loans and leases held for investment, net	42,927,381	42,689,555
Total loans and leases held for investment and held for sale, net	43,068,816	42,806,691
Federal Home Loan Bank stock, at cost	698,984	714,005
Premises and equipment, net	282,407	287,447
Operating lease right-of-use assets	262,196	266,864
Goodwill	2,426,379	2,426,379
Bank-owned life insurance	1,165,765	1,164,196
Other real estate owned and other repossessed assets	8,153	8,318
Other assets	827,571	839,380
Total assets	$ 57,656,892	$ 56,306,120
Liabilities and Stockholders' Equity:		
Deposits:		
Interest-bearing checking and money market accounts	$ 12,665,002	$ 12,610,073
Savings accounts	7,043,602	6,415,608
Certificates of deposit	9,614,298	10,330,680
Non-interest-bearing accounts	4,874,234	3,080,452
Total deposits	34,197,136	32,436,813
Borrowed funds:		
Wholesale borrowings:		
Federal Home Loan Bank advances	14,302,661	14,627,661
Repurchase agreements	800,000	800,000
Total wholesale borrowings	15,102,661	15,427,661
Junior subordinated debentures	360,362	360,259
Subordinated notes	295,764	295,624
Total borrowed funds	15,758,787	16,083,544
Operating lease liabilities	262,169	266,846
Other liabilities	642,360	677,273
Total liabilities	50,860,452	49,464,476
Stockholders' equity:		
Preferred stock at par $0.01 (5,000,000 shares authorized): Series A (515,000 shares issued and outstanding)	502,840	502,840
Common stock at par $0.01 (900,000,000 shares authorized; 490,439,070 and 490,439,070 shares issued; and 465,074,384 and 463,901,808 shares outstanding, respectively)	4,904	4,904
Paid-in capital in excess of par	6,103,251	6,122,690
Retained earnings	552,566	494,229
Treasury stock, at cost (25,364,686 and 26,537,262 shares, respectively)	(245,005)	(257,541)
Accumulated other comprehensive loss, net of tax:		
Net unrealized (loss) gain on securities available for sale, net of tax of $16,051 and ($25,072), respectively	(41,809)	66,880
Net unrealized loss on pension and post-retirement obligations, net of tax of $20,198 and $21,898, respectively	(54,855)	(59,345)
Net unrealized loss on cash flow hedges, net of tax of $9,658 and $12,519, respectively	(25,452)	(33,013)
Total accumulated other comprehensive loss, net of tax	(122,116)	(25,478)
Total stockholders' equity	6,796,440	6,841,644
Total liabilities and stockholders' equity	$ 57,656,892	$ 56,306,120

See accompanying notes to the consolidated financial statements.

NEW YORK COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(in thousands, except per share data)
(unaudited)

	For the Three Months Ended March 31, 2021	2020
Interest Income:		
Loans and leases	$ 383,430	$ 391,911
Securities and money market investments	39,678	49,131
Total interest income	423,108	441,042
Interest Expense:		
Interest-bearing checking and money market accounts	8,652	28,564
Savings accounts	6,255	8,934
Certificates of deposit	18,471	79,555
Borrowed funds	72,071	79,522
Total interest expense	105,449	196,575
Net interest income	317,659	244,467
Provision for credit losses	3,569	20,601
Net interest income after provision for credit losses	314,090	223,866
Non-Interest Income:		
Fee income	5,539	7,018
Bank-owned life insurance	6,890	7,389
Net (loss) gain on securities	(483)	534
Other	2,461	1,958
Total non-interest income	14,407	16,899
Non-Interest Expense:		
Operating expenses:		
Compensation and benefits	78,026	79,451
Occupancy and equipment	21,481	17,875
General and administrative	32,894	28,196
Total non-interest expense	132,401	125,522
Income before income taxes	196,096	115,243
Income tax expense	50,500	14,915
Net income	145,596	100,328
Preferred stock dividends	8,207	8,207
Net income available to common shareholders	$ 137,389	$ 92,121
Basic earnings per common share	$ 0.29	$ 0.20
Diluted earnings per common share	$ 0.29	$ 0.20
Net income	$ 145,596	$ 100,328
Other comprehensive loss, net of tax:		
Change in net unrealized loss on securities available for sale, net of tax of $41,123 and $4,611, respectively	(108,689)	(12,157)
Change in pension and post-retirement obligations, net of tax of ($1,238) and ($19), respectively	3,271	45
Change in net unrealized gain (loss) on cash flow hedges, net of tax of $(1,245) and $13,397, respectively	3,287	(35,888)
Less: Reclassification adjustment for sales of available-for-sale securities, net of tax of $0; $206, respectively	—	(543)
Reclassification adjustment for defined benefit pension plan, net of tax of ($462), ($487), respectively	1,219	1,288
Reclassification adjustment for net gain (loss) on cash flow hedges included in net income, net of tax of ($1,617) and $178, respectively	4,274	(467)
Total other comprehensive loss, net of tax	(96,638)	(47,722)
Total comprehensive income, net of tax	$ 48,958	$ 52,606

See accompanying notes to the consolidated financial statements.

NEW YORK COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

Three Months Ended March 31, 2021	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
Balance at December 31, 2020	463,901,808	$ 502,840	$ 4,904	$ 6,122,690	$ 494,229	$ (257,541)	$ (25,478)	$ 6,841,644
Shares issued for restricted stock, net of forfeitures	2,515,942	—	—	(28,051)	—	28,051	—	—
Compensation expense related to restricted stock awards	—	—	—	8,612	—	—	—	8,612
Net income	—	—	—	—	145,596	—	—	145,596
Dividends paid on common stock ($0.17)	—	—	—	—	(79,052)	—	—	(79,052)
Dividends paid on preferred stock ($15.94)	—	—	—	—	(8,207)	—	—	(8,207)
Purchase of common stock	(1,343,366)	—	—	—	—	(15,515)	—	(15,515)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(96,638)	(96,638)
Balance at March 31, 2021	465,074,384	$ 502,840	$ 4,904	$ 6,103,251	$ 552,566	$ (245,005)	$ (122,116)	$ 6,796,440
Three Months Ended March 31, 2020								
Balance at December 31, 2019	467,346,781	$ 502,840	$ 4,904	$ 6,115,487	$ 342,023	$ (220,717)	$ (32,843)	$ 6,711,694
Opening retained earnings adjustment [(1)]	—	—	—	—	(10,468)		—	(10,468)
Adjusted balance, beginning of period					331,555			6,701,226
Shares issued for restricted stock, net of forfeitures	2,321,105	—	—	(22,198)	—	22,198	—	—
Compensation expense related to restricted stock awards	—	—	—	8,251	—	—	—	8,251
Net income	—	—	—	—	100,328	—	—	100,328
Dividends paid on common stock ($0.17)	—	—	—	—	(79,332)	—	—	(79,332)
Dividends paid on preferred stock ($15.94)	—	—	—	—	(8,207)		—	(8,207)
Purchase of common stock	(3,307,183)	—	—	—	—	(37,159)	—	(37,159)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(47,722	(47,722
Balance at March 31, 2020	466,360,703	$ 502,840	$ 4,904	$ 6,101,540	$ 344,344	$ (235,678)	$ (80,565)	$ 6,637,385

(1) Amount represents a $10.5 million cumulative adjustment, net of tax, to retained earnings as of January 1, 2020, as a result of the adoption of ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which became effective January 1, 2020.

See accompanying notes to the consolidated financial statements.

NEW YORK COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	For the Three Months Ended March 31,	
	2021	**2020**
Cash Flows from Operating Activities:		
Net income	$ 145,596	$ 100,328
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	3,569	20,601
Depreciation	5,357	6,407
Amortization of discounts and premiums, net	1,344	6,384
Net loss (gain) on securities	483	(534)
Gain on trading activity	(94)	—
Net (gain) loss on sales of loans	(744)	4
Stock-based compensation	8,612	8,251
Deferred tax expense	31,279	44,465
Changes in operating assets and liabilities:		
Decrease (increase) in other assets[(1)]	7,891	(34,397)
Decrease in other liabilities[(2)]	(28,007)	(20,813)
Purchases of securities held for trading	(60,000)	—
Proceeds from sales of securities held for trading	60,094	—
Held for sale originations	(51,766)	—
Net cash provided by operating activities	123,614	130,696
Cash Flows from Investing Activities:		
Proceeds from repayment of securities available for sale	495,342	428,098
Proceeds from sales of securities available for sale	—	369,972
Purchase of securities available for sale	(985,594)	(483,789)
Redemption of Federal Home Loan Bank stock	15,601	72,567
Purchases of Federal Home Loan Bank stock	(580)	(88,875)
Proceeds from bank-owned life insurance, net	7,182	1,772
Proceeds from sales of loans	32,929	3,124
Purchases of loans	(20,723)	(26,300)
Other changes in loans, net	(225,019)	(380,427)
Purchases of premises and equipment, net	(317)	(438)
Net cash used in investing activities	(681,179)	(104,296)
Cash Flows from Financing Activities:		
Net increase in deposits	1,760,323	315,634
Net increase in short-term borrowed funds	—	1,350,000
Proceeds from long-term borrowed funds	325,000	2,150,000
Repayments of long-term borrowed funds	(650,000)	(3,125,000)
Cash dividends paid on common stock	(79,052)	(79,332)
Cash dividends paid on preferred stock	(8,207)	(8,207)
Treasury stock repurchased	—	(28,924)
Payments relating to treasury shares received for restricted stock award tax payments	(15,515)	(8,235)
Net cash provided by financing activities	1,332,549	565,936
Net increase in cash, cash equivalents, and restricted cash	774,984	592,336
Cash, cash equivalents, and restricted cash at beginning of period	1,947,931	741,870
Cash, cash equivalents, and restricted cash at end of period	$ 2,722,915	$ 1,334,206
Supplemental information:		
Cash paid for interest	$ 113,189	$ 202,459
Cash paid for income taxes	14,005	10,000
Non-cash investing and financing activities:		
Transfers to repossessed assets from loans	$ —	$ 120
Securitization of residential mortgage loans to mortgage-backed securities available for sale	20,723	26,300
Transfer of loans from held for investment to held for sale	47,745	3,124
Shares issued for restricted stock awards	28,051	22,198

(1) Includes $4.7 million and $4.1 million of amortization of operating lease right-of-use assets for the three months ended March 31, 2021 and 2020, respectively.

(2) Includes $4.7 million and $4.1 million of amortization of operating lease liability for the three months ended March 31, 2021 and 2020, respectively.

See accompanying notes to the consolidated financial statements.

NEW YORK COMMUNITY BANCORP, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization, Basis of Presentation, and Impact of Recent Accounting Pronouncements

Organization

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

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

The Bank currently operates 237 branches, 19 of which operate directly under the Community Bank name. The remaining 218 Community Bank branches operate through eight divisional banks: 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; AmTrust Bank in Florida and Arizona; and Ohio Savings Bank in Ohio.

Basis of Presentation

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

The accompanying consolidated financial statements include the accounts of the Company and other entities in which the Company has a controlling financial interest. All inter-company accounts and transactions are eliminated in consolidation. The Company currently has certain unconsolidated subsidiaries in the form of wholly-owned statutory business trusts, which were formed to issue guaranteed capital securities. See Note 7, Borrowed Funds, for additional information regarding these trusts.

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

Impact of Recent Accounting Pronouncements

Recently Adopted Accounting Standards

The Company adopted ASU No. 2020-04 in the first quarter of 2021 upon issuance. The amendments provide optional expedients and exceptions for certain contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of rate reform. The guidance is effective from the date of issuance until December 31, 2022. If certain criteria are met, the amendments allow exceptions to the designation criteria of the hedging relationship and the assessment of hedge effectiveness during the transition period. To date, the guidance has not had a material impact on the Company's Consolidated Statements of Condition, results of operations, or cash flows. The Company will continue to assess the impact as the reference rate transition occurs.

The Company adopted ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments and its amendments, ("ASU No. 2016-13") as of January 1, 2020. ASU No. 2016-13 amended guidance on reporting credit losses for assets held on an amortized cost basis and available-for-sale debt securities. For assets held at amortized cost, ASU No. 2016-13 eliminated the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The amendments in ASU No. 2016-13 replaced the incurred loss impairment methodology with a methodology that reflects the measurement of expected credit losses based on relevant information about past events, including historical loss experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of financial assets to present the net amount expected to be collected. For available-for-sale debt securities, credit losses will be presented as an allowance rather than as a write-down. The amendments affected loans, debt securities, trade receivables, off-balance sheet

credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

The Company adopted ASU No. 2016-13 on a modified retrospective basis with a cumulative-effect adjustment to retained earnings as of the adoption date and, accordingly, the Company recorded a net of tax decrease of $10.5 million to retained earnings as of January 1, 2020. A prospective transition approach was required for debt securities for which an OTTI had been recognized before the effective date. The effect of the prospective transition approach was to maintain the same amortized cost basis before and after the effective date of ASU No. 2016-13. Amounts previously recognized in accumulated other comprehensive income (loss) as of the date of adoption that relate to improvements in cash flows expected to be collected continue to be accreted into income over the remaining life of the asset. Recoveries of amounts previously written off relating to improvements in cash flows after the date of adoption are recorded in earnings when received.

The Company adopted, on a prospective basis, ASU No. 2017-04, Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment as of January 1, 2020. ASU No. 2017-04 eliminates the second step of the goodwill impairment test which requires an entity to determine the implied fair value of the reporting unit's goodwill. Instead, an entity recognizes an impairment loss if the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, with the impairment loss not to exceed the amount of goodwill recorded. ASU No. 2017-04 does not amend the optional qualitative assessment of goodwill impairment.

The adoption of ASU No. 2017-04 did not have a material effect on the Company's Consolidated Statements of Condition, results of operations, or cash flows. During the three months ended March 31, 2021, the Company assessed the current environment, including the estimated impact of the COVID-19 pandemic on macroeconomic variables and economic forecasts and how those might impact the fair value of its reporting unit. After consideration of the items above and the first three months 2021 results, the Company determined it was not more-likely-than-not that the fair value of its reporting unit was below its book value as of March 31, 2021.

Note 2. Computation of Earnings per Common Share

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 EPS for the periods indicated:

(in thousands, except share and per share amounts)	For the Three Months Ended March 31, 2021	2020
Net income available to common shareholders	$ 137,389	$ 92,121
Less: Dividends paid on and earnings allocated to participating securities	(1,795)	(1,170)
Earnings applicable to common stock	$ 135,594	$ 90,951
Weighted average common shares outstanding	463,292,906	464,993,970
Basic earnings per common share	$ 0.29	$ 0.20
Earnings applicable to common stock	$ 135,594	$ 90,951
Weighted average common shares outstanding	463,292,906	464,993,970
Potential dilutive common shares	594,031	418,674
Total shares for diluted earnings per common share computation	463,886,937	465,412,644
Diluted earnings per common share and common share equivalents	$ 0.29	$ 0.20

Note 3: Reclassifications out of Accumulated Other Comprehensive Loss

(in thousands)	For the Three Months Ended March 31, 2021	
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 (losses) on available-for-sale securities:	$ —	Net gain (losses) on securities
	—	Income tax expense
	$ —	Net gain (losses) on securities, net of tax
Unrealized loss on cash flow hedges:	$ (5,891)	Interest expense
	1,617	Income tax benefit
	$ (4,274)	Net loss on cash flow hedges, net of tax
Amortization of defined benefit pension plan items:		
Past service liability	$ 62	Included in the computation of net periodic credit[2]
Actuarial losses	(1,743)	Included in the computation of net periodic cost [2]
	(1,681)	Total before tax
	462	Income tax benefit
	$ (1,219)	Amortization of defined benefit pension plan items, net of tax
Total reclassifications for the period	$ (5,493)	

(1) Amounts in parentheses indicate expense items.
(2) See Note 8, "Pension and Other Post-Retirement Benefits," for additional information.

Note 4. Securities

The following tables summarize the Company's portfolio of debt securities available for sale and equity investments with readily determinable fair values at March 31, 2021 and December 31, 2020:

	March 31, 2021			
(in thousands)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Debt securities available-for-sale				
Mortgage-Related Debt Securities:				
GSE certificates	$ 1,183,746	$ 40,473	$ 14,901	$ 1,209,318
GSE CMOs	2,007,855	28,837	50,422	1,986,270
Total mortgage-related debt securities	$ 3,191,601	$ 69,310	$ 65,323	$ 3,195,588
Other Debt Securities:				
U. S. Treasury obligations	$ 64,993	$ 5	$ —	$ 64,998
GSE debentures	1,433,280	2,693	67,632	1,368,341
Asset-backed securities [1]	520,111	4,030	3,368	520,773
Municipal bonds	25,715	482	186	26,011
Corporate bonds	870,886	16,594	5,410	882,070
Foreign notes	25,000	993	—	25,993
Capital trust notes	95,621	6,823	8,313	94,131
Total other debt securities	$ 3,035,606	$ 31,620	$ 84,909	$ 2,982,317
Total debt securities available for sale	$ 6,227,207	$ 100,930	$ 150,232	$ 6,177,905
Equity Securities:				
Mutual funds	15,814	116	129	15,801
Total equity securities	$ 15,814	$ 116	$ 129	$ 15,801
Total securities [2]	$ 6,243,021	$ 101,046	$ 150,361	$ 6,193,706

(1) The underlying assets of the asset-backed securities are substantially guaranteed by the U.S. Government.
(2) Excludes accrued interest receivable of $14.8 million included in other assets in the Consolidated Statements of Condition.

(in thousands)	December 31, 2020 Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Debt securities available-for-sale				
Mortgage-Related Debt Securities:				
GSE certificates	$ 1,155,436	$ 54,310	$ 136	$ 1,209,610
GSE CMOs	1,786,896	44,691	2,872	1,828,715
Total mortgage-related debt securities	$ 2,942,332	$ 99,001	$ 3,008	$ 3,038,325
Other Debt Securities:				
U.S. Treasury obligations	$ 64,984	$ 1	$ —	$ 64,985
GSE debentures	1,158,253	3,998	3,949	1,158,302
Asset-backed securities [(1)]	530,226	2,576	5,703	527,099
Municipal bonds	25,776	625	90	26,311
Corporate bonds	870,745	17,928	6,447	882,226
Foreign notes	25,000	538	—	25,538
Capital trust notes	95,507	5,540	10,500	90,547
Total other debt securities	$ 2,770,491	$ 31,206	$ 26,689	$ 2,775,008
Total other securities available for sale	$ 5,712,823	$ 130,207	$ 29,697	$ 5,813,333
Equity Securities:				
Preferred stock	$ 15,292	$ 201	$ —	$ 15,493
Mutual funds	15,814	269	—	16,083
Total equity securities	$ 31,106	$ 470	$ —	$ 31,576
Total securities[(2)]	$ 5,743,929	$ 130,677	$ 29,697	$ 5,844,909

(1) The underlying assets of the asset-backed securities are substantially guaranteed by the U.S. Government.
(2) Excludes accrued interest receivable of $14.9 million included in other assets in the Consolidated Statements of Condition.

At March 31, 2021 and December 31, 2020, respectively, the Company had $699.0 million and $714.0 million of FHLB-NY stock, at cost. The Company maintains an investment in FHLB-NY stock partly in conjunction with its membership in the FHLB and partly related to its access to the FHLB funding it utilizes.

The following table summarizes the gross proceeds, gross realized gains, and gross realized losses from the sale of available-for-sale securities during the three months ended March 31, 2021 and 2020:

(in thousands)	For the Three Months Ended March 31, 2021	2020
Gross proceeds	—	$
Gross realized gains	—	1,811
Gross realized losses	—	1,062

Net losses on equity securities recognized in earnings for the three months ended March 31, 2021 and 2020 were $483,000 and $215,000, respectively.

The following table summarizes, by contractual maturity, the amortized cost of securities at March 31, 2021:

(dollars in thousands)	Mortgage-Related Securities	Average Yield	U.S. Government and GSE Obligations	Average Yield	State, County, and Municipal	Average Yield [(1)]	Other Debt Securities [(2)]	Average Yield	Fair Value
Available-for-Sale Debt Securities:									
Due within one year	$ 23,017	3.76 %	$ 75,943	0.54 %	$ —	— %	$ 49,817	3.01 %	$ 149,348
Due from one to five years	361,118	3.18	21,924	3.52	—	—	223,181	1.87	637,035
Due from five to ten years	175,554	2.48	238,052	2.16	19,840	3.51	706,390	2.03	1,146,853
Due after ten years	2,631,912	1.98	1,162,354	1.53	5,875	3.33	532,230	1.25	4,244,669
Total debt securities available for sale	$ 3,191,601	2.16 %	$ 1,498,273	1.61 %	$ 25,715	3.47 %	$ 1,511,618	1.76 %	$ 6,177,905

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

The following table presents securities with no related allowance having a continuous unrealized loss position for less than twelve months and for twelve months or longer as of March 31, 2021:

	Less than Twelve Months		Twelve Months or Longer		Total	
(in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Temporarily Impaired Securities:						
GSE certificates	$ 323,281	$ 14,901	$ —	$ —	$ 323,281	$ 14,901
GSE CMOs	918,257	50,422	—	—	918,257	50,422
GSE debentures	1,244,721	67,633	—	—	1,244,721	67,633
Asset-backed securities	112,149	405	179,063	2,962	291,212	3,367
Municipal bonds	—	—	8,744	186	8,744	186
Corporate bonds	—	—	319,590	5,410	319,590	5,410
Capital trust notes	—	—	35,601	8,313	35,601	8,313
Equity securities	11,676	129	—	—	11,676	129
Total temporarily impaired securities	$ 2,610,084	$ 133,490	$ 542,998	$ 16,871	$ 3,153,082	$ 150,361

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, 2020:

	Less than Twelve Months		Twelve Months or Longer		Total	
(in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Temporarily Impaired Securities:						
U. S. Treasury obligations	$ —	$ —	$ —	$ —	$ —	$ —
U. S. Government agency and GSE obligations	58,876	136	—	—	58,876	136
GSE certificates	442,207	2,807	73,568	65	515,775	2,872
GSE CMOs	522,441	3,949	—	—	522,441	3,949
Asset-backed securities	—	—	363,618	5,703	363,618	5,703
Municipal bonds	—	—	8,891	90	8,891	90
Corporate bonds	72,024	2,976	246,528	3,471	318,552	6,447
Foreign notes	—	—	—	—	—	—
Capital trust notes	—	—	33,393	10,500	33,393	10,500
Equity securities	—	—	—	—	—	—
Total temporarily impaired securities	$ 1,095,548	$ 9,868	$ 725,998	$ 19,829	$ 1,821,546	$ 29,697

The investment securities designated as having a continuous loss position for twelve months or more at March 31, 2021 consisted of five capital trusts notes, five asset-backed securities, five corporate bonds, and one municipal bond. The investment securities designated as having a continuous loss position for twelve months or more at December 31, 2020 consisted of four agency collateralized mortgage obligations, five capital trusts notes, seven asset-backed securities, three corporate bonds, 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. Based on an evaluation of available information about past events, current conditions, and reasonable and supportable forecasts that are relevant to collectability, the Company has concluded that it expects to receive all contractual cash flows from each security held in its available-for-sale securities portfolio.

We first 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 is 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.

None of the unrealized losses identified as of March 31, 2021 or December 31, 2020 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 was recorded with respect to debt securities as of or during the three months ended March 31, 2021.

Management has made the accounting policy election to exclude accrued interest receivable on available-for-sale securities from the estimate of credit losses. Available-for-sale debt securities are placed on non-accrual status when we no longer expect to receive all contractual amounts due, which is generally at 90 days past due. Accrued interest receivable is reversed against interest income when a security is placed on non-accrual status.

Note 5. Loans and Leases

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

(dollars in thousands)	March 31, 2021 Amount	March 31, 2021 Percent of Loans Held for Investment	December 31, 2020 Amount	December 31, 2020 Percent of Loans Held for Investment
Loans and Leases Held for Investment:				
Mortgage Loans:				
Multi-family	$ 32,195,256	74.77 %	$ 32,236,385	75.28 %
Commercial real estate	7,027,236	16.32	6,835,763	15.96
One-to-four family	208,108	0.48	235,989	0.55
Acquisition, development, and construction	115,947	0.27	89,790	0.21
Total mortgage loans held for investment(1)	39,546,547	91.84	$ 39,397,927	92.00
Other Loans:				
Commercial and industrial	1,610,550	3.74	1,682,519	3.93
Lease financing, net of unearned income of $110,582 and $116,366, respectively	1,898,980	4.41	1,734,824	4.05
Total commercial and industrial loans (2)	3,509,530	8.15	3,417,343	7.98
Other	5,593	0.01	6,520	0.02
Total other loans held for investment(1)	3,515,123	8.16	3,423,863	8.00
Total loans and leases held for investment	$ 43,061,670	100.00 %	$ 42,821,790	100.00 %
Net deferred loan origination costs	63,469		61,808	
Allowance for credit losses loans and leases	(197,758)		(194,043)	
Total loans and leases held for investment, net	$ 42,927,381		$ 42,689,555	
Loans held for sale (3)	141,435		117,136	
Total loans and leases, net	$ 43,068,816		$ 42,806,691	

(1) *Excludes accrued interest receivable of $219.0 million and $219.1 million at March 31, 2021 and December 31, 2020, respectively, which is included in other assets in the Consolidated Statements of Condition.*

(2) *Includes specialty finance loans and leases of $3.2 billion and $3.0 billion, respectively, at March 31, 2021 and December 31, 2020, and other C&I loans of $350.8 million and $393.3 million, respectively, at March 31, 2021 and December 31, 2020.*

(3) *Includes deferred loan origination fees of $3.8 million and $1.7 million at March 31, 2021 and December 31, 2020, respectively.*

Loans Held for Investment

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

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

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

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

To further manage its credit risk, the Company's lending policies limit the amount of credit granted to any one borrower and typically require conservative debt service coverage ratios and loan-to-value ratios. Nonetheless, the ability of the Company's borrowers to repay these loans may be impacted by adverse conditions in the local real estate market and the local economy. Accordingly, there can be no assurance that its underwriting policies will protect the Company from credit-related losses or delinquencies.

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

To minimize the risk involved in specialty finance lending and leasing, the Company participates in syndicated loans that are brought to it, and equipment loans and leases that are assigned to it, by a select group of nationally recognized sources who have long-term relationships with its experienced lending officers. 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. To further minimize the risk involved in specialty finance lending and leasing, each transaction is re-underwritten. In addition, outside counsel is retained to conduct a further review of the underlying documentation.

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

Included in loans held for investment at March 31, 2021 and December 31, 2020, were loans of $7.0 million and $37.5 million, respectively, to certain officers, directors, and their related interests and parties. There were no loans to principal shareholders at that date.

Asset Quality

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 March 31, 2021 and December 31, 2020, all of our non-performing loans were non-accrual loans.

The following table presents information regarding the quality of the Company's loans held for investment at March 31, 2021:

(in thousands)	Loans 30-89 Days Past Due	Non-Accrual Loans	Loans 90 Days or More Delinquent and Still Accruing Interest	Total Past Due Loans	Current Loans	Total Loans Receivable
Multi-family	$ 961	$ 9,888	$ —	$ 10,849	$ 32,184,407	$ 32,195,256
Commercial real estate	19,371	11,573	—	30,944	6,996,292	7,027,236
One-to-four family	—	1,466	—	1,466	206,642	208,108
Acquisition, development, and construction	—	—	—	—	115,947	115,947
Commercial and industrial(1) (2)	—	10,247	—	10,247	3,499,283	3,509,530
Other	13	4	—	17	5,576	5,593
Total loans and leases held for investment	$ 20,345	$ 33,178	$ —	$ 53,523	$ 43,008,147	$ 43,061,670

(1) *Includes $10.1 million of taxi medallion-related loans that were 90 days or more past due. There were no taxi medallion-related loans that were 30 to 89 days past due.*
(2) *Includes lease financing receivables, all of which were current.*

The following table presents information regarding the quality of the Company's loans held for investment at December 31, 2020:

(in thousands)	Loans 30-89 Days Past Due	Non-Accrual Loans	Loans 90 Days or More Delinquent and Still Accruing Interest	Total Past Due Loans	Current Loans	Total Loans Receivable
Multi-family	$ 4,091	$ 4,068	$ —	$ 8,159	$ 32,228,226	$ 32,236,385
Commercial real estate	9,989	12,142	—	22,131	6,813,632	6,835,763
One-to-four family	1,575	1,696	—	3,271	232,718	235,989
Acquisition, development, and construction	—	—	—	—	89,790	89,790
Commercial and industrial(1) (2)	—	19,866	—	19,866	3,397,477	3,417,343
Other	3	13	—	16	6,504	6,520
Total	$ 15,658	$ 37,785	$ —	$ 53,443	$ 42,768,347	$ 42,821,790

(1) *Includes $18.6 million of taxi medallion-related loans that were 90 days or more past due. There were no taxi medallion-related loans that were 30 to 89 days past due.*
(2) *Includes lease financing receivables, all of which were current.*

The following table summarizes the Company's portfolio of loans held for investment by credit quality indicator at March 31, 2021:

	Mortgage Loans					Other Loans		
(in thousands)	Multi-Family	Commercial Real Estate	One-to-Four Family	Acquisition, Development, and Construction	Total Mortgage Loans	Commercial and Industrial(1)	Other	Total Other Loans
Credit Quality Indicator:								
Pass	$ 30,647,027	$ 5,867,168	$ 194,220	$ 101,958	$ 36,810,373	$ 3,450,432	$ 5,589	$ 3,456,021
Special mention	875,091	785,007	5,354	13,989	1,679,441	2,071	—	2,071
Substandard	673,138	375,061	8,534	—	1,056,733	57,027	4	57,031
Doubtful	—	—	—	—	—	—	—	—
Total	$ 32,195,256	$ 7,027,236	$ 208,108	$ 115,947	$ 39,546,547	$ 3,509,530	$ 5,593	$ 3,515,123

(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, 2020:

(in thousands)	**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	$ 31,220,071	$ 5,884,244	$ 221,861	$ 68,233	$ 37,394,409	$ 3,388,293	$ 6,507	$ 3,394,800
Special mention	566,756	637,101	12,436	21,557	1,237,850	2,842	—	2,842
Substandard	449,558	314,418	1,692	—	765,668	26,208	13	26,221
Doubtful	—	—	—	—	—	—	—	—
Total	$ 32,236,385	$ 6,835,763	$ 235,989	$ 89,790	$ 39,397,927	$ 3,417,343	$ 6,520	$ 3,423,863

(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 March 31, 2021.

(in thousands)	**Vintage Year**							
Risk Rating Group	**2021**	**2020**	**2019**	**2018**	**2017**	**Prior To 2017**	**Revolving Loans**	**Total**
Pass	$ 2,092,263	$ 9,587,201	$ 6,432,567	$ 5,472,277	$ 3,995,854	$ 9,238,124	$ 20,182	$ 36,838,468
Special Mention	—	13,067	215,301	345,152	136,466	969,925	—	1,679,911
Substandard	—	—	193,116	249,729	109,848	503,900	—	1,056,593
Total mortgage loans	$ 2,092,263	$ 9,600,268	$ 6,840,984	$ 6,067,158	$ 4,242,168	$ 10,711,949	$ 20,182	$ 39,574,972
Pass	249,885	1,004,860	679,606	149,190	195,499	235,594	976,916	3,491,550
Special Mention	—	—	71	—	—	—	2,000	2,071
Substandard	—	2,132	3,723	1,840	8,688	13,844	26,319	56,546
Total other loans	249,885	1,006,992	683,400	151,030	204,187	249,438	1,005,235	3,550,167
Total	$ 2,342,148	$ 10,607,260	$ 7,524,384	$ 6,218,188	$ 4,446,355	$ 10,961,387	$ 1,025,417	$ 43,125,139

When management determines that foreclosure is probable, 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 March 31, 2021:

(in thousands)	Collateral Type	
	Real Property	Other
Multi-family	$ 6,840	$ —
Commercial real estate	25,386	—
One-to-four family	329	—
Acquisition, development, and construction	—	—
Commercial and industrial	—	16,769
Other	—	—
Total collateral-dependent loans held for investment	$ 32,555	$ 16,769

Other collateral primarily 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 months ended March 31, 2021.

Troubled Debt Restructurings

The Company is required to account for certain loan modifications and restructurings as TDRs. In general, a modification or restructuring of a loan constitutes a TDR if the Company grants a concession to a borrower experiencing financial difficulty. A loan modified as a TDR generally is placed on non-accrual status until the Company determines that future collection of principal and interest is reasonably assured, which requires, among other things, that the borrower demonstrate performance according to the restructured terms for a period of at least six consecutive months. In determining the Company's allowance for loan and lease losses, reasonably expected TDRs are 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 March 31, 2021, loans on which concessions were made with respect to rate reductions and/or extension of maturity dates amounted to $32.1 million; loans on which forbearance agreements were reached amounted to $146 thousand.

The CARES Act was enacted on March 27, 2020. Under the CARES Act, the Company made the election to deem that loan modifications do not result in TDRs if they are (1) related to the novel coronavirus disease ("COVID-19"); (2) executed on a loan that was not more than 30 days past due as of December 31, 2019; and (3) executed between March 1, 2020, and the earlier of (A) 60 days after the date of termination of the National Emergency or (B) December 31, 2020. This includes short-term (e.g., up to six months) modifications such as payment deferrals, fee waivers, extensions of repayment terms, or delays in payment that are insignificant. Borrowers considered current are those that are less than 30 days past due on their contractual payments at the time a modification program is implemented. In December 2020, Congress amended the CARES Act through the Consolidated Appropriation Act of 2021, which provided additional COVID-19 relief to American families and businesses, including extending TDR relief under the CARES Act until the earlier of December 31, 2021 or 60 days following the termination of the national emergency.

The following table presents information regarding the Company's TDRs as of March 31, 2021 and December 31, 2020:

(in thousands)	March 31, 2021			December 31, 2020		
	Accruing	Non-Accrual	Total	Accruing	Non-Accrual	Total
Loan Category:						
Multi-family	$ —	$ 6,840	$ 6,840	$ —	$ —	$ —
Commercial real estate	14,894	—	14,894	14,967	—	14,967
One-to-four family	—	330	330	—	557	557
Commercial and industrial[1]	—	10,134	10,134	—	18,761	18,761
Total	$ 14,894	$ 17,304	$ 32,198	$ 14,967	$ 19,318	$ 34,285

(1) Includes $10.0 million and $17.5 million of taxi medallion-related loans at March 31, 2021 and December 31, 2020, respectively.

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

The financial effects of the Company's TDRs for the three months ended March 31, 2021 and 2020 are summarized as follows:

	For the Three Months Ended March 31, 2021						
				Weighted Average Interest Rate			
(dollars in thousands)	**Number of Loans**	**Pre-Modification Recorded Investment**	**Post-Modification Recorded Investment**	**Pre-Modification**	**Post-Modification**	**Charge-off Amount**	**Capitalized Interest**
Loan Category:							
Multi-family	1	$ 7,515	$ 7,515	3.13%	3.25%	$ -	$ -

	For the Three Months Ended March 31, 2020						
				Weighted Average Interest Rate			
(dollars in thousands)	**Number of Loans**	**Pre-Modification Recorded Investment**	**Post-Modification Recorded Investment**	**Pre-Modification**	**Post-Modification**	**Charge-off Amount**	**Capitalized Interest**
Loan Category:							
Commercial and industrial	8	$ 1,920	$ 1,572	3.29%	3.24%	$ 348	$ —

At March 31, 2021, 17 C&I loans in the aggregate amount of $2.1 million have been modified as TDRs during the twelve months ended at that date, and were in payment default. At March 31, 2020, five C&I and one 1-4 family residential loans totaling $600,000 and $140,000, respectively, that had been modified as TDRs during the twelve months ended at that date and were in payment default.

The Company does not consider a payment to be in default when the loan is in forbearance, or otherwise granted a delay of payment, when the agreement to forebear or allow a delay of payment is part of a modification.

Subsequent to the modification, the loan is not considered to be in default until payment is contractually past due in accordance with the modified terms. However, the Company may consider a loan with multiple modifications or forbearance periods to be in default, and would consider a loan to be in default if the borrower were in bankruptcy or if the loan were partially charged off subsequent to modification. Management takes into consideration all TDR modifications in determining the appropriate level of the allowance.

Note 6. 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 on loans and leases for the periods indicated:

	For the Three Months Ended March 31,					
	2021			2020		
(in thousands)	**Mortgage**	**Other**	**Total**	**Mortgage**	**Other**	**Total**
Balance, beginning of period	$ 176,538	$ 17,505	$ 194,043	$ 122,695	$ 24,943	$ 147,638
Impact of CECL adoption	—	-	—	(178)	2,089	1,911
Adjusted balance, beginning of period	176,538	17,505	194,043	122,517	27,032	149,549
Charge-offs	(658)	(3,666)	(4,324)	—	(10,385)	(10,385)
Recoveries	20	4,821	4,841	11	178	189
Provision for credit losses	527	2,671	3,198	18,786	4,105	22,891
Balance, end of period	$ 176,427	$ 21,331	$ 197,758	$ 141,314	$ 20,930	$ 162,244

At March 31, 2021, the allowance for credit losses on loans and leases totaled $197.8 million, up $3.7 million compared to December 31, 2020, driven by a provision for credit losses of $3.6 million.

Separately, at March 31, 2021, the Company had an allowance for unfunded commitments of $12.3 million.

For the three months ended March 31, 2021, the allowance for credit losses on loans and leases increased modestly primarily due to qualitative adjustments surrounding the COVID-19 pandemic's continued impact on our primary lending geography and existing portfolio, partially offset by improvement in the macroeconomic forecast. The forecast scenario includes low single digit growth of Gross Domestic Product ("GDP"), while unemployment remains elevated into the forecasted time horizon. In addition to these economic and quantitative inputs, several qualitative factors were considered, including the risk that the economic decline proves to be more severe and/or prolonged than our baseline forecast. The impact of the unprecedented fiscal stimulus and changes to federal and local laws and regulations, including changes to various government sponsored loan programs, was also considered.

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 March 31, 2021:

(in thousands)	**Recorded Investment**	**Related Allowance**	**Interest Income Recognized**
Nonaccrual loans with no related allowance:			
Multi-family	$ 6,840	$ —	$ 81
Commercial real estate	10,491	-	-
One-to-four family	330	-	3
Acquisition, development, and construction	-	-	-
Other	10,205	-	18
Total nonaccrual loans with no related allowance	$ 27,866	$ —	$ 102
Nonaccrual loans with an allowance recorded:			
Multi-family	$ 3,048	$ 435	$ —
Commercial real estate	1,082	84	2
One-to-four family	1,137	365	3
Acquisition, development, and construction	-	-	-
Other	45	20	1
Total nonaccrual loans with an allowance recorded	$ 5,312	$ 904	$ 6
Total nonaccrual loans:			
Multi-family	$ 9,888	$ 435	$ 81
Commercial real estate	11,573	84	2
One-to-four family	1,467	365	6
Acquisition, development, and construction	-	-	-
Other	10,250	20	19
Total nonaccrual loans	$ 33,178	$ 904	$ 108

The following table presents additional information about the Company's nonaccrual loans at December 31, 2020:

(in thousands)	Recorded Investment	Related Allowance	Interest Income Recognized
Nonaccrual loans with no related allowance:			
Multi-family	$ —	$ —	$ —
Commercial real estate	2,256	—	—
One-to-four family	557	—	21
Acquisition, development, and construction	—	—	—
Other	19,821	—	820
Total nonaccrual loans with no related allowance	$ 22,634	$ —	$ 841
Nonaccrual loans with an allowance recorded:			
Multi-family	$ 4,068	$ 589	$ 28
Commercial real estate	9,886	133	52
One-to-four family	1,139	370	14
Acquisition, development, and construction	—	—	—
Other	58	18	5
Total nonaccrual loans with an allowance recorded	$ 15,151	$ 1,110	$ 99
Total nonaccrual loans:			
Multi-family	$ 4,068	$ 589	$ 28
Commercial real estate	12,142	133	52
One-to-four family	1,696	370	35
Acquisition, development, and construction	—	—	—
Other	19,879	18	825
Total nonaccrual loans	$ 37,785	$ 1,110	$ 940

Note 7. Borrowed Funds

The following table summarizes the Company's borrowed funds at the dates indicated:

(in thousands)	March 31, 2021	December 31, 2020
Wholesale Borrowings:		
FHLB advances	$ 14,302,661	$ 14,627,661
Repurchase agreements	800,000	800,000
Total wholesale borrowings	$ 15,102,661	$ 15,427,661
Junior subordinated debentures	360,362	360,259
Subordinated notes	295,764	295,624
Total borrowed funds	$ 15,758,787	$ 16,083,544

The following table summarizes the Company's repurchase agreements accounted for as secured borrowings at March 31, 2021:

	Remaining Contractual Maturity of the Agreements			
(in thousands)	Overnight and Continuous	Up to 30 Days	30–90 Days	Greater than 90 Days
GSE obligations	$ —	$ —	$ —	$ 800,000

Subordinated Notes

At March 31, 2021 and December 31, 2020, the Company had $295.8 million and $295.6 million, respectively, of fixed-to-floating rate subordinated notes outstanding:

Date of Original Issue *(dollars in thousands)*	Stated Maturity	Interest Rate[1]	Original Issue Amount
Nov. 6, 2018	Nov. 6, 2028	5.90%	$ 300,000

(1) From and including the date of original issuance to, but excluding November 6, 2023, the Notes will bear interest at an initial rate of 5.90% per annum payable semi-annually. Unless redeemed, from and including November 6, 2023 to but excluding the maturity date, the interest rate will reset quarterly to an annual interest rate equal to the then-current three-month LIBOR rate plus 278 basis points payable quarterly.

Junior Subordinated Debentures

At March 31, 2021 and December 31, 2020, the Company had $360.4 million and $360.3 million, respectively, of outstanding junior subordinated deferrable interest debentures ("junior subordinated debentures") held by statutory business trusts (the "Trusts") that issued guaranteed capital securities.

The Trusts are accounted for as unconsolidated subsidiaries, in accordance with GAAP. The proceeds of each issuance were invested in a series of junior subordinated debentures of the Company and the underlying assets of each statutory business trust are the relevant debentures. The Company has fully and unconditionally guaranteed the obligations under each trust's capital securities to the extent set forth in a guarantee by the Company to each trust. The Trusts' capital securities are each subject to mandatory redemption, in whole or in part, upon repayment of the debentures at their stated maturity or earlier redemption.

The following junior subordinated debentures were outstanding at March 31, 2021:

Issuer	Interest Rate of Capital Securities and Debentures	Junior Subordinated Debentures Amount Outstanding	Capital Securities Amount Outstanding	Date of Original Issue	Stated Maturity	First Optional Redemption Date
		(dollars in thousands)				
New York Community Capital Trust V (BONUSES℠ Units)	6.00%	$ 146,436	$ 140,085	Nov. 4, 2002	Nov. 1, 2051	Nov. 4, 2007 (1)
New York Community Capital Trust X	1.78	123,712	120,000	Dec. 14, 2006	Dec. 15, 2036	Dec. 15, 2011 (2)
PennFed Capital Trust III	3.43	30,928	30,000	June 2, 2003	June 15, 2033	June 15, 2008 (2)
New York Community Capital Trust XI	1.85	59,286	57,500	April 16, 2007	June 30, 2037	June 30, 2012 (2)
Total junior subordinated debentures		$ 360,362	$ 347,585			

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

Note 8. Pension and Other Post-Retirement Benefits

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

	For the Three Months Ended March 31,			
	2021		2020	
(in thousands)	Pension Benefits	Post-Retirement Benefits	Pension Benefits	Post-Retirement Benefits
Components of net periodic (credit) expense: (1)				
Interest cost	$ 912	$ 56	$ 1,173	$ 82
Expected return on plan assets	(4,016)	-	(3,876)	—
Amortization of prior-service liability	-	(62)	—	(62)
Amortization of net actuarial loss	1,732	11	1,831	6
Net periodic (credit) expense	$ (1,372)	$ 5	$ (872)	$ 26

(1) Amounts are included in G&A expense on the Consolidated Statements of Income and Comprehensive Income.

The Company expects to contribute $915,000 to its post-retirement plan to pay premiums and claims for the fiscal year ending December 31, 2021. The Company does not expect to make any contributions to its pension plan in 2021.

Note 9. Stock-Based Compensation

At March 31, 2021, the Company had a total of 8,481,554 shares available for grants as restricted stock, options, or other forms of related rights. The Company granted 3,029,949 shares of restricted stock, with an average fair value of $11.15 per share on the date of grant, during the three months ended March 31, 2021. During the three months ended March 31, 2020, the Company granted 2,387,645 shares of restricted stock, with an average fair value of $11.64 per share.

The shares of restricted stock that were granted during the three months ended March 31, 2021 and 2020, vest over a one or five year period. Compensation and benefits expense related to the restricted stock grants is recognized on a straight-line basis over the vesting period and totaled $8.0 million and $7.8 million, respectively, for the three months ended March 31, 2021 and 2020.

The following table provides a summary of activity with regard to restricted stock awards in the three months ended March 31, 2021:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at beginning of year	6,228,048	$ 12.43
Granted	3,029,949	11.15
Vested	(1,918,654)	13.21
Canceled	(59,260)	11.65
Unvested at end of period	7,280,083	11.70

As of March 31, 2021, unrecognized compensation cost relating to unvested restricted stock totaled $77.6 million. This amount will be recognized over a remaining weighted average period of 3.6 years.

The following table provides a summary of activity with regard to Performance-Based Restricted Stock Units ("PSUs") in the three months ended March 31, 2021:

	Number of Shares	Performance Period	Expected Vesting Date
Outstanding at beginning of year	477,872		
Granted	307,479	January 1, 2021 - December 31, 2023	March 31, 2024
Outstanding at end of period	785,351		

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 $586,000 and $407,000 for the three months ended March 31, 2021 and March 31, 2020, respectively. As of March 31, 2021, unrecognized compensation cost relating to unvested restricted stock totaled $6.3 million. This amount will be recognized over a remaining weighted average period of 2.1 years. As of March 31, 2021, 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 $1.7 million and $1.6 million for the three months ended March 31, 2021 and 2020, respectively.

Note 10. Fair Value Measurements

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

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

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

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

The following tables present assets and liabilities that were measured at fair value on a recurring basis as of March 31, 2021 and December 31, 2020, and that were included in the Company's Consolidated Statements of Condition at those dates:

	Fair Value Measurements at March 31, 2021				
(in thousands)	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Netting Adjustments**	**Total Fair Value**
Assets:					
Mortgage-Related Debt Securities Available for Sale:					
GSE certificates	$ —	$ 1,209,318	$ —	$ —	$ 1,209,318
GSE CMOs	—	1,986,270	—	—	1,986,270
Total mortgage-related debt securities	$ —	$ 3,195,588	$ —	$ —	$ 3,195,588
Other Debt Securities Available for Sale:					
U. S. Treasury obligations	$ 64,998	$ —	$ —	$ —	$ 64,998
GSE debentures	—	1,368,341	—	—	1,368,341
Asset-backed securities	—	520,773	—	—	520,773
Municipal bonds	—	26,011	—	—	26,011
Corporate bonds	—	882,070	—	—	882,070
Foreign notes	—	25,993			25,993
Capital trust notes	—	94,131	—	—	94,131
Total other debt securities	$ 64,998	$ 2,917,319	$ —	$ —	$ 2,982,317
Total debt securities available for sale	$ 64,998	$ 6,112,907	$ —	$ —	$ 6,177,905
Equity securities:					
Mutual funds	—	15,801	—	—	15,801
Total equity securities	$ —	$ 15,801	$ —	$ —	$ 15,801
Total securities	$ 64,998	$ 6,128,708	$ —	$ —	$ 6,193,706

(in thousands)	Fair Value Measurements at December 31, 2020 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	$ —	$ 1,209,610	$ —	$ —	$ 1,209,610
GSE CMOs	—	1,828,715	—	—	1,828,715
Total mortgage-related debt securities	$ —	$ 3,038,325	$ —	$ —	$ 3,038,325
Other Debt Securities Available for Sale:					
U.S. Treasury obligations	$ 64,985	$ —	$ —	$ —	$ 64,985
GSE debentures	—	1,158,302	—	—	1,158,302
Asset-backed securities	—	527,099	—	—	527,099
Municipal bonds	—	26,311	—	—	26,311
Corporate bonds	—	882,226	—	—	882,226
Foreign notes	—	25,538			25,538
Capital trust notes	—	90,547	—	—	90,547
Total other debt securities	$ 64,985	$ 2,710,023	$ —	$ —	$ 2,775,008
Total debt securities available for sale	$ 64,985	$ 5,748,348	$ —	$ —	$ 5,813,333
Equity securities:					
Preferred stock	$ 15,493	$ —	$ —	$ —	$ 15,493
Mutual funds	—	16,083	—	—	16,083
Total equity securities	$ 15,493	$ 16,083	$ —	$ —	$ 31,576
Total securities	$ 80,478	$ 5,764,431	$ —	$ —	$ 5,844,909

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.

Assets Measured at Fair Value on a Non-Recurring Basis

Certain assets are measured at fair value on a non-recurring basis. Such instruments are subject to fair value adjustments under certain circumstances (e.g., when there is evidence of impairment). The following tables present assets and liabilities that were measured at fair value on a non-recurring basis as of March 31, 2021 and December 31, 2020, and that were included in the Company's Consolidated Statements of Condition at those dates:

	Fair Value Measurements at March 31, 2021 Using			
(in thousands)	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Certain nonaccrual loans [1]	$ —	$ —	$ 23,172	$ 23,172
Other assets[2]	—	—	10,583	10,583
Total	$ —	$ —	$ 33,755	$ 33,755

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

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

	Fair Value Measurements at December 31, 2020 Using			
(in thousands)	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Certain nonaccrual loans [1]	$ —	$ —	$ 41,066	$ 41,066
Other assets [2]	—	—	5,655	5,655
Total	$ —	$ —	$ 46,721	$ 46,721

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

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

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 March 31, 2021 and December 31, 2020:

	March 31, 2021				
			Fair Value Measurement Using		
(in thousands)	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and cash equivalents	$ 2,722,915	$ 2,722,915	$ 2,722,915	$ —	$ —
FHLB stock [1]	698,984	698,984	—	698,984	—
Loans, net	43,068,816	42,433,118	—	—	42,433,118
Financial Liabilities:					
Deposits	$ 34,197,136	$ 34,215,071	$ 24,582,838 [2]	$ 9,632,233 [3]	$ —
Borrowed funds	15,758,787	16,475,503	—	16,475,503	—

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

	December 31, 2020				
			Fair Value Measurement Using		
(in thousands)	Carrying Value	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and cash equivalents	$ 1,947,931	$ 1,947,931	$ 1,947,931	$ —	$ —
FHLB stock [1]	714,005	714,005	—	714,005	—
Loans, net	42,806,691	42,376,214	—	$ —	42,376,214
Financial Liabilities:					
Deposits	$ 32,436,813	$ 32,466,013	$ 22,106,133 [2]	$ 10,359,880 [3]	$ —
Borrowed funds	16,083,544	16,794,338	—	16,794,338	—

(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-NY is generally restricted and there is no established liquid market for their resale. The carrying amount approximates the fair value.

Loans

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

Deposits

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

Borrowed Funds

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

Off-Balance Sheet Financial Instruments

The fair values of commitments to extend credit and unadvanced lines of credit are estimated based on an analysis of the interest rates and fees currently charged to enter into similar transactions, considering the remaining terms of the commitments and the creditworthiness of the potential borrowers. The estimated fair values of such off-balance sheet financial instruments were insignificant at March 31, 2021 and December 31, 2020.

Note 11. 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 lease term, including evaluation of key factors, such as, the estimated remaining useful life of the leased asset, its historical secondary market value including history of the lessee executing the FMV option, overall credit evaluation and return provisions. The Company acquires the leased asset at fair market value and provides funding to the respective lessee at acquisition cost, less any volume or trade discounts, as applicable. Therefore, there is generally no selling profit or loss to recognize or defer at inception of a lease.

The residual value component of a lease financing receivable represents the estimated fair value of the leased equipment at the end of the lease term. In establishing residual value estimates, the Company may rely on industry data, historical experience, and independent appraisals and, where appropriate, information regarding product life cycle, product upgrades and competing products. Upon expiration of a lease, residual assets are remarketed, resulting in an extension of the lease by the lessee, a lease to a new customer or purchase of the residual asset by the lessee or another party. Impairment of residual values arises if the expected fair value is less than the carrying amount. The Company assesses its net investment in lease financing receivables (including residual values) for impairment on an annual basis with any impairment losses recognized in accordance with the impairment guidance for financial instruments. As such, net investment in lease financing receivables may be reduced by an allowance for credit losses with changes recognized as provision expense. On certain lease financings, the Company obtains residual value insurance from third parties to manage and reduce the risk associated with the residual value of the leased assets. At March 31, 2021 and December 31, 2020, the carrying value of residual assets with third-party residual value insurance for at least a portion of the asset value was $63.0 million and $70.6 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 thousands)	**For the Three Months ended March 31, 2021**	**For the Three Months ended March 31, 2020**
Interest income on lease financing [(1)]	$ 13,871	$ 11,949

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

At March 31, 2021 and December 31, 2020, the carrying value of net investment in leases was $2.0 billion and $1.9 billion. The components of net investment in direct financing leases, including the carrying amount of the lease receivables, as well as the unguaranteed residual asset were as follows:

(in thousands)	**March 31, 2021**	**December 31, 2020**
Net investment in the lease - lease payments receivable	$ 1,929,213	$ 1,771,097
Net investment in the lease - unguaranteed residual assets	80,349	80,093
Total lease payments	$ 2,009,562	$ 1,851,190

The following table presents the remaining maturity analysis of the undiscounted lease receivables as of March 31, 2021, as well as the reconciliation to the total amount of receivables recognized in the Consolidated Statements of Condition:

(in thousands)	March 31, 2021
2021	$ 24,349
2022	111,308
2023	342,220
2024	236,013
2025	427,495
Thereafter	868,177
Total lease payments	2,009,562
Plus: deferred origination costs	30,823
Less: unearned income	(110,582)
Total lease finance receivables, net	$ 1,929,803

Lessee Arrangements

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets and operating lease liabilities in the Consolidated Statements of Condition.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the incremental borrowing rate (FHLB borrowing rate) is used in determining the present value of lease payments. The implicit rate is used when readily determinable. The operating lease ROU asset is measured at cost, which includes the initial measurement of the lease liability, prepaid rent and initial direct costs incurred by the Company, less incentives received. The lease terms include options to extend the lease when it is reasonably certain that we will exercise that option. For the vast majority of the Company's leases, we are reasonably certain we will exercise our options to renew to the end of all renewal option periods. As such, substantially all of our future options to extend the leases have been included in the lease liability and ROU assets.

Variable costs such as the proportionate share of actual costs for utilities, common area maintenance, property taxes and insurance are not included in the lease liability and are recognized in the period in which they are incurred. Amortization of the ROU assets was $4.7 million and $4.1 million for the three months ended March 31, 2021 and March 31, 2020, respectively.

The Company has operating leases for corporate offices, branch locations, and certain equipment. The Company's leases have remaining lease terms of one year to approximately 25 years, the vast majority of which include one or more options to extend the leases for up to five years resulting in lease terms up to 40 years.

The components of lease expense were as follows:

(in thousands)	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Operating lease cost	$ 6,750	$ 6,759
Sublease income	(28)	(11)
Total lease cost	$ 6,722	$ 6,748

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

(in thousands)	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 6,750	$ 6,759

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

(in thousands, except lease term and discount rate)	March 31, 2021	December 31, 2020
Operating Leases:		
Operating lease right-of-use assets	262,196	$ 266,864
Operating lease liabilities	262,169	266,846
Weighted average remaining lease term	16 years	16 years
Weighted average discount rate	3.08%	3.12%

Maturities of lease liabilities:	March 31, 2021
(in thousands)	
2021	$ 20,099
2022	25,893
2023	25,435
2024	24,764
2025	24,073
Thereafter	222,215
Total lease payments	342,479
Less: imputed interest	(80,310)
Total present value of lease liabilities	$ 262,169

Note 12. Derivative and Hedging Activities

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

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") requires all standardized derivatives, including most interest rate swaps, to be submitted for clearing to central counterparties to reduce counterparty risk. Two of the central counterparties are the Chicago Mercantile Exchange ("CME") and the London Clearing House ("LCH"). As of March 31, 2021, all of the Company's $4.3 billion notional derivative contracts were cleared on the LCH. Daily variation margin payments on derivatives cleared through the LCH are accounted for as legal settlement. For derivatives cleared through LCH, the net gain (loss) position includes the variation margin amounts as settlement of the derivative and not collateral against the fair value of the derivative, which includes accrued interest; therefore, those interest rate and derivative contracts the Company clears through the LCH are reported at a fair value of approximately zero at March 31, 2021.

The Company's exposure is limited to the value of the derivative contracts in a gain position less any collateral held and plus any collateral posted. When there is a net negative exposure, we consider our exposure to the counterparty to be zero. At March 31, 2021, the Company had a net negative exposure.

Fair Value of Hedges of Interest Rate Risk

The Company is exposed to changes in the fair value of certain of its fixed-rate assets due to changes in benchmark 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 an interest rate swap with a notional amount of $2.0 billion to hedge certain real estate loans. For the three months ended March 31, 2021, the floating rate received related to the net settlement of this interest rate swap was less than the fixed rate payments. As such, interest income from Loans and leases in the accompanying Consolidated Statements of Income and Comprehensive Income was decreased by $12.0 million for the three months ended March 31, 2021. For the three months ended March 31, 2020, the floating rate received related to the net settlement of this interest rate swap was less than the fixed rate payments. As such, interest income from Loans and leases in the accompanying Consolidated Statements of Income and Comprehensive Income was decreased by $3.9 million.

As of March 31, 2021, the following amounts were recorded on the balance sheet related to cumulative basis adjustment for fair value hedges:

(in thousands)	March 31, 2021	
Line Item in the Consolidated Statements of Condition in which the Hedge Item is Included	**Carrying Amount of the Hedged Assets**	**Cumulative Amount of Fair Value Hedging Adjustments Included in the Carrying Amount of the Hedged Assets**
Total loans and leases, net [1]	$ 2,047,999	$ 47,999

(1) These amounts include the amortized cost basis of closed portfolios used to designate hedging relationships in which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. At March 31, 2021, the amortized cost basis of the closed portfolios used in these hedging relationships was $3.4 billion; the cumulative basis adjustments associated with these hedging relationships was $48.0 million; and the amount of the designated hedged items was $2.0 billion.

As of December 31, 2020, the following amounts were recorded on the balance sheet related to cumulative basis adjustment for fair value hedges:

(in thousands)	December 31, 2020	
Line Item in the Consolidated Statements of Condition in which the Hedge Item is Included	**Carrying Amount of the Hedged Assets**	**Cumulative Amount of Fair Value Hedging Adjustments Included in the Carrying Amount of the Hedged Assets**
Total loans and leases, net [1]	$ 2,073,214	$ 73,214

(1) These amounts include the amortized cost basis of closed portfolios used to designate hedging relationships in which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. At December 31, 2020 the amortized cost basis of the closed portfolios used in these hedging relationships was $3.6 billion; the cumulative basis adjustments associated with these hedging relationships was $73.2 million; and the amount of the designated hedged items was $2.0 billion.

The following table sets forth information regarding the Company's derivative financial instruments at March 31, 2021 and December 31, 2020:

	Notional Amount	Other Assets	Other Liabilities
Derivatives designated as fair value hedging instruments:			
Interest rate swap	$ 2,000,000	$ —	$ —
Total derivatives designated as fair value hedging instruments	$ 2,000,000	$ —	$ —

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

(in thousands)	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Derivative – interest rate swap:		
Interest income	$ 25,215	$ (28,130)
Hedged item – loans:		
Interest income	$ (25,215)	$ 28,130

Cash Flow Hedges of Interest Rate Risk

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

Interest rate swaps with notional amounts totaling $2.3 billion as of March 31, 2021 and December 31, 2020, were designated as cash flow hedges of certain FHLB borrowings.

The following table summarizes information about the interest rate swaps designated as cash flow hedges at March 31, 2021 and December 31, 2020:

(dollars in thousands)	March 31, 2021	December 31, 2020
Notional amounts	$ 2,250,000	$ 2,250,000
Cash collateral posted	35,109	45,532
Weighted average pay rates	1.27%	1.27%
Weighted average receive rates	0.20%	0.23%
Weighted average maturity	1.7 years	1.9 years

The following table presents the effect of the Company's cash flow derivative instruments on AOCL for the three months ended March 31, 2021 and 2020:

(in thousands)	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Amount of gain (loss) recognized in AOCL	$ 4,532	$ (49,285)
Amount of gain (loss) reclassified from AOCL to interest expense	5,891	(645)

Gains (losses) included in the Consolidated Statements of Income related to interest rate derivatives designated as cash flow hedges during the three months ended March 31, 2021 was $5.9 million. Amounts reported in AOCL related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate borrowings. During the next twelve months, the Company estimates that an additional $24.1 million will be reclassified to interest expense.

Note 13. Subsequent Event

Pending Acquisition of Flagstar Bancorp, Inc.

On April 26, 2021, the Company announced that it had entered into a definitive merger agreement under which we would acquire Flagstar Bancorp, Inc. ("Flagstar") in a 100% stock transaction valued at the time at $2.6 billion. Under terms of the agreement, which was unanimously approved by the Boards of Directors of both companies, Flagstar shareholders will receive 4.0151 shares of New York Community common stock for each Flagstar share they own. Following completion of the transaction, New York Community shareholders are expected to own 68% of the combined company, while Flagstar shareholders are expected to own 32% of the combined company. The new company will have over $87 billion in total assets, operate nearly 400 traditional branches in nine states, and 87 retail home lending offices across a 28-state footprint. It will have its headquarters on Long Island, N.Y. with regional headquarters in Troy, Michigan, including Flagstar's mortgage operations. The transaction is expected to close in the fourth quarter of 2021, subject to the satisfaction of customary closing conditions, including the receipt of the requisite regulatory approvals and approval by the shareholders of each company.

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

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING LANGUAGE

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

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

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

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

- general economic conditions, either nationally or in some or all of the areas in which we and our customers conduct our respective businesses;
- conditions in the securities markets and real estate markets or the banking industry;
- changes in real estate values, which could impact the quality of the assets securing the loans in our portfolio;
- changes in interest rates, which may affect our net income, prepayment penalty income, and other future cash flows, or the market value of our assets, including our investment securities;
- any uncertainty relating to the LIBOR calculation process;
- changes in the quality or composition of our loan or securities portfolios;
- changes in our capital management policies, including those regarding business combinations, dividends, and share repurchases, among others;
- heightened regulatory focus on CRE concentrations;
- changes in competitive pressures among financial institutions or from non-financial institutions;
- changes in deposit flows and wholesale borrowing facilities;
- changes in the demand for deposit, loan, and investment products and other financial services in the markets we serve;
- our timely development of new lines of business and competitive products or services in a changing environment, and the acceptance of such products or services by our customers;
- our ability to obtain timely shareholder and regulatory approvals of any merger transactions or corporate restructurings we may propose, including the pending acquisition of Flagstar Bancorp, Inc.;
- 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 the pending acquisition of Flagstar Bancorp, Inc.;
- potential exposure to unknown or contingent liabilities of companies we have acquired, may acquire, or target for acquisition, including the pending acquisition of Flagstar Bancorp, Inc.;
- the ability to invest effectively in new information technology systems and platforms;

- changes in future ACL 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;
- environmental conditions that exist or may exist on properties owned by, leased by, or mortgaged to the Company;
- any interruption or breach of security resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems;
- operational issues stemming from, and/or capital spending necessitated by, the potential need to adapt to industry changes in information technology systems, on which we are highly dependent;
- the ability to keep pace with, and implement on a timely basis, technological changes;
- changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action, and other changes pertaining to banking, securities, taxation, rent regulation and housing (the 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, resulting in operational changes and additional expenses;
- unforeseen or catastrophic events including natural disasters, war, terrorist activities, and the emergence of a pandemic;
- the effects of COVID-19, which includes, but are not limited to, the length of time that the pandemic continues, the effectiveness of the COVID-19 vaccination program, the potential imposition of further restrictions on travel or movement in the future, the remedial actions and stimulus measures adopted by federal, state, and local governments, the health of our employees and the inability of employees to work due to illness, quarantine, or government mandates, the business continuity plans of our customers and our vendors, the increased likelihood of cybersecurity risk, data breaches, or fraud due to employees working from home, the ability of our borrowers to continue to repay their loan obligations, the lack of property transactions and asset sales, potential impact on collateral values, and the effect of the pandemic on the general economy and businesses of our borrowers; 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;
- The 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 Part II, Item 1A, Risk Factors, in this report and Part I, Item 1A, Risk Factors, in our Form 10-K for the year ended December 31, 2020 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.

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

(unaudited)

While stockholders' equity, common stockholders' equity, total assets, and book value per common share are financial measures that are recorded in accordance with 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:

(dollars in thousands)	At or for the Three Months Ended March 31, 2021	Dec. 31, 2020	March 31, 2020
Total Stockholders' Equity	$ 6,796,440	$ 6,841,644	$ 6,637,385
Less: Goodwill	(2,426,379)	(2,426,379)	(2,426,379)
Preferred stock	(502,840)	(502,840)	(502,840)
Tangible common stockholders' equity	$ 3,867,221	$ 3,912,425	$ 3,708,166
Total Assets	$ 57,656,892	$ 56,306,120	$ 54,261,093
Less: Goodwill	(2,426,379)	(2,426,379)	(2,426,379)
Tangible Assets	$ 55,230,513	$ 53,879,741	$ 51,834,714
Average common stockholders' equity	$ 6,370,579	$ 6,258,720	$ 6,188,032
Less: Average goodwill	(2,426,379)	(2,426,379)	(2,426,379)
Average tangible common stockholders' equity	$ 3,944,200	$ 3,832,341	$ 3,761,653
Average Assets	$ 56,305,692	$ 54,959,914	$ 53,408,504
Less: Average goodwill	(2,426,379)	(2,426,379)	(2,426,379)
Average tangible assets	$ 53,879,313	$ 52,533,535	$ 50,982,125
Net income available to common stockholders	$ 137,389	$ 181,457	$ 92,121
GAAP MEASURES:			
Return on average assets [(1)]	1.03%	1.38%	0.75%
Return on average common stockholders' equity [(2)]	8.63	11.60	5.95
Book value per common share	$ 13.53	$ 13.66	$ 13.15
Common stockholders' equity to total assets	10.92	11.26	11.31
NON-GAAP MEASURES:			
Return on average tangible assets [(1)]	1.08%	1.44%	0.79%
Return on average tangible common stockholders' equity [(2)]	13.93	18.94	9.80
Tangible book value per common share	$ 8.32	$ 8.43	$ 7.95
Tangible common stockholders' equity to tangible assets	7.00	7.26	7.15

(1) To calculate return on average assets for a period, we divide net income generated during that period by average assets recorded during that period. To calculate return on average tangible assets for a period, we divide net income by average tangible assets recorded during that period.

(2) To calculate return on average common stockholders' equity for a period, we divide net income available to common shareholders generated during that period by average common stockholders' equity recorded during that period. To calculate return on average tangible common stockholders' equity for a period, we divide net income available to common shareholders generated during that period by average tangible common stockholders' equity recorded during that period.

Executive Summary

New York Community Bancorp, Inc. is the holding company for New York Community Bank, a New York State-chartered savings bank, headquartered in Westbury, New York. The Bank is subject to regulation by the NYSDFS, the FDIC, and the CFPB. In addition, the holding company is subject to regulation by the FRB, the SEC, and to the requirements of the NYSE, where shares of our common stock trade under the symbol "NYCB" and shares of our preferred stock trade under the symbol "NYCB PA".

Reflecting our growth through a series of acquisitions, the Company currently operates 237 branch locations through eight local divisions, each with a history of service and strength. In New York, we operate as Queens County Savings Bank, Roslyn Savings Bank, Richmond County Savings Bank, Roosevelt Savings Bank, and Atlantic Bank; in New Jersey as Garden State Community Bank; in Ohio as the Ohio Savings Bank; and as AmTrust Bank in Arizona and Florida.

Now in its 28th year as a publicly traded company, our mission is to provide our shareholders with a solid return on their investment by producing a strong financial performance, adhering to conservative underwriting standards, maintaining a solid capital position, and engaging in corporate strategies that enhance the value of our shares.

First Quarter 2021 Overview

At March 31, 2021, the Company had total assets of $57.7 billion, total loans and leases held for investment of $43.1 billion, total deposits of $34.2 billion, and total stockholders' equity of $6.8 billion. For the three months ended March 31, 2021, the Company reported net income of $145.6 million, up 45% compared to the $100.3 million reported for the three months ended March 31, 2020.

Net income available to common shareholders for the three months ended March 31, 2021 totaled $137.4 million, up 49% compared to the $92.1 million the Company reported for the three months ended March 31, 2020. On a per share basis, the Company reported diluted earnings per common share of $0.29 for the three months ended March 31, 2021, up 45% compared to the $0.20 reported for the three months ended March 31, 2020.

The key trends in the first quarter of 2021 were:

Continued Net Interest Income Growth and Net Interest Margin Expansion

During the first quarter of 2021, the Company's net interest income and net interest margin continued to improve. Net interest income for the three months ended March 31, 2021 rose $73.2 million or 30% to $317.7 million compared to the three months ended March 31, 2020. The year-over-year improvement was primarily driven by lower interest expense. Total interest expense for the three months ended March 31, 2021 declined $91.1 million or 46% to $105.4 million compared to the three months ended March 31, 2020. Prepayment income for the three months ended March 31, 2021 totaled $19.7 million, up 87% or $9.1 million compared to the three months ended March 31, 2020. Excluding the impact from prepayment income, net interest income on a non-GAAP basis would have been $298.0 million, up $64.1 million or 27% compared to the year-ago quarter.

The Company's NIM also continued to improve. For the three months ended March 31, 2021, the NIM increased one bp to 2.48% on a linked-quarter basis and up 47 bps on a year-over-year comparison. As with the improvement in the Company's net interest income, the improvement in the NIM was driven by lower funding costs. The Company's overall cost of funds declined 12 bps on a linked-quarter basis and 88 bps on a year-over-year basis to 0.94%. During the current first quarter, the average cost of deposits decreased to 0.46%, down 15 bps compared to the previous quarter and down 116 bps compared to the year-ago quarter. Prepayment income contributed 15 bps to the current quarter's NIM, down two bps compared to the previous quarter, but up six bps compared to the year-ago quarter. Excluding the contribution from prepayment income, the first quarter NIM, on a non-GAAP basis, would have been 2.33%, up three bps compared to the previous quarter and up 41 bps compared to the year-ago quarter.

Operating Expenses Trended Lower

For the three months ended March 31, 2021, non-interest expenses totaled $132.4 million, down 1% compared to the previous quarter, but up 5% compared to the year-ago quarter. On a linked-quarter basis, compensation and benefits expense increased 8% to $78.0 million, but was partially offset by a 14% decrease in general and administrative expenses. This decrease was primarily due to a decrease in professional fees and a recovery on previously written down repossessed taxi medallions. The efficiency ratio dropped below 40% during the three months ended March 31, 2021 to 39.87% compared to 41.36% in the fourth quarter of 2020 and compared to 48.03% in the first quarter of 2020.

Strong Growth in Deposits

At March 31, 2021, total deposits increased $1.8 billion or 22% annualized to $34.2 billion compared to December 31, 2020. During the first quarter, we began working with our technology partners on a program to bring in additional low-cost deposits. The first step of this new relationship was to take in deposits related to the Economic Impact Payments ("EIP") associated with the federal stimulus plans. At quarter-end, these deposits totaled $1.6 billion and were all non-interest bearing accounts. In addition to the growth in non-interest bearing accounts, savings accounts grew $628.0 million or 39% annualized to $7.0 billion compared to the previous quarter, while at the same time, higher cost CD balances continued to decline. Total CDs declined $716.4 million or 28% annualized compared to December 31, 2020.

Asset Quality Remains Pristine

The Company's asset quality metrics continued to be solid during the current first quarter, reflecting the underlying strength of our loan portfolio. NPAs at March 31, 2021 totaled $41.3 million, down 10% compared to $46.1 million at December 31, 2020, or seven bps of total assets compared to eight bps in the previous quarter. Total NPLs at March 31, 2021 declined 12% to $33.2 million compared to December 31, 2020. This decline was driven primarily by a decline in other non-accrual loans, which consist largely of taxi medallion-related non-accrual loans. Non-performing taxi medallion-related assets at March 31, 2021 were $14.9 million down $10.2 million or 41% compared to December 31, 2020.

During the second quarter of last year, the Company implemented various loan modification programs with some of its borrowers, in accordance with the CARES Act. These modifications were primarily full-payment deferrals for an initial six-month period, with the ability to extend again at the end of the deferral period, at the Bank's discretion. The majority of these deferrals were eligible to come off of their initial deferral period during the fourth quarter of 2020, with the remaining eligible to come off of their initial deferral period during the first quarter of 2021. Accordingly, as of March 31, 2021, 100% or $6.1 billion of our full-payment loan deferrals have returned to payment status. In addition, approximately $2.5 billion or 6% of total loans have been modified and are currently paying interest-only and escrow. The majority of these loans are scheduled to come off of their deferral period during the second quarter of the year. At this point, we expect the majority of these loans to return to full-payment status once they come off of their deferral period.

Recent Events

Declaration of Dividend on Common Shares

On April 22, 2021, our Board of Directors declared a quarterly cash dividend on the Company's common stock of $0.17 per share. The dividend is payable on May 18, 2021 to common shareholders of record as of May 7, 2021.

Acquisition of Flagstar Bancorp, Inc. ("Flagstar")

On April 26, 2021, the Company announced that it had entered into a definitive merger agreement under which it would acquire Flagstar in a 100% stock transaction valued at the time at $2.6 billion. Under terms of the agreement, which was unanimously approved by the Boards of Directors of both companies, Flagstar shareholders will receive 4.0151 shares of New York Community common stock for each Flagstar share they own. Following completion of the transaction, New York Community shareholders are expected to own 68% of the combined company, while Flagstar shareholders are expected to own 32% of the combined company.

The new company will have over $87 billion in total assets, operate nearly 400 traditional branches in nine states, and 87 retail home lending offices across a 28-state footprint. It will have its headquarters on Long Island, N.Y. with regional headquarters in Troy, Michigan, including Flagstar's mortgage operations. The transaction is expected to close in the fourth quarter of 2021, subject to the satisfaction of customary closing conditions, including the receipt of the requisite regulatory approvals and approval by the shareholders of each company.

Critical Accounting Policies

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

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

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

Allowance for Credit Losses on Loans and Leases

The Company's January 1, 2020, adoption of ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments," resulted in a significant change to our methodology for estimating the allowance since December 31, 2019. ASU No. 2016-13 replaces the incurred loss methodology with an expected loss methodology that is referred to as the CECL methodology. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loan receivables. It also applies to off-balance sheet exposures not accounted for as insurance and net investments in leases accounted for under ASC Topic 842.

The allowance for loan and lease losses is deducted from the amortized cost basis of a financial asset or a group of financial assets so that the balance sheet reflects the net amount the Company expects to collect. Amortized cost is the principal balance outstanding, net of purchase premiums and discounts, fair value hedge accounting adjustments, and deferred fees and costs. Subsequent changes (favorable and unfavorable) in expected credit losses are recognized immediately in net income as a credit loss expense or a reversal of credit loss expense. Management estimates the allowance by projecting probability-of-default, loss-given-default and exposure-at-default depending on economic parameters for each month of the remaining contractual term. Economic parameters are developed using available information relating to past events, current conditions, and economic forecasts. The Company's economic forecast period reverts to a historical norm based on inputs after 24 months. Historical credit experience provides the basis for the estimation of expected credit losses, with adjustments made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency levels and terms, as well as for changes in environmental conditions, such as changes in legislation, regulation, policies, administrative practices or other relevant factors. Expected credit losses are estimated over the contractual term of the loans, adjusted for forecasted prepayments when appropriate. The contractual term excludes potential extensions or renewals. The methodology used in the estimation of the allowance for credit losses on loans and leases, which is performed at least quarterly, is designed to be dynamic and responsive to changes in portfolio credit quality and forecasted economic conditions. Each quarter, we reassess the appropriateness of the economic period, the reversion period and historical mean at the portfolio segment level, considering any required adjustments for differences in underwriting standards, portfolio mix, and other relevant data shifts over time.

The allowance for loan and lease losses is measured on a collective (pool) basis when similar risk characteristics exist. Management believes the products within each of the entity's portfolio classes exhibit similar risk characteristics. Loans that are determined to have unique risk characteristics are evaluated on an individual basis by management. If a loan is determined to be collateral dependent, or meets the criteria to apply the collateral dependent practical expedient, expected credit losses are determined based on the fair value of the collateral at the reporting date, less costs to sell as appropriate. The macroeconomic data used in the quantitative models are based on an economic forecast period of 24 months. The Company leverages economic projections including property market and prepayment forecasts from established independent third parties to inform its loss drivers in the forecast. Beyond this forecast period, we revert to a historical average loss rate. This reversion to the historical average loss rate is performed on a straight-line basis over 12 months.

The portfolio segment represents the level at which a systematic methodology is applied to estimate credit losses. Smaller pools of homogenous financing receivables with homogeneous risk characteristics were modeled using the methodology selected for the portfolio segment to which factors in the qualitative scorecard include: concentration, modeling and forecast imprecision and limitations, policy and underwriting, prepayment uncertainty, external factors, nature and volume, management, and loan review. Each factor is subject to an evaluation of metrics, consistently applied, to measure adjustments needed for each reporting period.

Loans that do not share risk characteristics are evaluated on an individual basis. These include loans that are in nonaccrual status with balances above management determined materiality thresholds depending on loan class and also loans that are designated as TDR or "reasonably expected TDR" (criticized, classified, or maturing loans that will have a modification processed within the next three months). In addition, all taxi medallion loans are individually evaluated.

The Company maintains an allowance for credit losses on off-balance sheet credit exposures. At March 31, 2021, and December 31, 2020, the allowance for credit losses on off-balance sheet credit exposures was $12.3 million and $11.9 million, respectively. We estimate expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted as a provision for credit losses expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over their estimated life. The Company examined historical credit conversion factor ("CCF") trends to estimate utilization rates, and chose an appropriate mean CCF based on both management judgment and quantitative analysis. Quantitative analysis involved examination of CCFs over a range of fund-up windows (between 12 and 36 months) and comparison of the mean CCF for each fund-up window with management

judgment determining whether the highest mean CCF across fund-up windows made business sense. The Company applies the same standards and estimated loss rates to the credit exposures as to the related class of loans.

For the three months ended March 31, 2021 the allowance for loan and lease losses increased primarily due to macroeconomic factors surrounding the COVID-19 pandemic, specifically the resultant estimated decreases in property values. The forecast scenario includes low single digit growth of Gross Domestic Product ("GDP"), while unemployment remains elevated into the forecasted time horizon. In addition to these quantitative inputs, several qualitative factors were considered, including the risk that the economic decline proves to be more severe and/or prolonged than our baseline forecast which also increased our allowance for loan and lease credit losses. The impact of the unprecedented fiscal stimulus and changes to federal and local laws and regulations, including changes to various government sponsored loan programs, was also considered.

Current Expected Credit Losses

At December 31, 2019, the allowance for loan and lease losses totaled $147.6 million. On January 1, 2020, the Company adopted the CECL methodology under ASU Topic 326. Upon adoption, we recognized an increase in the ACL of $1.9 million as a "Day 1" transition adjustment from changes in methodology, with a corresponding decrease in retained earnings. At March 31, 2021, the ACL totaled $197.8 million, up $3.7 million compared to December 31, 2020 driven by a provision for credit losses of $3.2 million and net recoveries of $517,000 during the first three months of 2021.

Separately, at December 31, 2019, the Company had an allowance for unfunded commitments of $461,000. With the adoption of CECL on January 1, 2020, we recognized a "Day 1" transition adjustment of $12.5 million. At March 31, 2021, the allowance for unfunded commitments totaled $12.3 million.

(in thousands)	Loans and Leases	Unfunded Commitments
Allowance for credit losses on loans and leases at December 31, 2020	$ 194,043	$ 11,939
Q1 2021 provision for credit losses	3,198	371
Q1 2021 net recoveries	517	—
Allowance for credit losses on loans and leases at March 31, 2021	$ 197,758	$ 12,310

See Note 6, Allowance for Credit Losses on Loans and Leases for a further discussion of our Allowance for Credit Losses.

Goodwill Impairment

The Company adopted, on a prospective basis, ASU No. 2017-04, Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment on January 1, 2020. We have significant intangible assets as of March 31, 2021, including goodwill of $2.4 billion. In connection with our acquisitions, the assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill represents the excess of the purchase price of our acquisitions over the fair value of identifiable net assets acquired, including other identified intangible assets. We test our goodwill for impairment at the reporting unit level. We have identified one reporting unit which is the same as our operating segment and reportable segment. If we change our strategy or if market conditions shift, our judgments may change, which may result in adjustments to the recorded goodwill balance.

We perform our goodwill impairment test in the fourth quarter of each year, or more often if events or circumstances warrant. For annual goodwill impairment testing, we have the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If we conclude that this is the case, we would compare the fair value the reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The loss recognized, however, would not exceed the total amount of goodwill allocated to that reporting unit. Additionally, we would consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable.

The Company assessed the environment in the first quarter of 2021, including the estimated impact of the COVID-19 pandemic on macroeconomic variables and economic forecasts and how those might impact the fair value of our reporting unit. After consideration of the items above and the first three months of 2021 results, the Company determined it was not more-likely-than-not that the fair value of any reporting unit was below book value as of March 31, 2021. We will continue to monitor and evaluate the impact of COVID-19 and its impact on our market capitalization, overall economic conditions, and any triggering events that may indicate an impairment of goodwill in the future.

Balance Sheet Summary

At March 31, 2021, total assets were $57.7 billion, up $1.4 billion or 10% on an annualized basis compared to December 31, 2020. The growth was driven by several factors, including strong double-digit growth in total deposits, which drove the significant increase in the level of cash and cash equivalents, an increase in the securities portfolio, and modest growth in total loans and leases held for investment.

The level of cash balances increased $775.0 million to $2.7 billion compared to the prior quarter. Total securities, consisting primarily of available-for-sale securities, also increased as the Company continued to buy securities as long-term interest rates increased during the first quarter and the yield curve steepened. Total securities grew $348.8 million to $6.2 billion, or 24% annualized compared to December 31, 2020.

Total loans and leases held for investment rose $241.5 million to $43.1 million or 2% annualized compared to December 31, 2020. The growth during the current first quarter was driven by growth in our specialty finance portfolio and by a rebound in the CRE portfolio, while multi-family loans declined modestly.

At March 31, 2021, the multi-family portfolio was relatively unchanged, declining a modest $40.9 million to $32.2 billion compared to December 31, 2020, but increased $924.7 million or 3% on a year-over-year basis. The specialty finance portfolio increased $136.1 million or 18% annualized to $3.2 billion compared to year-end 2020 and was up $160.3 million or 5% compared to the year-ago quarter. The CRE portfolio rebounded during the current quarter, increasing $191.5 million or 11% annualized compared to December 31, 2020, but was flat compared to the year-ago quarter. C&I loans declined $42.4 million or 43% annualized to $352.0 million and declined $81.9 million or 19% compared to the year-ago quarter.

Total deposits at March 31, 2021 increased $1.8 billion or 22% annualized to $34.2 billion compared to December 31, 2020, primarily due to our new relationship with several of our technology partners. This led to substantial growth in non-interest bearing accounts. Non-interest bearing accounts rose $1.8 billion or 58% (not annualized) compared to December 31, 2020 and up $2.2 billion or 81% compared to the year-ago quarter. The relationship with our technology partners accounted for $1.6 billion of this increase. In addition to the growth in non-interest bearing accounts, we also grew savings accounts $628.0 million to $7.0 billion, up 39% annualized compared to the previous quarter and up 42% or $2.1 billion compared to the year-ago quarter. At the same time, CD balances continued to decline. CDs dropped $716.4 million or 28% annualized to $9.6 billion and $4.5 billion or 32% compared to the year-ago quarter.

Totaled borrowed funds at March 31, 2021 decreased $324.8 million or 8% annualized to $15.8 billion compared to December 31, 2020, but increased $826.0 million or 6% compared to March 31, 2020.

Total stockholders' equity was $6.8 billion at March 31, 2021, relatively unchanged compared to the previous quarter and rose $159.1 million or 2% compared to the year-ago quarter. Excluding goodwill and preferred stock, tangible common stockholders' equity totaled $3.9 billion as of March 31, 2021, unchanged relative to the previous quarter and up $159.1 million or 4% compared to the year-ago quarter. Book value per common share was $13.53 at March 31, 2021 compared to $13.66 at December 31, 2020 and to $13.15 compared to March 31, 2020.

Common stockholders' equity to total assets was 10.92% at March 31, 2021 compared to 11.26% and 11.31%, as of December 31, 2020 and March 31, 2020, respectively. On a tangible basis, tangible book value per common share was $8.32 at March 31, 2021 compared to $8.43 at December 31, 2020 and $7.95 at March 31, 2020. Tangible common stockholders' equity to tangible assets was 7.00% at the end of the current first quarter compared to 7.26% at the previous quarter and 7.15% compared to the year-ago quarter.

Loans and Leases

Loans and Leases Originated for Investment

The majority of the loans we originate are loans and leases held for investment and most of the held-for-investment loans we produce are multi-family loans. Our production of multi-family loans began over five decades ago in the five boroughs of New York City, where the majority of the rental units currently consist of non-luxury, rent-regulated apartments featuring below-market rents. In addition to multi-family loans, our portfolio of loans held for investment contains a number of CRE loans, most of which are secured by income-producing properties located in New York City and Long Island.

In addition to multi-family and CRE loans, our specialty finance loans and leases have become an increasingly larger portion of our overall loan portfolio. The remainder of our portfolio includes smaller balances of C&I loans, one-to-four family loans, ADC loans, and other loans held for investment. The majority of C&I loans consist of loans to small- and mid-size businesses.

During the current first quarter, the Company originated $2.5 billion of loans and leases held for investment, exceeding the fourth quarter pipeline by $1.0 billion, but down 34% compared to the fourth quarter of last year and down 7% compared to the first quarter of last year. The linked-quarter decrease was due to a 47% decline in multi-family loan originations, a 13% decline in CRE loan originations, and a 48% decline in other C&I loan originations. This was offset by a 21% linked-quarter increase in specialty finance originations.

The following table presents information about the loans held for investment we originated for the respective periods:

	For the Three Months Ended		March 31, 2021 compared to March 31, 2020
(in thousands)	March 31, 2021	March 31, 2020	
Mortgage Loans Originated for Investment:			
Multi-family	$ 1,465,831	$ 1,417,219	$ 48,612
Commercial real estate	443,207	191,651	251,556
One-to-four family residential	21,520	27,196	(5,676)
Acquisition, development, and construction	6,622	4,908	1,714
Total mortgage loans originated for investment	1,937,180	1,640,974	296,206
Other Loans Originated for Investment:			
Specialty Finance	541,494	957,393	(415,899)
Other commercial and industrial	62,507	122,386	(59,879)
Other	1,137	925	212
Total other loans originated for investment	605,138	1,080,704	(475,566)
Total Loans Originated for Investment	$ 2,542,318	$ 2,721,678	$ (179,360)

Loans and Leases Held for Investment

The individual held-for-investment loan portfolios are discussed in detail below.

Multi-Family Loans

Multi-family loans are our principal asset. The loans we produce are primarily secured by non-luxury residential apartment buildings in New York City that are rent-regulated and feature below-market rents—a market we refer to as our "Primary Lending Niche." The majority of our multi-family loans are made to long-term owners of buildings with apartments that are subject to rent regulation and feature below-market rents.

At March 31, 2021, total multi-family loans represented $32.2 billion or 75% of total loans and leases held for investment. The average multi-family loan had a principal balance of $6.6 million and an average weighted life of 2.4 years.

At March 31, 2021, 79% of our multi-family loans were secured by rental apartment buildings in the New York City metro area and 3.0% were secured by buildings elsewhere in New York State. The remaining multi-family loans were secured by buildings outside these markets, including in the four other states we operate in.

In addition, 69% or $22.1 billion of the Company's overall multi-family portfolio is secured by properties in New York State, of which $19.3 billion are subject to rent regulation laws. The weighted average LTV of the rent-regulated segment of the multi-family portfolio was 54.37%, as of March 31, 2021, 312 bps below the overall multi-family weighted average LTV of 57.49%.

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

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

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

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

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

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

In addition to requiring a minimum DSCR of 120% on multi-family buildings, we obtain a security interest in the personal property located on the premises, and an assignment of rents and leases. Our multi-family loans generally represent no more than 75% of the lower of the appraised value or the sales price of the underlying property, and typically feature an amortization period of 30 years. In addition, some of 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.

Commercial Real Estate Loans

At March 31, 2021, CRE loans represented $7.0 billion or 16% of total loans and leases held for investment. The average CRE loan had a principal balance of $7.0 million and an average weighted life of 2.4 years.

The CRE loans originated by the Company are also secured by income-producing properties, such as office buildings, mixed-use buildings (retail storefront on the ground floor and apartment units above the ground floor), retail centers, and multi-tenanted light industrial properties. At March 31, 2021, 85% of our CRE loans were secured by properties in the New York City metro area, while properties in other parts of New York State accounted for 2.2% of the properties securing our CRE loans and properties in all other states accounted for 12.6% combined.

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

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

Specialty Finance Loans and Leases

At March 31, 2021, specialty finance loans and leases totaled $3.4 billion or 7.9% of total loans and leases held for investment.

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

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

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

C&I Loans

At March 31, 2021, C&I loans totaled $350.8 million or 0.82% of total loans and leases held for investment. Included in the quarter-end balance were $16.6 million of taxi medallion-related loans.

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

A broad range of 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.

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

Acquisition, Development, and Construction Loans

ADC loans at March 31, 2021 totaled $115.9 million and represented 0.27% of total loans and leases held for investment. Because ADC loans are generally considered to have a higher degree of credit risk, especially during a downturn in the business cycle, borrowers are required to provide a guarantee of repayment and completion.

One-to-Four Family Loans

At March 31, 2021, one-to-four family loans totaled $208.1 million or 0.48% of total loans and leases held for investment.

Other Loans

Other loans totaled $5.6 million at March 31, 2021 and consisted mainly of overdraft loans and loans to non-profit organizations. We currently do not offer home equity loans or home equity lines of credit.

Loans Held for Sale

At March 31, 2021, the Company has $141.4 million in loans held for sale, up $24.3 million compared to December 31, 2020. The majority of these loans in both periods are part of the Paycheck Protection Program (the "PPP"). At March 31, 2020, the Company did not have any loans designated as held for sale.

Lending Authority

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

C&I loans less than or equal to $3.0 million are approved by the joint authority of lending officers. C&I loans in excess of $3.0 million and all multi-family, CRE, ADC, and Specialty Finance loans regardless of amount are required to be presented to the Management Credit Committee for approval. Multi-family, CRE, and C&I loans in excess of $5.0 million and Specialty Finance in excess of $15.0 million are also required to be presented to the Commercial Credit Committee and the Mortgage and Real Estate Committee of the Board, as applicable so that the Committees can review the loan's associated risks. The Commercial Credit and Mortgage and Real Estate Committees have authority to direct changes in lending practices as they deem necessary or appropriate in order to address individual or aggregate risks and credit exposures in accordance with the Bank's strategic objectives and risk appetites.

All mortgage loans in excess of $50.0 million, specialty finance loans in excess of $15.0 million and all other C&I loans in excess of $5.0 million require approval by the Mortgage and Real Estate Committee or the Credit Committee of the Board, as applicable.

In addition, all loans of $20.0 million or more originated by the Bank continue to be reported to the Board of Directors.

At March 31, 2021, the largest mortgage loan in our portfolio was a $329.0 million multi-family loan collateralized by six properties located in Brooklyn, New York. As of the date of this report, the loan has been current since origination.

Geographical Analysis of the Portfolio of Loans Held for Investment

The following table presents a geographical analysis of the multi-family and CRE loans in our held-for-investment loan portfolio at March 31, 2021:

	At March 31, 2021			
	Multi-Family Loans		Commercial Real Estate Loans	
(dollars in thousands)	Amount	Percent of Total	Amount	Percent of Total
New York City:				
Manhattan	$ 7,688,174	23.88 %	$ 3,127,924	44.51 %
Brooklyn	6,012,604	18.68	462,638	6.58
Bronx	3,948,218	12.26	156,373	2.23
Queens	2,889,237	8.97	623,942	8.88
Staten Island	137,325	0.43	51,525	0.73
Total New York City	$ 20,675,558	64.22 %	$ 4,422,402	62.93 %
New Jersey	4,209,730	13.08	558,601	7.95
Long Island	486,224	1.51	1,011,777	14.40
Total Metro New York	$ 25,371,512	78.81 %	$ 5,992,780	85.28 %
Other New York State	957,057	2.97	152,803	2.17
All other states	5,866,687	18.22	881,653	12.55
Total	$ 32,195,256	100.00 %	$ 7,027,236	100.00 %

At March 31, 2021, the largest concentration of ADC loans held for investment was located in Metro New York, with a total of $98.5 million at that date. The majority of our other loans held for investment were secured by properties and/or businesses located in Metro New York.

Outstanding Loan Commitments

At March 31, 2021, we had outstanding loan commitments of $2.8 billion, as compared to $2.5 billion from the level at December 31, 2020.

Multi-family, CRE, ADC and 1-4 family loans together represented $628.4 million of held-for-investment loan commitments at the end of the quarter, while other loans represented $2.2 billion. Included in the latter amount were commitments to originate specialty finance loans and leases of $1.5 billion and commitments to originate other C&I loans of $620.6 million.

In addition to loan commitments, we had commitments to issue financial stand-by, performance stand-by, and commercial letters of credit totaling $288.6 million at March 31, 2021, an $87.3 million decrease from the volume at December 31, 2020. 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.

Asset Quality

Non-Performing Loans and Repossessed Assets

NPAs at March 31, 2021 totaled $41.3 million, down 10% compared to $46.1 million at December 31, 2020, representing 0.07% of total assets as compared to 0.08% at the previous quarter.

NPLs at March 31, 2021 declined 12% to $33.2 million compared to $37.8 million at December 31, 2020, representing 0.08% of total loans compared to 0.09% for the previous quarter. Included in the first quarter amount were $10.1 million in non-accrual taxi medallion-related loans compared to $18.6 million for the previous quarter.

Total repossessed assets at the end of the first quarter were $8.2 million, relatively unchanged compared to the $8.3 million at the end of the previous quarter. At March 31, 2021, repossessed assets included $4.8 million of repossessed taxi medallions compared to $6.5 million at December 31, 2020. At the end of the current first quarter, the Company's remaining taxi medallion-related assets totaled $16.6 million compared to $25.2 million in the previous quarter.

For the three months ended March 31, 2021, the Company recorded net recoveries of $517,000 compared to net charge-offs of $10.2 million for the three months ended March 31, 2020. The decrease represents the decline in charge-offs of other C&I and taxi related loans.

The following table presents our non-performing loans by loan type and the changes in the respective balances from December 31, 2020 to March 31, 2021:

(dollars in thousands)	March 31, 2021	December 31, 2020	Change from December 31, 2020 to March 31, 2021 Amount	Percent
Non-Performing Loans:				
Non-accrual mortgage loans:				
Multi-family	$ 9,888	$ 4,068	$ 5,820	143%
Commercial real estate	11,573	12,142	(569)	-5%
One-to-four family	1,466	1,696	(230)	-14%
Acquisition, development, and construction	—	—	—	—
Total non-accrual mortgage loans	22,927	17,906	5,021	28%
Non-accrual other loans [1]	10,251	19,879	(9,628)	-48%
Total non-performing loans	$ 33,178	$ 37,785	$ (4,607)	-12%

(1) Includes $10.1 million and $18.6 million of non-accrual taxi medallion-related loans at March 31, 2021 and December 31, 2020, respectively.

The following table sets forth the changes in non-performing loans over the three months ended March 31, 2021:

(in thousands)	
Balance at December 31, 2020	$ 37,785
New non-accrual	7,849
Charge-offs	(4,324)
Transferred to repossessed assets	-
Loan payoffs, including dispositions and principal pay-downs	(8,132)
Restored to performing status	-
Balance at March 31, 2021	$ 33,178

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 March 31, 2021 and December 31, 2020, all of our non-performing loans were non-accrual loans.

We monitor non-accrual loans both within and beyond our primary lending area, which is defined as including: (a) the counties that comprise our CRA Assessment area, and (b) the entirety of the following states: Arizona; Florida; New York; New Jersey; Ohio; and Pennsylvania, in the same manner. Monitoring loans generally involves inspecting and re-appraising the collateral properties; holding discussions with the principals and managing agents of the borrowing entities and/or retained legal counsel, as applicable; requesting financial, operating, and rent roll information; confirming that hazard insurance is in place or force-placing such insurance; monitoring tax payment status and advancing funds as needed; and appointing a receiver, whenever possible, to collect rents, manage the operations, provide information, and maintain the collateral properties.

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

Non-performing loans are reviewed regularly by management and discussed on a monthly basis with the Management Credit Committee, the Commercial and the Mortgage and Real Estate Credit Committees of the Board, and the Boards of Directors of the Company and the Bank, as applicable. 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 assets that are acquired through foreclosure are classified as either OREO or repossessed assets, and are recorded at fair value at the date of acquisition, less the estimated cost of selling the property/asset. Subsequent declines in the fair value of OREO or repossessed 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/assets on an as-needed basis, and not less than annually, until they are sold. We dispose of such properties/assets as quickly and prudently as possible, given current market conditions and the property's or asset's condition.

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

The condition of the collateral property is another critical factor. Multi-family buildings and CRE properties are inspected from rooftop to basement as a prerequisite to approval, with a member of the Mortgage or Credit Committee participating in inspections on multi-family loans to be originated in excess of $7.5 million, and a member of the Mortgage or Credit Committee participating in inspections on CRE loans to be originated in excess of $4.0 million. We continue to conduct inspections as per the aforementioned policy, however, due to the COVID-19 pandemic, currently full access to some properties and buildings may be limited. Furthermore, independent appraisers, whose appraisals are carefully reviewed by our experienced in-house appraisal officers and staff, perform appraisals on collateral properties. In many cases, a second independent appraisal review is performed.

In addition 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.

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 new rent regulation 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. 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.

To further manage our credit risk, our lending policies limit the amount of credit granted to any one borrower, and typically require minimum DSCRs of 120% for multi-family loans and 130% for CRE loans. Although we typically lend up to 75% of the appraised value on multi-family buildings and up to 65% on commercial properties, the average LTVs of such credits at origination were below those amounts at March 31, 2021. 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 loan also depends on the borrower's credit history, profitability, and expertise in property management, and generally requires a minimum DSCR of 130% and a maximum LTV of 65%. In addition, the origination of CRE loans typically requires a security interest in the fixtures, equipment, and other personal property of the borrower and/or an assignment of the rents and/or leases. In addition, our CRE loans may contain an interest-only period which typically does not exceed three years; however, these loans are underwritten on a fully amortizing basis.

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

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

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

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

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

The following table presents our loans 30 to 89 days past due by loan type and the changes in the respective balances from December 31, 2020 to March 31, 2021:

(dollars in thousands)	March 31, 2021	December 31, 2020	Change from December 31, 2020 to March 31, 2021: Amount	Percent
Loans 30-89 Days Past Due:				
Multi-family	$ 961	$ 4,091	$ (3,130)	-77%
Commercial real estate	19,371	9,989	9,382	
One-to-four family	—	1,575	(1,575)	-100%
Acquisition, development, and construction	—	—	—	—
Other loans [(1)]	13	3	10	333%
Total loans 30-89 days past due	$ 20,345	$ 15,658	$ 4,687	30%

(1) *Does not include any past due taxi medallion-related loans at March 31, 2021 and December 31, 2020.*

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

While we strive to originate loans that will perform fully, adverse economic and market conditions, among other factors, can adversely impact a borrower's ability to repay.

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

At March 31, 2021, the Company's three largest NPLs were one CRE loan with a balance of $8.2 million and two multi-family loans with balances of $6.8 million and $1.8 million.

Troubled Debt Restructurings

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

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

Loans modified as TDRs are placed on non-accrual status until we determine that future collection of principal and interest is reasonably assured. This generally requires that the borrower demonstrate performance according to the restructured terms for at least six consecutive months. At March 31, 2021, non-accrual TDRs included taxi medallion-related loans with a combined balance of $10.0 million.

At March 31, 2021, loans on which concessions were made with respect to rate reductions and/or extensions of maturity dates totaled $32.1 million; loans in connection with which forbearance agreements were reached totaled $146,000 at that date.

Based on the number of loans performing in accordance with their revised terms, our success rates for restructured CRE loans, was 100%. The success rates for restructured one-to-four family and other loans were 50% and 60%, respectively, at March 31, 2021.

Analysis of Troubled Debt Restructurings

The following table sets forth the changes in our TDRs over the three months ended March 31, 2021:

(in thousands)	Accruing	Non-Accrual	Total
Balance at December 31, 2020	$ 14,967	$ 19,318	$ 34,285
New TDRs	-	7,514	7,514
Charge-offs	-	(4,311)	(4,311)
Loan payoffs, including dispositions and principal pay-downs	(73)	(5,217)	(5,290)
Balance at March 31, 2021	$ 14,894	$ 17,304	$ 32,198

On a limited basis, we may provide additional credit to a borrower after a loan has been placed on non-accrual status or classified as a TDR if, in management's judgment, the value of the property after the additional loan funding is greater than the initial value of the property plus the additional loan funding amount. During the three months ended March 31, 2021, no such additions were made. Furthermore, the terms of our restructured loans typically would not restrict us from cancelling outstanding commitments for other credit facilities to a borrower in the event of non-payment of a restructured loan.

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

Loan Deferrals

Under U.S. GAAP, banks are required to assess modifications to a loan's terms for potential classification as a TDR. A loan to a borrower experiencing financial difficulty is classified as a TDR when a lender grants a concession that it would otherwise not consider, such as a payment deferral or interest concession. In order to encourage banks to work with impacted borrowers, the CARES Act and bank regulators have provided relief from TDR accounting. The main benefits of TDR relief include a capital benefit in the form of reduced risk-weighted assets, as TDRs are more heavily risk-weighted for capital purposes; aging of the loans is frozen, i.e., they will continue to be reported in the same delinquency bucket they were in at the time of modification; and the loans are generally not reported as non-accrual during the modification period.

Under the CARES Act, the Company made the election to deem that loan modifications do not result in TDRs if they are (1) related to the novel coronavirus disease ("COVID-19"); (2) executed on a loan that was not more than 30 days past due as of December 31, 2019; and (3) executed between March 1, 2020, and the earlier of (A) 60 days after the date of termination of the COVID-19 national emergency declaration or (B) December 31, 2020. In December 2020, Congress amended the CARES Act through the Consolidated Appropriation Act of 2021, which provided additional COVID-19 relief to American families and businesses, including extending TDR relief under the CARES Act until the earlier of December 31, 2021 or 60 days following the termination of the national emergency.

During the second quarter of 2020, the Company implemented various loan modification programs with some of its borrowers, in accordance with the CARES Act and interagency regulatory guidance. These modifications were primarily full payment deferrals for an initial six month period, with the ability to extend again at the end of the deferral period, at the Bank's discretion. Most of these deferrals were entered into during April and May, and were therefore, they were eligible to come off of their deferral period beginning in the fourth quarter of 2020, and the remaining were eligible to come off their deferral during the first quarter of 2021. Accordingly, at March 31, 2021, 100% of the $6.1 billion of loans on deferral had returned to payment status.

In addition, approximately $2.5 billion or 6% of total loans have been modified and are currently paying interest-only and escrow ("principal deferrals"). $1.8 billion or 70% of these principal deferrals are scheduled to resume payments during the second quarter of 2021 and the remaining $700 million are scheduled to resume principal payments by the end of the year.

The following tables reflect, as of March 31, 2021, the aggregate amount of principal deferrals by various category.

Principal Deferrals as of March 31, 2021

(in millions)	**Amount in Deferral**	**Outstanding Balance**	**Deferred as a % of Outstanding Balance**	**Weighted-Average LTV**
Multi-family	$ 1,715	$ 32,142	5.3%	54.8%
CRE:				
Office	$ 389	$ 3,235	12.0%	51.7%
Retail	203	1,804	11.3%	61.5%
Mixed use	132	665	19.9%	52.6%
Condo/ Co-op	59	262	22.6%	46.6%
Other	17	1,061	1.6%	61.9%
Sub-total CRE	$ 800	$ 7,027	11.4%	54.2%
Total Multi-Family and CRE	2,515	39,169	6.4%	54.6%
Other	20			
Total	$ 2,535			

Additionally, the allowance for credit losses on accrued interest receivable on loans, including loans in the deferral program, was $997,891, as of March 31, 2021.

Asset Quality Analysis

The following table presents information regarding our consolidated allowance for credit losses on loans and leases, our non-performing assets, and our 30 to 89 days past due loans at March 31, 2021 and December 31, 2020.

(dollars in thousands)	At or For the Three Months Ended March 31, 2021	At or For the Year Ended December 31, 2020
Allowance for Credit Losses on Loan and Leases:		
Balance at beginning of period	$ 194,043	$ 147,638
CECL day 1 transition adjustment	—	1,911
Adjusted allowance for credit losses at January 1	194,043	149,549
Provision for credit losses	3,198	63,279
Charge-offs:		
Multi-family	(658)	—
Commercial real estate	—	(1,870)
One-to-four family residential	—	(2)
Acquisition, development, and construction	—	—
Other loans	(3,666)	(20,306)
Total charge-offs	(4,324)	(22,178)
Recoveries:		
Multi-family	—	755
Commercial real estate	—	354
One-to-four family residential	18	—
Acquisition, development, and construction	2	63
Other loans	4,821	2,221
Total recoveries	4,841	3,393
Net recoveries (charge-offs)	517	(18,785)
Balance at end of period	$ 197,758	$ 194,043
Non-Performing Assets:		
Non-accrual mortgage loans:		
Multi-family	$ 9,888	$ 4,068
Commercial real estate	11,573	12,142
One-to-four family residential	1,466	1,696
Acquisition, development, and construction	—	—
Total non-accrual mortgage loans	22,927	17,906
Other non-accrual loans	10,251	19,879
Total non-performing loans	$ 33,178	$ 37,785
Repossessed assets (1)	8,153	8,318
Total non-performing assets	$ 41,331	$ 46,103
Asset Quality Measures:		
Non-performing loans to total loans	0.08 %	0.09 %
Non-performing assets to total assets	0.07	0.08
Allowance for credit losses to non-performing loans	596.05	513.55
Allowance for credit losses to total loans	0.46	0.45
Net charge-offs during the period to average loans outstanding during the period	0.00	0.04
Loans 30-89 Days Past Due:		
Multi-family	$ 961	$ 4,091
Commercial real estate	19,371	9,989
One-to-four family residential	—	1,575
Acquisition, development, and construction	—	—
Other loans	13	3
Total loans 30-89 days past due	$ 20,345	$ 15,658

(1) Includes $4.8 million and $6.5 million of repossessed taxi medallions at March 31, 2021 and December 31, 2020, respectively.

Geographical Analysis of Non-Performing Loans

The following table presents a geographical analysis of our non-performing loans at March 31, 2021:

(in thousands)	
New York	$ 30,350
New Jersey	2,139
All other states	689
Total non-performing loans	$ 33,178

Securities

At March 31, 2021, total securities increased $348.8 million or 24% annualized on a linked-quarter basis to $6.2 billion, compared to $5.8 billion at December 31, 2020. The purchase of securities has increased due to higher long-term interest rates and a steeper yield curve during the quarter. At the end of the current first quarter, total securities represented 10.7% of total assets compared to 10.4% at the fourth quarter of 2020.

Federal Home Loan Bank Stock

As a member of the FHLB-NY, the Bank is required to acquire and hold shares of its capital stock, and to the extent FHLB borrowings are utilized, may further invest in FHLB stock. At March 31, 2021 and December 31, 2020, the Bank held FHLB-NY stock in the amount of $699.0 million and $714.0 million, respectively. FHLB-NY stock continued to be valued at par, with no impairment required at that date.

Dividends from the FHLB-NY to the Bank totaled $8.5 million and $9.7 million, respectively, in the three months ended March 31, 2021 and 2020.

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 increased $1.6 million to $1.2 billion at March 31, 2021 from December 31, 2020.

Goodwill

We record goodwill in our Consolidated Statements of Condition in connection with certain of our business combinations. Goodwill, which is tested at least annually for impairment, refers to the difference between the purchase price and the fair value of an acquired company's assets, net of the liabilities assumed. Goodwill totaled $2.4 billion at both March 31, 2021 and December 31, 2020. For more information about the Company's goodwill, see the discussion of "Critical Accounting Policies" earlier in this report.

Sources of Funds

The Parent Company (i.e., the Company on an unconsolidated basis) has three primary funding sources for the payment of dividends, share repurchases, and other corporate uses: dividends paid to the Company by the Bank; capital raised through the issuance of stock; and funding raised through the issuance of debt instruments.

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

Loan repayments and sales totaled $2.4 billion in the three months ended March 31, 2021, up $56.7 million from the $2.3 billion recorded in the year-earlier three months. Cash flows from the repayment and sales of securities totaled $495.3 million and $798.1 million, respectively, in the corresponding periods, while purchases of securities totaled $985.6 million and $483.8 million, respectively.

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.

At March 31, 2021, total deposits were $34.2 billion, up $1.8 billion compared to December 31, 2020. At the end of the current first quarter, total deposits represented 59.3% of total assets, while CDs represented 28.1% of total deposits. The majority, or $1.6 billion of this growth occurred in the non-interest-bearing checking category, as the Company is currently working with its technology partners to bring in additional low cost deposits. These deposits are short-term in nature and related to individual spending patterns. We expect these deposits to peak during the second quarter of 2021 and then run off over the next year.

Included in the March 31, 2021 balance of deposits were business institutional deposits of $1.4 billion and municipal deposits of $859.8 million, as compared to $1.3 billion and $1.0 billion, respectively, at December 31, 2020. Brokered deposits remained stable at $5.3 billion, including brokered interest bearing checking of $1.3 billion at March 31, 2021 and December 31, 2020, brokered money market accounts of $3.1 billion at March 31, 2021 and $3.0 billion at December 31, 2020, and brokered CDs of $989 million at March 31, 2021, similar to the balance at December 31, 2020. The extent to which we accept brokered deposits depends on various factors, including the availability and pricing of such wholesale funding sources, and the availability and pricing of other sources of funds.

Borrowed Funds

Borrowed funds consist primarily of wholesale borrowings (i.e., FHLB-NY advances, repurchase agreements, and federal funds purchased) and, to a far lesser extent, junior subordinated debentures and subordinated notes. As of March 31, 2021, borrowed funds declined $324.8 million or 8% annualized to $15.8 billion compared to December 31, 2020, and represented 27.4% of total assets at that date. The decrease was mainly due to a decline in wholesale borrowings, consisting primarily of FHLB-NY advances, which declined to $14.3 billion compared to $14.6 billion at year-end 2020. Also included in wholesale borrowings are repurchase agreements of $800.0 million, unchanged from the balance at December 31, 2020.

Subordinated Notes

On November 6, 2018, the Company issued $300 million aggregate principal amount of its 5.90% Fixed-to-Floating Rate Subordinated Notes due 2028. The Company intends to use the net proceeds from the offering for general corporate purposes, which may include opportunistic repurchases of shares of its common stock pursuant to its previously announced share repurchase program. The Notes were offered to the public at 100% of their face amount. At March 31, 2021, the balance of subordinated notes was $295.8 million, which excludes certain costs related to their issuance.

Junior Subordinated Debentures

Junior subordinated debentures totaled $360.4 million at March 31, 2021, comparable to the balance at December 31, 2020.

Risk Definitions

The following section outlines the definitions of interest rate risk, market risk, and liquidity risk, and how the Company manages market and interest rate risk:

Interest Rate Risk – Interest rate risk is the risk to earnings or capital arising from movements in interest rates. Interest rate risk arises from differences between the timing of rate changes and the timing of cash flows (re-pricing risk); from changing rate relationships among different yield curves affecting Company activities (basis risk); from changing rate relationships across the spectrum of maturities (yield curve risk); and from interest-related options embedded in a bank's products (options risk). The evaluation of interest rate risk must consider the impact of complex, illiquid hedging strategies or products, and also the potential impact on fee income (e.g. prepayment income) which is sensitive to changes in interest rates. In those situations where trading is separately managed, this refers to structural positions and not trading portfolios.

Market Risk – Market risk is the risk to earnings or capital arising from changes in the value of portfolios of financial instruments. This risk arises from market-making, dealing, and position-taking activities in interest rate, foreign exchange, equity, and commodities markets. Many banks use the term "price risk" interchangeably with market risk; this is because market risk focuses on the changes in market factors (e.g., interest rates, market liquidity, and volatilities) that affect the value of traded instruments. The primary accounts affected by market risk are those which are revalued for financial presentation (e.g., trading accounts for securities, derivatives, and foreign exchange products).

Liquidity Risk – Liquidity risk is the risk to earnings or capital arising from a bank's inability to meet its obligations when they become due, without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. Liquidity risk also arises from a bank's failure to recognize or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

Management of Market and Interest Rate Risk

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

Market and Interest Rate Risk

As a financial institution, we are focused on reducing our exposure to interest rate volatility. Changes in interest rates pose one of the greatest challenges 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 Boards 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 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 largest determinants of prepayments are interest rates and the availability of refinancing opportunities.

We manage our interest rate risk by taking the following actions: continue to emphasize the origination and retention of intermediate-term assets, primarily in the form of multi-family and CRE loans; continue to originate certain floating rate C&I loans; depending on funding needs, replace maturing wholesale borrowings with longer term borrowings; and as needed, execute interest rate swaps.

LIBOR Transition Process

On July 27, 2017, the U.K. Financial Conduct Authority (FCA), which regulates LIBOR, announced that it will no longer request banks to submit rates for the calculation of LIBOR after 2021. On November 30, 2020 the ICE Benchmark Administration ("IBA") announced they will extend the publication of most US Dollar LIBOR ("USD LIBOR") through June 30, 2023. The FRB established the Alternative Reference Rate Committee ("ARRC"), comprised of a group of private market participants and other members, representing banks and financial sector regulators, to identify a set of alternative reference rates for potential use as benchmarks. The ARRC has recommended the Secured Overnight Financing Rate or "SOFR" as the preferred alternative rate to U.S. dollar LIBOR but Financial Institutions are permitted to select a different index for their products offered.

The Bank has established a sub-committee of its ALCO to address issues related to the phase-out and ultimate transition away from LIBOR to an alternate rate. This sub-committee is led by our Chief Financial Officer and consists of personnel from various departments throughout 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 included in loans and leases, securities, wholesale borrowings, derivative financial instruments and long-term debt. The sub-committee has reviewed contract fallback language and noted that certain contracts will need updated provisions for the transition and is coordinating with impacted business lines. In complying with industry requirements, the Bank will not offer new LIBOR based production after December 31, 2021.

While the ARRC has recommended SOFR as the replacement for LIBOR, there is acknowledgment that the development of a credit sensitive element could be a complement to SOFR. At this time, it is unclear as to the likelihood and timing of this occurring, but such a development could have an impact on our transition efforts.

Interest Rate Sensitivity Analysis

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

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

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

At March 31, 2021, our one-year gap was a negative 6.17%, compared to a negative 4.94% at December 31, 2020. The change in our one-year gap from December 31, 2020, primarily reflects a decrease in mortgage and other loans expected to mature or reprice within one year, partially offset by an increase in interest-earning cash and cash equivalents.

The table on the following page sets forth the amounts of interest-earning assets and interest-bearing liabilities outstanding at March 31, 2021 which, based on certain assumptions stemming from our historical experience, are expected to reprice or mature in each of the future time periods shown. Except as stated below, the amounts of assets and liabilities shown as repricing or maturing during a particular time period were determined in accordance with the earlier of (1) the term to repricing, or (2) the contractual terms of the asset or liability.

The table provides an approximation of the projected repricing of assets and liabilities at March 31, 2021 on the basis of contractual maturities, anticipated prepayments, and scheduled rate adjustments within a three-month period and subsequent selected time intervals. For residential mortgage-related securities, prepayment rates are forecasted at a weighted average CPR of 19.55% per annum; for multi-family and CRE loans, prepayment rates are forecasted at weighted average CPRs of 16.65% and 11.03% per annum, respectively. Borrowed funds were not assumed to prepay.

Savings, interest bearing checking and money market accounts were assumed to decay based on a comprehensive statistical analysis that incorporated our historical deposit experience. Based on the results of this analysis, savings accounts were assumed to decay at a rate of 75% for the first five years and 25% for years six through ten. Interest-bearing checking accounts were assumed to decay at a rate of 82% for the first five years and 18% for years six through ten. The decay assumptions reflect the prolonged low interest rate environment and the uncertainty regarding future depositor behavior. Including those accounts having specified repricing dates, money market accounts were assumed to decay at a rate of 92% for the first five years and 8% for years six through ten.

	At March 31, 2021						
(dollars in thousands)	**Three Months or Less**	**Four to Twelve Months**	**More Than One Year to Three Years**	**More Than Three Years to Five Years**	**More Than Five Years to 10 Years**	**More Than 10 Years**	**Total**
INTEREST-EARNING ASSETS:							
Mortgage and other loans [1]	$ 7,348,923	$ 6,081,362	$ 16,199,114	$ 9,812,504	$ 3,591,390	$ 58,668	$ 43,091,961
Mortgage-related securities [2][3]	324,112	362,730	954,212	549,658	636,032	368,844	3,195,588
Other securities [2]	1,818,468	244,041	53,706	111,682	1,453,404	-	3,681,301
Interest-earning cash and cash equivalents	2,583,685	-	-	-	-	-	2,583,685
Total interest-earning assets	12,075,188	6,688,133	17,207,032	10,473,844	5,680,826	427,512	52,552,535
INTEREST-BEARING LIABILITIES:							
Interest-bearing checking and money market accounts	7,603,739	889,659	1,612,087	920,018	1,639,499	-	12,665,002
Savings accounts	1,856,322	2,120,788	736,531	551,807	1,778,154	-	7,043,602
Certificates of deposit	4,760,698	3,900,261	765,777	187,280	282	-	9,614,298
Borrowed funds	513,926	672,661	5,350,000	800,000	8,280,000	142,200	15,758,787
Total interest-bearing liabilities	14,734,685	7,583,369	8,464,395	2,459,105	11,697,935	142,200	45,081,689
Interest rate sensitivity gap per period [4]	$ (2,659,497)	$ (895,236)	$ 8,742,637	$ 8,014,739	$ (6,017,109)	$ 285,312	$ 7,470,846
Cumulative interest rate sensitivity gap	$ (2,659,497)	$ (3,554,733)	$ 5,187,904	$ 13,202,643	$ 7,185,534	$ 7,470,846	
Cumulative interest rate sensitivity gap as a percentage of total assets	-4.61%	-6.17%	9.00%	22.90%	12.46%	12.96%	
Cumulative net interest-earning assets as a percentage of net interest-bearing liabilities	81.95%	84.07%	116.85%	139.72%	115.99%	116.57%	

(1) For the purpose of the gap analysis, loans held for sale, non-performing loans and the allowances for loan losses have been excluded.
(2) Mortgage-related and other securities, including FHLB stock, are shown at their respective carrying amounts.
(3) Expected amount based, in part, on historical experience.
(4) The interest rate sensitivity gap per period represents the difference between interest-earning assets and interest-bearing liabilities.

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

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

As of March 31, 2021, the impact of a 100 bp decline in market interest rates for our loans would have had very little impact on prepayment speeds due to the current low interest rates and current coupons being floored at base rates. The impact of a 100 bp increase in market interest rates would have decreased our projected prepayment rates for multi-family and CRE loans by a constant prepayment rate of 3.2% per annum.

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

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

Based on the information and assumptions in effect at March 31, 2021, the following table reflects the estimated percentage change in our EVE, assuming the changes in interest rates noted:

Change in Interest Rates (in basis points)[1]	Estimated Percentage Change in Economic Value of Equity
+100	-4.34%
+200	-13.08%

(1) The impact of a 100 bp and a 200 bp reduction in interest rates is not presented in view of the current level of the federal funds rate and other short-term interest rates.

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

As with the Interest Rate Sensitivity Analysis, certain shortcomings are inherent in the methodology used in the preceding interest rate risk measurements. Modeling changes in EVE requires that certain assumptions be made which may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the EVE Analysis presented above assumes that the composition of our interest rate sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured, and also assumes that a particular change in interest rates is reflected uniformly across the yield curve, regardless of the duration to maturity or repricing of specific assets and liabilities. Furthermore, the model does not take into account the benefit of any strategic actions we may take to further reduce our exposure to interest rate risk. Accordingly, while the EVE Analysis provides an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to, and do not, provide a precise forecast of the effect of changes in market interest rates on our net interest income, and may very well differ from actual results.

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

Based on the information and assumptions in effect at March 31, 2021, the following table reflects the estimated percentage change in future net interest income for the next twelve months, assuming the changes in interest rates noted:

Change in Interest Rates (in basis points)[(1)(2)]	**Estimated Percentage Change in Future Net Interest Income**
+100	-1.27%
+200	-3.13%

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

(2) The impact of a 100 bp and a 200 bp reduction in interest rates is not presented in view of the current level of the federal funds rate and other short-term interest rates.

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

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

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

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

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

In connection with our net interest income simulation modeling, we also evaluate the impact of changes in the slope of the yield curve. At March 31, 2021, our analysis indicated that an immediate inversion of the yield curve would be expected to result in a 6.98% decrease in net interest income; conversely, an immediate steepening of the yield curve would be expected to result in a 0.35% increase in net interest income. It should be noted that the yield curve changes in these scenarios were updated, given the changing market rate environment, which resulted in an increase in the income sensitivity.

Liquidity

We manage our liquidity to ensure that 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 $2.7 billion and $1.9 billion, respectively, at March 31, 2021 and December 31, 2020. As in the past, our portfolios of loans and securities provided liquidity in the first three months of the year, with cash flows from the repayment and sale of loans totaling $2.4 billion and cash flows from the repayment and sale of securities totaling $495.3 million.

Additional liquidity stems from the retail, institutional, and municipal deposits we gather and from our use of wholesale funding sources, including brokered deposits and wholesale borrowings. We also 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 available amount of mortgage loan collateral under a blanket lien we have pledged to the respective institutions and, to a lesser extent, the available amount of securities that may be pledged to collateralize our borrowings. At March 31, 2021, our available borrowing capacity with the FHLB-NY was $7.6 billion. In addition, the Company had $6.2 billion of available-for-sale securities, at that date, of which $5.0 billion was unencumbered.

Furthermore, the Bank has an agreement with the FRB-NY that enables it to access the discount window as a further means of enhancing liquidity if need be. In connection with the agreement, the Bank has pledged certain loans and securities to collateralize any funds that may be borrowed. At March 31, 2021, the maximum amount the Bank could borrow from the FRB-NY was $1.2 billion. There were no borrowings outstanding at that date.

Our primary investing activity is loan production. In the first three months of 2021, the volume of loans originated for investment was $2.5 billion. During this time, the net cash used in investing activities totaled $681.2 million. Our operating activities provided net cash of $123.6 million, while the net cash provided by our financing activities totaled $1.3 billion.

CDs due to mature in one year or less as of March 31, 2021 totaled $8.7 billion, representing 95% of total CDs at that date. Our ability to retain these CDs and to attract new deposits depends on numerous factors, including customer satisfaction, the rates of interest we pay on our deposits, the types of products we offer, and the attractiveness of their terms. However, there are times when we may choose not to compete for such deposits, depending on the availability of lower-cost funding, the competitiveness of the market and its impact on pricing, and our need for such deposits to fund loan demand, as previously discussed.

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

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

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

In the three months ended March 31, 2021, the Bank paid dividends totaling $95.0 million to the Parent Company, leaving $277.4 million they could dividend to the Parent Company without regulatory approval at that date. Additional sources of liquidity available to the Parent Company at March 31, 2021 included $144.7 million in cash and cash equivalents. If the Bank was to apply to the Superintendent for approval to make a dividend or capital distribution in excess of the dividend amounts permitted under the regulations, there can be no assurance that such application would be approved.

Capital Position

On March 17, 2017, we issued 515,000 shares of preferred stock. The offering generated capital of $502.8 million, net of underwriting and other issuance costs, for general corporate purposes, with the bulk of the proceeds being distributed to the Bank.

On October 24, 2018, the Company announced that it had received regulatory approval to repurchase its common stock. Accordingly, the Board of Directors approved a $300 million common share repurchase program. The repurchase program was funded through the issuance of a like amount of subordinated notes. As of March 31, 2021, the Company has repurchased a total of 28.9 million shares at an average price of $9.63 or an aggregate purchase price of $278.1 million, leaving $16.9 million remaining under the current authorization.

Stockholders' equity, common stockholders' equity, and tangible common stockholders' equity include AOCL, which decreased $96.6 million from the balance at the end of last year and $41.6 million from the year-ago quarter to $122.1 million at March 31, 2021. The year-to-date decrease was primarily the result of a $108.7 million change in the net unrealized gain (loss) on available-for-sale securities, net of tax, and a $7.6 million change in the net unrealized loss on cash flow hedges, net of tax, to $25.5 million.

Regulatory Capital

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

The quantitative measures established to ensure capital adequacy require that banks maintain minimum amounts and ratios of leverage capital to average assets and of common equity tier 1 capital, tier 1 capital, and total capital to risk-weighted assets (as such measures are defined in the regulations). At March 31, 2021, 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:

Regulatory Capital Analysis (the Company)

	Risk-Based Capital							
At March 31, 2021	**Common Equity Tier 1**		**Tier 1**		**Total**		**Leverage Capital**	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total capital	$ 4,014,898	9.84 %	$ 4,517,738	11.07 %	$ 5,345,417	13.09 %	$ 4,517,738	8.41 %
Minimum for capital adequacy purposes	1,836,935	4.50	2,449,247	6.00	3,265,662	8.00	2,150,017	4.00
Excess	$ 2,177,963	5.34 %	$ 2,068,491	5.07 %	$ 2,079,755	5.09 %	$ 2,367,721	4.41 %

Regulatory Capital Analysis (New York Community Bank)

	Risk-Based Capital							
At March 31, 2021	**Common Equity Tier 1**		**Tier 1**		**Total**		**Leverage Capital**	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total capital	$ 5,024,758	12.31 %	$ 5,024,758	12.31 %	$ 5,209,088	12.77 %	$ 5,024,758	9.35 %
Minimum for capital adequacy purposes	1,836,181	4.50	2,448,241	6.00	3,264,321	8.00	2,149,340	4.00
Excess	$ 3,188,577	7.81 %	$ 2,576,517	6.31 %	$ 1,944,767	4.77 %	$ 2,875,418	5.35 %

At March 31, 2021, our total risk-based capital ratio exceeded the minimum requirement for capital adequacy purposes by 509 bps and the fully-phased in capital conservation buffer by 259 bps.

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%; a minimum tier 1 risk-based capital ratio of 8.00%; a minimum total risk-based capital ratio of 10.00%; and a minimum leverage capital ratio of 5.00%.

Earnings Summary for the Three Months Ended March 31, 2021

Net income for the three months ended March 31, 2021 was $145.6 million, up 45% compared to $100.3 million for the three months ended March 31, 2020. Net income available to common shareholders for the three months ended March 31, 2021 totaled $137.4 million, up 49% compared to $92.1 million for the three months ended March 31, 2020. On a per share basis, the Company reported diluted earnings per common share of $0.29 for the first quarter of 2021, up 45% compared to the $0.20 reported for the first quarter of 2020.

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.

Net interest income is also influenced by the level of prepayment income primarily generated in connection with the prepayment of our multi-family and CRE loans, as well as securities. 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 interest rate spread and net interest margin.

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

Year-Over-Year Comparison

Net interest income for the three months ended March 31, 2021 increased $73.2 million or 30% to $317.7 million compared to the three months ended March 31, 2020. This improvement was the result of a significant decline in the Company's funding costs, which resulted in a substantial decrease in interest expense. This was offset by a decline in interest income.

Details of the increase in net interest income follow:

- Interest income declined 4.1% to $423.1 million compared to the year-ago quarter. Interest income on mortgage and other loans was $383.4 million, down 2.2% compared to the first quarter of 2020. Interest income on securities declined 18.7% to $38.4 million compared to the year-ago quarter.
- The decline in interest income on loans was due to lower loan yields, offset by an increase in average balances. Loan yields declined 19 bps to 3.59% compared to the year-ago quarter, while average balances increased $1.2 billion or 3.0% compared to the year-ago quarter. In addition, interest income from securities was similarly impacted by lower yields. The yield on the securities portfolio declined 62 bps to 2.36% compared to the first quarter of 2020.
- Total interest expense was $105.4 million for the three months ended March 31, 2021, down $91.1 million or 46.4% compared to the three months ended March 31, 2020. This improvement was the result of a significant decline in the Company's cost of funds. The cost of funds declined 88 bps to 0.94% compared to the first quarter of last year.
- The majority of the improvement was driven by a lower average cost of CDs, along with a decline in the average balance of CDs. The average cost of CDs declined 152 bps to 0.75% while the average balance of CDs decreased $4.1 billion or 29.3% to $10.0 billion.

Net Interest Margin

The Company's NIM improved during the current first quarter inline with the growth in net interest income. For the three months ended March 31, 2021, the NIM increased 47 bps on a year-over-year basis and one bp on a linked-quarter basis, to 2.48%.

For the three months ended March 31, 2021, adjusted NIM improved 41 bps to 2.33% compared to the prior year's first quarter. Adjusted net interest margin should not be considered in isolation or as a substitute for net interest margin, which is calculated in accordance with GAAP. Moreover, the manner in which we calculate this non-GAAP measure may differ from that of other companies reporting a non-GAAP measure with a similar name.

The following table summarizes the contribution of loan and securities prepayment income on the Company's interest income and NIM for the respective periods:

	For the Three Months Ended		
(dollars in thousands)	March 31, 2021	March 31, 2020	Change (%)
Total Interest Income	$ 423,108	$ 441,042	-4%
Prepayment Income:			
Loans	$ 18,749	$ 10,189	84%
Securities	921	348	165%
Total prepayment income	$ 19,670	$ 10,537	87%
GAAP Net Interest Margin	2.48%	2.01%	47 bp
Less:			
Prepayment income from loans	15 bp	9 bp	6 bp
Prepayment income from securities	-	-	- bp
Total prepayment income contribution to net interest margin	15 bp	9 bp	6 bp
Adjusted Net Interest Margin (non-GAAP)	2.33%	1.92%	41 bp

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

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

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

The following table sets forth certain information regarding our average balance sheet for the three-month periods, 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 quarters are derived from average balances that are calculated daily. The average yields and costs include fees, as well as premiums and discounts (including mark-to-market adjustments from acquisitions), that are considered adjustments to such average yields and costs.

Net Interest Income Analysis

(dollars in thousands)	For the Three Months Ended					
	March 31, 2021			March 31, 2020		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Assets:						
Interest-earning assets:						
Mortgage and other loans, net [1]	$ 42,735,708	$ 383,430	3.59%	$ 41,511,176	$ 391,911	3.78%
Securities [2][3]	6,516,568	38,430	2.36%	6,347,320	47,276	2.98
Interest-earning cash and cash equivalents	1,835,268	1,248	0.28%	662,899	1,855	1.13
Total interest-earning assets	51,087,544	$ 423,108	3.32%	48,521,395	441,042	3.64
Non-interest-earning assets	5,218,148			4,887,109		
Total assets	$ 56,305,692			$ 53,408,504		
Liabilities and Stockholders' Equity:						
Interest-bearing deposits:						
Interest-bearing checking and money market accounts	$ 12,626,151	$ 8,652	0.28%	$ 10,070,100	$ 28,564	1.14%
Savings accounts	6,713,051	6,255	0.38%	4,833,600	8,934	0.74
Certificates of deposit	9,983,363	18,471	0.75%	14,120,484	79,555	2.27
Total interest-bearing deposits	29,322,565	33,378	0.46%	29,024,184	117,053	1.62
Borrowed funds	15,994,741	72,071	1.82%	14,439,309	79,522	2.21
Total interest-bearing liabilities	45,317,306	105,449	0.94%	43,463,493	196,575	1.82
Non-interest-bearing deposits	3,242,803			2,569,331		
Other liabilities	872,164			684,808		
Total liabilities	49,432,273			46,717,632		
Stockholders' equity	6,873,419			6,690,872		
Total liabilities and stockholders' equity	$ 56,305,692			$ 53,408,504		
Net interest income/interest rate spread			2.38%		$ 244,467	1.82%
Net interest margin		$ 317,659	2.48%			2.01%
Ratio of interest-earning assets to interest-bearing liabilities			1.13x			1.12x

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

(2) Amounts are at amortized cost.

(3) Includes FHLB stock.

Provision for Credit Losses

For the three months ended March 31, 2021, the Company recorded a provision for credit losses of $3.6 million compared to $20.6 million for the three months ended March 31, 2020. The year-over-year improvement reflects the significant improvement in forecasted, future economic conditions based on the adoption of CECL in the first quarter of last year.

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

Non-Interest Income

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

For the first three months ended March 31, 2021, non-interest income totaled $14.4 million, down 14.8% compared to the three months ended March 31, 2020. The decrease was mainly the result of lower fee income, as the Company waived certain retail banking fees in 2020 as a result of COVID-19. Additionally, the current first quarter includes a net loss on securities of $483,000 compared to net gains on securities of $534,000 in the year-ago quarter.

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

	For the Three Months Ended	
(in thousands)	March 31, 2021	March 31, 2020
Fee income	$ 5,539	$ 7,018
BOLI income	6,890	7,389
Net (loss) gain on securities	(483)	534
Other income:		
Third-party investment product sales	1,135	1,277
Other	1,326	681
Total other income	2,461	1,958
Total non-interest income	$ 14,407	$ 16,899

Non-Interest Expense Analysis

Total non-interest expense for the three months ended March 31, 2021 totaled $132.4 million, up 5% compared to the year-ago quarter. The main categories that increased were occupancy and equipment expense and general and administrative expense. This was largely due to PPE, cleaning, and other COVID-19-related expenses. Despite this increase, the efficiency ratio declined to 39.87% compared to 48.03% due to higher revenues.

Income Tax Expense

For the three months ended March 31, 2021, the Company recorded income tax expense of $50.5 million, largely driven by higher pre-tax income and reflects an effective tax rate of 25.75%. In the year-ago quarter, the Company recorded income tax expense of $14.9 million, reflecting an effective tax rate of 12.94%. The CARES Act, enacted on March 27, 2020, included certain tax provisions for corporations, one of which was the temporary carry back of tax losses. During the first quarter of 2020, the Company recognized a $13.1 million tax benefit related to its tax loss carryback as provided by the CARES Act.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative disclosures about the Company's market risk were presented on pages 74 through 78 of our 2020 Annual Report on Form 10-K, filed with the SEC on February 26, 2021. Subsequent changes in the Company's market risk profile and interest rate sensitivity are detailed in the discussion entitled "Management of Market and Interest Rate Risk" earlier in this quarterly report.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are the controls and other procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the U.S. Securities and Exchange Commission's (the "SEC's") rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15(e), as adopted by the SEC under the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period.

(b) Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, as such factors could materially affect the Company's business, financial condition, or future results of operations.

The risk factors set forth in our 2020 Form 10-K are updated by the following risks:

Failure to complete our proposed merger with Flagstar could negatively impact our business, financial results, and stock price.

If for any reason the merger is not completed, our ongoing business may be adversely impacted and we will be subject to a number of risks, including: the financial markets may react negatively, resulting in negative impacts on our stock price and other adverse impacts; we may experience negative reactions from our customers, vendors, and employees; we will have incurred substantial expenses and will be required to pay certain costs relating to the merger, whether or not the merger is completed, such as legal, accounting, investment banking, and other professional and administrative fees; the merger agreement places certain restrictions on the conduct of our business prior to completion of the merger, such restrictions, may adversely affect our ability to execute certain of our business strategies; and matters relating to the merger may require substantial commitments of time and resources by our management, which could otherwise have been devoted to other opportunities that may have benefited us as a standalone company.

Our ability to complete the proposed merger with Flagstar is subject to the receipt of approval from various regulatory agencies.

Prior to the transaction contemplated in the merger agreement being consummated, the Company and Flagstar must obtain various approvals, including approvals of the New York State Department of Financial Services, the Federal Deposit Insurance Corporation, and the Board of Governors of the Federal Reserve System. The terms and conditions of the approvals that are granted may impose conditions, limitations, obligations or costs, or place restrictions on the conduct of the combined company's business or require changes to the terms of the transaction completed by the merger agreement. Although the Company and Flagstar do not currently expect that any such conditions or changes would be imposed, there can be no assurance that the regulations will not impose any such conditions, obligations or restrictions, and that such conditions, limitations, obligations or restrictions will not have the effect if delaying or preventing completion of any of the transactions contemplated by the merger agreement, imposing additional material costs on or materially limiting the revenues of the combined company following the merger or otherwise reduce the anticipated benefits of the merger if the merger were consummated successfully within the expected timeframe, any of which might have an adverse effect on the combined company following the merger.

We face risks and uncertainties related to our proposed merger with Flagstar.

Uncertainty about the effect of the merger on personnel and customers may have an adverse effect on us. These uncertainties may impair our ability to attract, retain, and motivate key personnel until the merger is consummated and for a period of time thereafter, and could cause customers and others that deal with us to seek to change their existing business relationships with us. Employee retention may be particularly challenging during the pendency of the merger, as employees may experience uncertainty about their roles with the surviving company following the merger.

The Company and Flagstar have operated and, until the completion of the merger, will continue to operate independently. The ultimate success of the merger, including anticipated benefits and cost savings, among other things, will depend, in part, on our and Flagstar's ability to successfully combine and integrate our and Flagstar's businesses in a manner that facilitates growth opportunities and realizes anticipated cost savings. It is possible that the integration process could result in the loss of key employees, the loss of customers, the disruption of either company's ongoing business, unexpected integration issues, higher than expected integration costs, and an integration process that takes longer than originally anticipated. Also, if the combined companies experience difficulties or delays with the integration process, the anticipated benefits of the merger may not be realized fully, or at all.

The merger agreement between the Company and Flagstar may be terminated in accordance with its terms.

The merger agreement is subject to a number of conditions which need to be fulfilled in order to consummate the merger. These conditions include the approval of shareholders of both companies, the receipt of all required regulatory approvals, the absence of any order, injunction, or other legal restraint, subject to certain exceptions, the accuracy of representations and warranties under the merger agreement, our and Flagstar's performance of our and their respective obligations under the merger agreement in all material aspects, and each of our and Flagstar's receipt of a tax opinion to the effect that the merger will be treated as a "reorganization" within the

meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. The conditions to the closing of the merger may not be fulfilled in a timely manner or at all, and accordingly, the merger may be delayed or may not be completed.

We and Flagstar may opt to terminate the merger agreement under certain circumstances. Among other situations, if the merger is not completed by April 25, 2022, either we or Flagstar may choose not to proceed with the merger. We and Flagstar can also mutually decide to terminate the merger agreement at any time. If the merger agreement is terminated, under certain limited circumstances, Flagstar may be required to pay a $90 million termination fee to us.

Stockholder litigation could prevent or delay the closing of the proposed merger or otherwise negatively impact our business and operations.

Lawsuits may be filed against us, Flagstar, or the directors and officers of either company relating to the proposed merger. Litigation filed against us, our Board of Directors, or Flagstar and its Board of Directors could prevent or delay the completion of the merger, cause us to incur additional costs, or result in the payment of damages following completion of the merger. The defense or settlement of any lawsuit or claim that remains unresolved at the effective time of the merger may adversely affect the combined company's business, financial condition, results of operation, cash flows, and market price.

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.

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.

The Company allocated 1.3 million shares or $15.5 million toward the repurchase of shares tied to its stock-based incentive plans during the three months ended March 31, 2021.

(dollars in thousands, except per share data)

First Quarter 2021	Total Shares of Common Stock Repurchased	Average Price Paid per Common Share	Total Allocation
January 1 – January 31	653,767	$ 11.13	$ 7,276,427
February 1 – February 28	318	10.81	3,438
March 1 – March 31	689,281	11.95	8,234,953
Total shares repurchased	1,343,366	11.55	$ 15,514,818

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit No.	
2.1	Agreement and Plan of Merger, dated as of April 24, 2021, by and among New York Community Bancorp, Inc., 615 Corp., a wholly-owned subsidiary of New York Community Bancorp, Inc. and Flagstar Bancorp, Inc. * (1)
3.1	Amended and Restated Certificate of Incorporation. (2)
3.2	Certificates of Amendment of Amended and Restated Certificate of Incorporation. (3)
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation. (4)
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. (5)
3.5	Amended and Restated Bylaws. (6)
4.1	Specimen Stock Certificate. (7)
4.2	Deposit Agreement, dated as of March 16, 2017, by and among the Registrant, Computershare, Inc., and Computershare Trust Company, N.A., as joint depositary, and the holders from time to time of the depositary receipts described therein. (8)
4.3	Form of certificate representing the Series A Preferred Stock. (8)
4.4	Form of depositary receipt representing the Depositary Shares. (8)
4.5	Registrant will furnish, upon request, copies of all instruments defining the rights of holders of long-term debt instruments of the registrant and its consolidated subsidiaries.
10.1	Letter Agreement, dated as of April 24, 2021, by and between New York Community Bancorp, Inc. and Thomas Cangemi. ** (1)
31.1	Rule 13a-14(a) Certification of Chief Executive Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto).
31.2	Rule 13a-14(a) Certification of Chief Financial Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto).
32.0	Section 1350 Certifications of the Chief Executive Officer and Chief Financial Officer of the Company in accordance with Section 906 of the Sarbanes-Oxley Act of 2002 (attached hereto).
101.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	The cover page of New York Community Bancorp, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, formatted in Inline XBRL (included within the Exhibit 101 attachments).

* 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 to the Company's Form 8-K filed with the Securities and Exchange Commission on April 27, 2021 (File No. 1-31565).

(2) 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).

(3) Incorporated by reference to Exhibits filed with the Company's Form 10-K for the year ended December 31, 2003 (File No. 1-31565).

(4) 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).

(5) Incorporated by reference to Exhibits of the Company's Registration Statement on Form 8-A (File No. 333-210919), as filed with the Securities and Exchange Commission on March 16, 2017.
(6) Incorporated by reference to Exhibits filed with the Company's Form 10-K for the year ended December 31, 2016 (File No. 1-31565).
(7) 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).
(8) 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).

NEW YORK COMMUNITY BANCORP, INC.

SIGNATURES

Pursuant to the requirements 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.

New York Community Bancorp, Inc.
(Registrant)

DATE: May 7, 2021 BY: /s/ Thomas R. Cangemi

Thomas R. Cangemi
Chairman, President, and Chief Executive Officer

DATE: May 7, 2021 BY: /s/ John J. Pinto

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

Public Exhibit 5

NYC Bank Call Report for the Quarterly Period ended March 31, 2021

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency

Federal Financial Institutions Examination Council

Consolidated Reports of Condition and Income for A Bank With Domestic Offices Only - FFIEC 041

Institution Name	**NEW YORK COMMUNITY BANK**
City	**HICKSVILLE**
State	**NY**
Zip Code	**11801**
Call Report Report Date	**3/31/2021**
Report Type	**041**
RSSD-ID	**694904**
FDIC Certificate Number	**16022**
OCC Charter Number	**0**
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Federal Financial Institutions Examination Council

Consolidated Reports of Condition and Income for A Bank With Domestic Offices Only - FFIEC 041

Report at the close of business March 31, 2021

(20210331)
(RCON 9999)

This report is required by law: 12 U.S.C. §324 (State member banks); 12 U.S.C. §1817 (State non member banks); 12 U.S.C. §161 (National banks); and 12 U.S.C. §1464 (Savings associations).

Unless the context indicates otherwise, the term "bank" in this report form refers to both banks and savings associations.

This report form is to be filed by banks with domestic offices only and total consolidated assets of less than $100 billion, except those banks that file the FFIEC 051, and those banks that are advanced approaches institutions for regulatory capital purposes that are required to file the FFIEC 031.

NOTE: Each bank's board of directors and senior management are responsible for establishing and maintaining an effective system of internal control, including controls over the Reports of Condition and Income. The Reports of Condition and Income are to be prepared in accordance with federal regulatory authority instructions. The Reports of Condition and Income must be signed by the Chief Financial Officer (CFO) of the reporting bank (or by the individual performing an equivalent function) and attested to by not less than two directors (trustees) for state non member banks and three directors for state member banks, national banks, and savings associations.

I, the undersigned CFO (or equivalent) of the named bank, attest that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true and correct to the best of my knowledge and belief.

We, the undersigned directors (trustees), attest to the correctness of the Reports of Condition and Income (including the supporting schedules) for this report date and declare that the Reports of Condition and Income have been examined by us and to the best of our knowledge and belief have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true and correct.

Signature of Chief Financial Officer (or Equivalent)

Date of Signature

Director (Trustee)

Director (Trustee)

Director (Trustee)

Submission of Reports

Each bank must file its Reports of Condition and Income (Call Report) data by either:

(a) Using computer software to prepare its Call Report and then submitting the report data directly to the FFIEC's Central Data Repository (CDR), an Internet-based system for datacollection (https://cdr.ffiec.gov/cdr/), or

(b) Completing its Call Report in paper form and arranging with a software vendor or another party to convert the data in to the electronic format that can be processed by the CDR. The software vendor or other party then must electronically submit the bank's data file to the CDR.

For technical assistance with submissions to the CDR, please contact the CDR Help Desk by telephone at (888) CDR-3111, by fax at (703) 774-3946, or by e-mail at CDR.Help@cdr.ffiec.gov.

FDIC Certificate Number **16022** (RSSD 9050)

To fulfill the signature and attestation requirement for the Reports of Condition and Income for this report date, attach your bank's completed signature page (or a photocopy or a computer generated version of this page) to the hard-copy record of the data file submitted to the CDR that your bank must place in its files.

The appearance of your bank's hard-copy record of the submitted data file need not match exactly the appearance of the FFIEC's sample report forms, but should show at least the caption of each Call Report item and the reported amount.

NEW YORK COMMUNITY BANK
Legal Title of Bank (RSSD 9017)

HICKSVILLE
City (RSSD 9130)

NY — State Abbreviation (RSSD 9200)
11801 — Zip Code (RSSD 9220)

Legal Entity Identifier (LEI)
QODK9N71Q3XVQS2JKH91 (RCON 9224)

The estimated average burden associated with this information collection is 50.4 hours per respondent and is estimated to vary from 20 to 775 hours per response, depending on individual circumstances. Burden estimates include the time for reviewing instructions, gathering and maintaining data in the required form, and completing the information collection, but exclude the time for compiling and maintaining business records in the normal course of a respondent's activities. A Federal agency may not conduct or sponsor, and an organization (or a person) is not required to respond to a collection of information, unless it displays a currently valid OMB control number. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503, and to one of the following: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551; Legislative and Regulatory Analysis Division, Office of the Comptroller of the Currency, Washington, DC 20219; Assistant Executive Secretary, Federal Deposit Insurance Corporation, Washington, DC 20429.

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For information or assistance, national banks, state nonmember banks, and savings associations should contact the FDIC's Data Collection and Analysis Section, 550 17th Street, NW, Washington, DC 20429, toll free on (800) 688-FDIC(3342), Monday through Friday between 8:00 a.m. and 5:00 p.m., Eastern Time. State member banks should contact their Federal Reserve District Bank.

Primary Contact

CONF
Name (TEXT C366)

CONF
Title (TEXT C367)

CONF
E-mail Address (TEXT C368)

CONF
Area Code / Phone Number / Extension (TEXT C369)

CONF
Area Code / FAX Number (TEXT C370)

Secondary Contact

CONF
Name (TEXT C371)

CONF
Title (TEXT C372)

CONF
E-mail Address (TEXT C373)

CONF
Area Code / Phone Number / Extension (TEXT C374)

CONF
Area Code / FAX Number (TEXT C375)

USA PATRIOT Act Section 314(a) Anti-Money Laundering

Contact Information

This information is being requested to identify points-of-contact who are in charge of your bank's USA PATRIOT Act Section 314(a) information requests. Bank personnel listed could be contacted by law enforcement officers or the Financial Crimes Enforcement Network (FinCEN) for additional information related to specific Section 314(a) search requests or other anti-terrorist financing and anti- money laundering matters. Communications sent by FinCEN to the bank for purposes other than Section 314(a) notifications will state the intended purpose and should be directed to the appropriate bank personnel for review. Any disclosure of customer records to law enforcement officers or FinCEN must be done in compliance with applicable law, including the Right to Financial Privacy Act (12 U.S.C. 3401 et seq.).

Please provide information for a primary and secondary contact. Information for a third and fourth contact may be provided at the bank's option. Enter "none" for the contact's e-mail address if not available. This contact information is for the confidential use of the Agencies, FinCEN, and law enforcement officers and will not be released to the public.

Primary Contact

CONF
Name (TEXT C437)

CONF
Title (TEXT C438)

CONF
E-mail Address (TEXT C439)

CONF
Area Code / Phone Number / Extension (TEXT C440)

Secondary Contact

CONF
Name (TEXT C442)

CONF
Title (TEXT C443)

CONF
E-mail Address (TEXT C444)

CONF
Area Code / Phone Number / Extension (TEXT 8902)

Third Contact

CONF
Name (TEXT C870)

CONF
Title (TEXT C871)

CONF
E-mail Address (TEXT C368)

CONF
Area Code / Phone Number / Extension (TEXT C873)

Fourth Contact

CONF
Name (TEXT C875)

CONF
Title (TEXT C876)

CONF
E-mail Address (TEXT C877)

CONF
Area Code / Phone Number / Extension (TEXT C878)

Schedule RI - Income Statement(Form Type - 041)

Dollar amounts in thousands			
1. Interest income:			1.
a. Interest and fee income on loans:			1.a.
1. Loans secured by real estate:			1.a.1.
a. Loans secured by 1-4 family residential properties	RIAD4435	**1,752**	1.a.1.a.
b. All other loans secured by real estate	RIAD4436	**359,099**	1.a.1.b.
2. Commercial and industrial loans	RIAD4012	**8,602**	1.a.2.
3. Loans to individuals for household, family, and other personal expenditures:			1.a.3.
a. Credit cards	RIADB485	**0**	1.a.3.a.
b. Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	RIADB486	**68**	1.a.3.b.
4. Not applicable			1.a.4.
5. All other loans[1]	RIAD4058	**38**	1.a.5.
6. Total interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(5))	RIAD4010	**369,559**	1.a.6.
b. Income from lease financing receivables	RIAD4065	**13,871**	1.b.
c. Interest income on balances due from depository institutions[2]	RIAD4115	**394**	1.c.
d. Interest and dividend income on securities:			1.d.
1. U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).	RIADB488	**5,239**	1.d.1.
2. Mortgage-backed securities	RIADB489	**17,364**	1.d.2.
3. All other securities (includes securities issued by states and political subdivisions in the U.S.)	RIAD4060	**7,339**	1.d.3.
e. Not applicable			1.e.
f. Interest income on federal funds sold and securities purchased under agreements to resell	RIAD4020	**853**	1.f.
g. Other interest income	RIAD4518	**8,501**	1.g.
h. Total interest income (sum of items 1.a.(6) through 1.g)	RIAD4107	**423,120**	1.h.
2. Interest expense:			2.
a. Interest on deposits:			2.a.
1. Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	RIAD4508	**4,181**	2.a.1.
2. Nontransaction accounts:			2.a.2.
a. Savings deposits (includes MMDAs)	RIAD0093	**10,765**	2.a.2.a.
b. Time deposits of $250,000 or less	RIADHK03	**9,856**	2.a.2.b.
c. Time deposits of more than $250,000	RIADHK04	**8,615**	2.a.2.c.
b. Expense of federal funds purchased and securities sold under agreements to repurchase	RIAD4180	**4,436**	2.b.
c. Interest on trading liabilities and other borrowed money	RIAD4185	**58,683**	2.c.
d. Interest on subordinated notes and debentures	RIAD4200	**0**	2.d.
e. Total interest expense (sum of items 2.a through 2.d)	RIAD4073	**96,536**	2.e.
3. Net interest income (item 1.h minus 2.e)	RIAD4074	**326,584**	3.
4. Provision for loan and lease losses[3]	RIADJJ33	**3,569**	4.
5. Noninterest income:			5.
a. Income from fiduciary activities [2]	RIAD4070	**0**	5.a.
b. Service charges on deposit accounts	RIAD4080	**2,386**	5.b.
c. Trading revenue[3]	RIADA220	**105**	5.c.
d. Income from securities-related and insurance activities			5.d.
1. Fees and commissions from securities brokerage	RIADC886	**628**	5.d.1.
2. Investment banking, advisory, and underwriting fees and commissions	RIADC888	**0**	5.d.2.

1. Includes interest and fee income on "Loans to depository institutions and acceptances of other banks," "Loans to fi nance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Other loans."
2. Includes interest income on time certificates of deposit not held for trading.
3. Institutions that have adopted ASU 2016-13 should report in item 4 the provisions for credit losses for all financial assets and off-balance-sheet credit exposures that fall within the scope of the standard.
2. For banks required to complete Schedule RC-T, items 14 through 22, income from fiduciary activities reported in Schedule RI, item 5.a, must equal the amount reported in Schedule RC-T, item 22.
3. For banks required to complete Schedule RI, Memorandum item 8, trading revenue reported in Schedule RI, item 5.c, must equal the sum of Memorandum items 8.a through 8.e.

Dollar amounts in thousands			
3. Fees and commissions from annuity sales	RIADC887	421	5.d.3.
4. Underwriting income from insurance and reinsurance activities	RIADC386	0	5.d.4.
5. Income from other insurance activities	RIADC387	86	5.d.5.
e. Venture capital revenue	RIADB491	0	5.e.
f. Net servicing fees	RIADB492	247	5.f.
g. Net securitization income	RIADB493	0	5.g.
h. Not applicable			5.h.
i. Net gains (losses) on sales of loans and leases	RIAD5416	744	5.i.
j. Net gains (losses) on sales of other real estate owned	RIAD5415	-54	5.j.
k. Net gains (losses) on sales of other assets[3]	RIADB496	217	5.k.
l. Other noninterest income[*]	RIADB497	9,968	5.l.
m. Total noninterest income (sum of items 5.a through 5.l)	RIAD4079	14,748	5.m.
6. Not available			6.
a. Realized gains (losses) on held-to-maturity securities	RIAD3521	0	6.a.
b. Realized gains (losses) on available-for-sale debt securities	RIAD3196	0	6.b.
7. Noninterest expense:			7.
a. Salaries and employee benefits	RIAD4135	75,791	7.a.
b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	RIAD4217	21,352	7.b.
c. Not available			7.c.
1. Goodwill impairment losses	RIADC216	0	7.c.1.
2. Amortization expense and impairment losses for other intangible assets	RIADC232	0	7.c.2.
d. Other noninterest expense[*]	RIAD4092	31,503	7.d.
e. Total noninterest expense (sum of items 7.a through 7.d)	RIAD4093	128,646	7.e.
8. Not available			8.
a. Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations (item 3 plus or minus items 4, 5.m, 6.a, 6.b, and 7.e)	RIADHT69	209,117	8.a.
b. Change in net unrealized holding gains (losses) on equity securities not held for trading[4]	RIADHT70	-483	8.b.
c. Income (loss) before applicable income taxes and discontinued operations (sum of items 8.a and 8.b)	RIAD4301	208,634	8.c.
9. Applicable income taxes (on item 8.c)	RIAD4302	53,997	9.
10. Income (loss) before discontinued operations (item 8.c minus item 9)	RIAD4300	154,637	10.
11. Discontinued operations, net of applicable income taxes (Describe on Schedule RI-E - Explanations)[*]	RIADFT28	0	11.
12. Net income (loss) attributable to bank and noncontrolling (minority) interests (sum of items 10 and 11)	RIADG104	154,637	12.
13. LESS: Net income (loss) attributable to noncontrolling (minority) interests (if net income, report as a positive value; if net loss, report as a negative value)	RIADG103	0	13.
14. Net income (loss) attributable to bank (item 12 minus item 13)	RIAD4340	154,637	14.
1. Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes	RIAD4513	0	M.1.
Memorandum item 2 is to be completed by banks with $1 billion or more in total assets 2. Income from the sale and servicing of mutual funds and annuities (included in Schedule RI, item 8)[1]	RIAD8431	1,050	M.2.
3. Income on tax-exempt loans and leases to states and political subdivisions in the U.S. (included in Schedule RI, items 1.a and 1.b)	RIAD4313	0	M.3.
4. Income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in Schedule RI, item 1.d.(3))	RIAD4507	224	M.4.
5. Number of full-time equivalent employees at end of current period (round to nearest whole number)	RIAD4150	2797	M.5.
Memorandum item 6 is to be completed by: ** banks with $300 million or more in total assets, and* ** banks with less than $300 million in total assets that have loans to finance agricultural product and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans* 6. Interest and fee income on loans to finance agricultural production and other loans to farmers (included in Schedule RI, item 1.a.(5))[1]	RIAD4024	0	M.6.

3. Exclude net gains (losses) on sales of trading assets and held-to-maturity and available-for-sale debt securities.
*. Describe on Schedule RI-E-Explanations
*. Describe on Schedule RI-E - Explanations.
4. Item 8.b is to be completed by all institutions. See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.
1. The asset size tests and the 5 percent of total loans test are based on the total assets and total loans reported in the June 30, 2018, Report of Condition.
1. The asset size tests and the 5 percent of total loans test are based on the total assets and total loans reported in the June 30, 2018, Report of Condition.

Dollar amounts in thousands			
7. If the reporting institution has applied pushdown accounting this calendar year, report the date of the institution's acquisition (see instructions)[2]	RIAD9106	00000000	M.7.
8. Not applicable			M.8.
Memorandum items 9.a and 9.b are to be completed by banks with $10 billion or more in total assets. 9. Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account:[1]			M.9.
a. Net gains (losses) on credit derivatives held for trading	RIADC889	0	M.9.a.
b. Net gains (losses) on credit derivatives held for purposes other than trading	RIADC890	0	M.9.b.
Memorandum item 10 is to be completed by banks with $300 million or more in total assets. 10. Credit losses on derivatives (see instructions)[1]	RIADA251	0	M.10.
11. Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?	RIADA530	No	M.11.
Memorandum item 12 is to be completed by banks that are required to complete Schedule RC-C, Part I, Memorandum items 8.b and 8.c and is to be completed semiannually in the June and December reports only. 12. Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (included in Schedule RI, item 1.a.(1)(a))	RIADF228	NR	M.12.
Memorandum item 13 is to be completed by banks that have elected to account for assets and liabilities under a fair value option. 13. Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option:			M.13.
a. Net gains (losses) on assets	RIADF551	NR	M.13.a.
1. Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk	RIADF552	NR	M.13.a.1.
b. Net gains (losses) on liabilities	RIADF553	NR	M.13.b.
1. Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk	RIADF554	NR	M.13.b.1.
14. Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings (included in Schedule RI, items 6.a and 6.b)[2]	RIADJ321	NR	M.14.
Memorandum item 15 is to be completed by institutions with $1 billion or more in total assets that answered "Yes" to Schedule RC-E, Memorandum item 5. 15. Components of service charges on deposit accounts in domestic offices (sum of Memorandum items 15.a through 15.d must equal Schedule RI, item 5.b):[1]			M.15.
a. Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	RIADH032	735	M.15.a.
b. Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	RIADH033	196	M.15.b.
c. Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	RIADH034	852	M.15.c.
d. All other service charges on deposit accounts	RIADH035	604	M.15.d.

2. Report the date in YYYYMMDD format. For example, a bank acquired on March 1, 2020, would report 20200301.
1. The asset size tests and the 5 percent of total loans test are based on the total assets and total loans reported in the June 30, 2018, Report of Condition.
1. The asset size tests and the 5 percent of total loans test are based on the total assets and total loans reported in the June 30, 2018, Report of Condition.
2. Memorandum item 14 is to be completed only by institutions that have not adopted ASU 2016-13.
1. The $1 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RI-A - Changes in Bank Equity Capital(Form Type - 041)

Dollar amounts in thousands			
1. Total bank equity capital most recently reported for the December 31, 2020, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	RIAD3217	7,333,635	1.
2. Cumulative effect of changes in accounting principles and corrections of material accounting errors*	RIADB507	0	2.
3. Balance end of previous calendar year as restated (sum of items 1 and 2)	RIADB508	7,333,635	3.
4. Net income (loss) attributable to bank (must equal Schedule RI, item 14)	RIAD4340	154,637	4.
5. Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions)	RIADB509	0	5.
6. Treasury stock transactions, net	RIADB510	0	6.
7. Changes incident to business combinations, net	RIAD4356	0	7.
8. LESS: Cash dividends declared on preferred stock	RIAD4470	0	8.
9. LESS: Cash dividends declared on common stock	RIAD4460	95,000	9.
10. Other comprehensive income[1]	RIADB511	-96,638	10.
11. Other transactions with stockholders (including a parent holding company) (not included in items 5, 6, 8, or 9 above)*	RIAD4415	0	11.
12. Total bank equity capital end of current period (sum of items 3 through 11) (must equal Schedule RC, item 27.a)	RIAD3210	7,296,634	12.

*. Describe on Schedule RI-E -- Explanations.

1. Includes, but is not limited to, changes in net unrealized holding gains (losses) on available-for-sale debt securities, changes in accumulated net gains (losses) on cash flow hedges, and pension and other postretirement plan-related changes other than net periodic benefit cost.

Schedule RI-B Part I - Charge-offs and Recoveries on Loans and Leases(Form Type - 041)

Part I includes charge-offs and recoveries through the allocated transfer risk reserve.

Dollar amounts in thousands	(Column A) Charge-offs Calendar year-to-date		(Column B) Recoveries Calendar year-to-date		
1. Loans secured by real estate:					1.
a. Construction, land development, and other land loans:					1.a.
1. 1-4 family residential construction loans	RIADC891	0	RIADC892	0	1.a.1.
2. Other construction loans and all land development and other land loans	RIADC893	0	RIADC894	2	1.a.2.
b. Secured by farmland	RIAD3584	0	RIAD3585	0	1.b.
c. Secured by 1-4 family residential properties:					1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RIAD5411	0	RIAD5412	0	1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:					1.c.2.
a. Secured by first liens	RIADC234	0	RIADC217	18	1.c.2.a.
b. Secured by junior liens	RIADC235	0	RIADC218	0	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties	RIAD3588	658	RIAD3589	0	1.d.
e. Secured by nonfarm nonresidential properties:					1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RIADC895	0	RIADC896	0	1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RIADC897	0	RIADC898	0	1.e.2.
2. Not applicable					2.
3. Not applicable					3.
4. Commercial and industrial loans	RIAD4638	3,653	RIAD4608	4,819	4.
5. Loans to individuals for household, family, and other personal expenditures:					5.
a. Credit cards	RIADB514	0	RIADB515	0	5.a.
b. Automobile loans	RIADK129	0	RIADK133	0	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RIADK205	12	RIADK206	1	5.c.
6. Not applicable					6.
7. All other loans[2]	RIAD4644	0	RIAD4628	0	7.
8. Lease financing receivables	RIAD4266	0	RIAD4267	0	8.
9. Total (sum of items 1 through 8)	RIAD4635	4,323	RIAD4605	4,840	9.
1. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RI-B, part I, items 4 and 7, above	RIAD5409	0	RIAD5410	0	M.1.
2. Not available					M.2.
Memorandum items 2.a. through 2.d. are to be completed by banks with $300 million or more in total assets: a. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RI-B, part I, item 1, above)[2]	RIAD4652	0	RIAD4662	0	M.2.a.
b. Not applicable					M.2.b.
c. Commercial and industrial loans to non-U.S. addressees (domicile) (included in Schedule RI-B, part I, item 4, above)	RIAD4646	0	RIAD4618	0	M.2.c.
d. Leases to individuals for household, family, and other personal expenditures (included in Schedule RI-B, part I, item 8, above)	RIADF185	0	RIADF187	0	M.2.d.
*Memorandum item 3 are to be completed by: * banks with $300 million or more in total assets, and * banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans:* 3. Loans to finance agricultural production and other loans to farmers (included in Schedule RI-B, part I, item 7, above)[2]	RIAD4655	0	RIAD4665	0	M.3.

Dollar amounts in thousands			
Memorandum item 4 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes. 4. Uncollectible retail credit card fees and finance charges reversed against income (i.e., not included in charge-offs against the allowance for loan and lease losses)[3]	RIADC388	NR	M.4.

Schedule RI-B Part II - Changes in Allowances for Credit Losses(Form Type - 041)

Dollar amounts in thousands	(Column A) Loans and Leases Held for Investment		(Column B) Held-to-maturity Debt Securities		(Column C) Available-for-sale Debt Securities		
1. Balance most recently reported for the December 31, 2020, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)........	RIADB522	194,043	RIADJH88	0	RIADJH94	0	1.
2. Recoveries (column A must equal Part I, item 9, column B, above)............	RIAD4605	4,840	RIADJH89	0	RIADJH95	0	2.
3. LESS: Charge-offs (column A must equal Part I, item 9, column A, above less Schedule RI-B, Part II, item 4, column A)........	RIADC079	4,323	RIADJH92	0	RIADJH98	0	3.
4. LESS: Write-downs arising from transfers of financial assets[3]....................	RIAD5523	0	RIADJJ00	0	RIADJJ01	0	4.
5. Provisions for credit losses[4]........	RIAD4230	3,198	RIADJH90	0	RIADJH96	0	5.
6. Adjustments (see instructions for this schedule)[*]........	RIADC233	0	RIADJH91	0	RIADJH97	0	6.
7. Balance end of current period (sum of items 1, 2, 5, and 6, less items 3 and 4) (column A must equal Schedule RC, item 4.c)........	RIAD3123	197,758	RIADJH93	0	RIADJH99	0	7.

Dollar amounts in thousands			
1. Allocated transfer risk reserve included in Schedule RI-8, Part II, item 7, column A, above........	RIADC435	0	M.1.
Memorandum items 2 and 3 are to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes. 2. Separate valuation allowance for uncollectible retail credit card fees and finance charges........	RIADC389	NR	M.2.
3. Amount of allowance for loan and lease losses attributable to retail credit card fees and finance charges[1]..............	RIADC390	NR	M.3.
4. Amount of allowance for post-acquisition credit losses on purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3) (included in Schedule RI-B, Part II, item 7, column A, above)[2]........	RIADC781	NR	M.4.
5. Provisions for credit losses on other financial assets measured at amortized cost (not included in item 5, above)[3]...	RIADJJ02	0	M.5.
6. Allowance for credit losses on other financial assets measured at amortized cost (not included in item 7, above)[3]...	RCONJJ03	0	M.6.
7. Provisions for credit losses on off-balance-sheet credit exposures[3]........	RIADMG93	371	M.7.
8. Estimated amount of expected recoveries of amounts previously written off included within the allowance for credit losses on loans and leases held for investment (included in item 7, column A, "Balance end of current period," above)[3]........	RIADMG94	0	M.8.

2. Includes charge-offs and recoveries on "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."
2. The $300 million asset size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.
2. The $300 million asset size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.
3. Institutions that have adopted ASU 2016-13 should report in Memorandum item 4 uncollectible retail credit card fees and finance charges reversed against income (i.e. not included in charge-offs against the allowance for credit losses on loans and leases).
3. Institutions that have not yet adopted ASU 2016-13 should report write-downs arising from transfers of loans to a held-for-sale account in item 4, column A.
4. Institutions that have not yet adopted ASU 2016-13 should report the provision for loan and lease losses in item 5, column A and the amount reported must equal Schedule RI, item 4.
*. Describe on Schedule RI-E - Explanations.
1. Institutions that have adopted ASU 2016-13 should report in Memorandum item 3 the amount of allowance for credit losses on loans and leases attributable to retail credit card fees and finance charges.
2. Memorandum item 4 is to be completed only by institutions that have not yet adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.

Schedule RI-C Part I - Disaggregated Data on the Allowance for Loan and Lease Losses(Form Type - 041)

Schedule RI-C is to be completed by institutions with $1 billion or more in total assets

Dollar amounts in thousands	(Column A) Recorded Investment: Individually Evaluated for Impairment and Determined to be Impaired (ASC 310-10-35)	(Column B) Allowance Balance: Individually Evaluated for Impairment and Determined to be Impaired (ASC 310-10-35)	(Column C) Recorded Investment: Collectively Evaluated for Impairment (ASC 450-20)	(Column D) Allowance Balance: Collectively Evaluated for Impairment (ASC 450-20)	(Column E) Recorded Investment: Purchased Credit-Impaired Loans (ASC 310-30)	(Column F) Allowance Balance: Purchased Credit-Impaired Loans (ASC 310-30)	
1. Real estate loans:							1.
a. Construction loans	RCONM708 NR	RCONM709 NR	RCONM710 NR	RCONM711 NR	RCONM712 NR	RCONM713 NR	1.a.
b. Commercial real estate loans	RCONM714 NR	RCONM715 NR	RCONM716 NR	RCONM717 NR	RCONM719 NR	RCONM720 NR	1.b.
c. Residential real estate loans	RCONM721 NR	RCONM722 NR	RCONM723 NR	RCONM724 NR	RCONM725 NR	RCONM726 NR	1.c.
2. Commercial loans[3]	RCONM727 NR	RCONM728 NR	RCONM729 NR	RCONM730 NR	RCONM731 NR	RCONM732 NR	2.
3. Credit cards	RCONM733 NR	RCONM734 NR	RCONM735 NR	RCONM736 NR	RCONM737 NR	RCONM738 NR	3.
4. Other consumer loans	RCONM739 NR	RCONM740 NR	RCONM741 NR	RCONM742 NR	RCONM743 NR	RCONM744 NR	4.
5. Unallocated, if any				RCONM745 NR			5.
6. Total (for each column, sum of items 1.a through 5)[4]	RCONM746 NR	RCONM747 NR	RCONM748 NR	RCONM749 NR	RCONM750 NR	RCONM751 NR	6.

3. Include all loans and leases not reported as real estate loans, credit cards, or other consumer loans in items 1, 3, or 4 of Schedule RI-C.
4. The sum of item 6, columns B, D, and F, must equal Schedule RC, item 4.c. Item 6, column E, must equal Schedule RC-C, Part I, Memorandum item 7.b. Item 6, column F, must equal Schedule RI-B, Part II, Memorandum item 4.

Schedule RI-C Part II - Disaggregated Data on the Allowances for Credit Losses(Form Type - 041)

Dollar amounts in thousands	(Column A) Amortized Cost		(Column B) Allowance Balance		
1. Real estate loans:					1.
a. Construction loans	RCONJJ04	115,895	RCONJJ12	1,542	1.a.
b. Commercial real estate loans	RCONJJ05	39,250,709	RCONJJ13	173,576	1.b.
c. Residential real estate loans	RCONJJ06	208,369	RCONJJ14	1,310	1.c.
2. Commercial loans[3]	RCONJJ07	3,548,340	RCONJJ15	21,306	2.
3. Credit cards	RCONJJ08	0	RCONJJ16	0	3.
4. Other consumer loans	RCONJJ09	1,827	RCONJJ17	24	4.
5. Unallocated, if any			RCONJJ18	0	5.
6. Total (sum of items 1.a. through 5)	RCONJJ11	43,125,140	RCONJJ19	197,758	6.

Dollar amounts in thousands			
7. Securities issued by states and political subdivisions in the U.S.	RCONJJ20	0	7.
8. Mortgage-backed securities (MBS) (including CMOs, REMICs, and stripped MBS)	RCONJJ21	0	8.
9. Asset-backed securities and structured financial products	RCONJJ23	0	9.
10. Other debt securities	RCONJJ24	0	10.
11. Total (sum of items 7 through 10)[5]	RCONJJ25	0	11.

Schedule RI-E - Explanations (Form Type - 041)

Schedule RI-E is to be completed each quarter on a calendar year-to-date basis.

Detail all adjustments in Schedule RI-A and RI-B, all extraordinary items and other adjustments in Schedule RI, and all significant items of other noninterest income and other noninterest expense in Schedule RI. (See instructions for details.)

Dollar amounts in thousands			
1. Other noninterest income (from Schedule RI, item 5.l) Itemize and describe amounts greater than $100,000 that exceed 7 percent of Schedule RI, item 5.l:			1.
a. Income and fees from the printing and sale of checks	RIADC013	0	1.a.
b. Earnings on/increase in value of cash surrender value of life insurance	RIADC014	6,890	1.b.
c. Income and fees from automated teller machines (ATMs)	RIADC016	0	1.c.
d. Rent and other income from other real estate owned	RIAD4042	0	1.d.
e. Safe deposit box rent	RIADC015	0	1.e.
f. Bank card and credit card interchange fees	RIADF555	1,326	1.f.
g. Income and fees from wire transfers	RIADT047	0	1.g.
h. Disclose component and the dollar amount of that component:			1.h.
(TEXT4461) NR	RIAD4461	0	1.h.1.
i. Disclose component and the dollar amount of that component:			1.i.
(TEXT4462) NR	RIAD4462	0	1.i.1.
j. Disclose component and the dollar amount of that component:			1.j.
(TEXT4463) NR	RIAD4463	0	1.j.1.
2. Other noninterest expense (from Schedule RI, item 7.d) Itemize and describe amounts greater than $100,000 that exceed 7 percent of Schedule RI, item 7.d:			2.
a. Data processing expenses	RIADC017	9,385	2.a.
b. Advertising and marketing expenses	RIAD0497	0	2.b.
c. Directors' fees	RIAD4136	0	2.c.
d. Printing, stationery, and supplies	RIADC018	0	2.d.
e. Postage	RIAD8403	0	2.e.

3. Include all loans and leases not reported as real estate loans, credit cards, or other consumer loans in items 1, 3, or 4 of Schedule RI-C,Part II.
5. Item 11 must equal Schedule RI-B, Part II, item 7, column B.

Dollar amounts in thousands

Item	Code	Amount	
f. Legal fees and expenses	RIAD4141	0	2.f.
g. FDIC deposit insurance assessments	RIAD4146	CONF	2.g.
h. Accounting and auditing expenses	RIADF556	0	2.h.
i. Consulting and advisory expenses	RIADF557	0	2.i.
j. Automated teller machine (ATM) and interchange expenses	RIADF558	0	2.j.
k. Telecommunications expenses	RIADF559	0	2.k.
l. Other real estate owned expenses	RIADY923	0	2.l.
m. Insurance expenses (not included in employee expenses, premises and fixed asset expenses, and other real estate owned expenses)	RIADY924	0	2.m.
n. Disclose component and the dollar amount of that component:			2.n.
(TEXT4464) NR	RIAD4464	0	2.n.1.
o. Disclose component and the dollar amount of that component:			2.o.
(TEXT4467) NR	RIAD4467	0	2.o.1.
p. Disclose component and the dollar amount of that component:			2.p.
(TEXT4468) NR	RIAD4468	0	2.p.1.
3. Discontinued operations and applicable income tax effect (from Schedule RI, item 11) (itemize and describe each discontinued operation):			3.
a. Disclose component, the gross dollar amount of that component, and its related income tax:			3.a.
(TEXTFT29) NR	RIADFT29	0	3.a.1.
3. Applicable income tax effect	RIADFT30	0	3.a.3.
b. Disclose component, the gross dollar amount of that component, and its related income tax:			3.b.
(TEXTFT31) NR	RIADFT31	0	3.b.1.
3. Applicable income tax effect	RIADFT32	0	3.b.3.
4. Cumulative effect of changes in accounting principles and corrections of material accounting errors (from Schedule RI-A, item 2) (itemize and describe all such effects):			4.
a. Effect of adoption of Current Expected Credit Losses Methodology - ASU 2016-13[1]	RIADJJ26	NR	4.a.
b. Effect of adoption of lease accounting standard - ASC Topic 842	RIADKW17	NR	4.b.
c. Disclose component and the dollar amount of that component:			4.c.
(TEXTB526) NR	RIADB526	0	4.c.1.
d. Disclose component and the dollar amount of that component:			4.d.
(TEXTB527) NR	RIADB527	0	4.d.1.
5. Other transactions with stockholders (including a parent holding company) (from Schedule RI-A, item 11) (itemize and describe all such transactions):			5.
a. Disclose component and the dollar amount of that component:			5.a.
(TEXT4498) NR	RIAD4498	0	5.a.1.
b. Disclose component and the dollar amount of that component:			5.b.
(TEXT4499) NR	RIAD4499	0	5.b.1.
6. Adjustments to allowance for loan and lease losses (from Schedule RI-B, part II, item 6) (itemize and describe all adjustments):			6.
a. Initial allowances for credit losses recognized upon the acquisition of purchased credit-deteriorated assets on or after the effective date of ASU 2016-13[1]	RIADJJ27	NR	6.a.
b. Effect of adoption of current expected credit losses methodology on allowances for credit losses[1]	RIADJJ28	NR	6.b.
c. Disclose component and the dollar amount of that component:			6.c.
(TEXT4521) NR	RIAD4521	0	6.c.1.
d. Disclose component and the dollar amount of that component:			6.d.
(TEXT4522) NR	RIAD4522	0	6.d.1.
7. Other explanations (the space below is provided for the bank to briefly describe, at its option, any other significant items affecting the Report of Income):			7.
a. Comments?	RIAD4769	No	7.a.
b. Other explanations	TEXT4769	Click here for value	7.b.

1. Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a and 6.b, if applicable.
1. Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a and 6.b, if applicable.
1. Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a and 6.b, if applicable.

(TEXT4769) Additional Items for RC-M 8.C: Roosevelt Savings Bank Atlantic Bank

Schedule RC - Balance Sheet(Form Type - 041)

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Dollar amounts in thousands			
1. Cash and balances due from depository institutions (from Schedule RC-A):			1.
a. Noninterest-bearing balances and currency and coin[1]	RCON0081	139,230	1.a.
b. Interest-bearing balances[2]	RCON0071	2,123,522	1.b.
2. Securities:			2.
a. Held-to-maturity securities (from Schedule RC-B, column A)[3]	RCONJJ34	0	2.a.
b. Available-for-sale debt securities (from Schedule RC-B, column D)	RCON1773	6,177,904	2.b.
c. Equity securities with readily determinable fair values not held for trading[4]	RCONJA22	15,801	2.c.
3. Federal funds sold and securities purchased under agreements to resell:			3.
a. Federal funds sold	RCONB987	0	3.a.
b. Securities purchased under agreements to resell[5]	RCONB989	459,922	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):			4.
a. Loans and leases held for sale	RCON5369	141,435	4.a.
b. Loans and leases held for investment	RCONB528	43,125,140	4.b.
c. LESS: Allowance for loan and lease losses	RCON3123	197,758	4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c)[7]	RCONB529	42,927,382	4.d.
5. Trading assets (from Schedule RC-D)	RCON3545	0	5.
6. Premises and fixed assets (including capitalized leases)	RCON2145	544,603	6.
7. Other real estate owned (from Schedule RC-M)	RCON2150	3,340	7.
8. Investments in unconsolidated subsidiaries and associated companies	RCON2130	0	8.
9. Direct and indirect investments in real estate ventures	RCON3656	0	9.
10. Intangible assets (from Schedule RC-M)	RCON2143	2,419,553	10.
11. Other assets (from Schedule RC-F)[6]	RCON2160	2,680,414	11.
12. Total assets (sum of items 1 through 11)	RCON2170	57,633,106	12.
13. Deposits:			13.
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E)	RCON2200	34,341,673	13.a.
1. Noninterest-bearing[8]	RCON6631	4,874,234	13.a.1.
2. Interest-bearing	RCON6636	29,467,439	13.a.2.
b. Not applicable			13.b.
14. Federal funds purchased and securities sold under agreements to repurchase:			14.
a. Federal funds purchased[9]	RCONB993	0	14.a.
b. Securities sold under agreements to repurchase[10]	RCONB995	800,000	14.b.
15. Trading liabilities (from Schedule RC-D)	RCON3548	0	15.
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	RCON3190	14,305,540	16.
17. Not applicable			17.
18. Not applicable			18.
19. Subordinated notes and debentures[8]	RCON3200	0	19.
20. Other liabilities (from Schedule RC-G)	RCON2930	889,259	20.
21. Total liabilities (sum of items 13 through 20)	RCON2948	50,336,472	21.

1. Includes cash items in process of collection and unposted debits.
2. Includes time certificates of deposit not held for trading.
3. Institutions that have adopted ASU 2016-13 should report in item 2.a, amounts net of any applicable allowance for credit losses, and should equal to Schedule RC-B, item 8, column A less Schedule RI-B, Part II, item 7, column B.
4. Item 2.c is to be completed by all institutions. See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.
5. Includes all securities resale agreements, regardless of maturity.
7. Institutions that have adopted ASU 2016-13 should report in item 4.c the allowance for credit losses on loans and leases.
6. Institutions that have adopted ASU 2016-13 should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.
8. Includes noninterest-bearing demand, time, and savings deposits.
9. Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."
10. Includes all securities repurchase agreements, regardless of maturity.
8. Includes limited-life preferred stock and related surplus.

Dollar amounts in thousands			
22. Not applicable			22.
23. Perpetual preferred stock and related surplus	RCON3838	0	23.
24. Common stock	RCON3230	28,538	24.
25. Surplus (exclude all surplus related to preferred stock)	RCON3839	4,297,603	25.
26. Not available			26.
a. Retained earnings	RCON3632	3,183,932	26.a.
b. Accumulated other comprehensive income[1]	RCONB530	-122,116	26.b.
c. Other equity capital components[2]	RCONA130	-91,323	26.c.
27. Not available			27.
a. Total bank equity capital (sum of items 23 through 26.c)	RCON3210	7,296,634	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries	RCON3000	0	27.b.
28. Total equity capital (sum of items 27.a and 27.b)	RCONG105	7,296,634	28.
29. Total liabilities and equity capital (sum of items 21 and 28)	RCON3300	57,633,106	29.
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2020	RCON6724	2a	M.1.
2. Bank's fiscal year-end date (report the date in MMDD format)	RCON8678	1231	M.2.

Schedule RC-A - Cash and Balances Due From Depository Institutions(Form Type - 041)

Schedule RC-A is to be completed only by banks with $300 million or more in total assets.
Exclude assets held for trading.

Dollar amounts in thousands			
1. Cash items in process of collection, unposted debits, and currency and coin:			1.
a. Cash items in process of collection and unposted debits	RCON0020	34,761	1.a.
b. Currency and coin	RCON0080	101,268	1.b.
2. Balances due from depository institutions in the U.S.	RCON0082	5,740	2.
3. Balances due from banks in foreign countries and foreign central banks	RCON0070	51	3.
4. Balances due from Federal Reserve Banks	RCON0090	2,120,932	4.
5. Total	RCON0010	2,262,752	5.

1. Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.
2. Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Schedule RC-B - Securities(Form Type - 041)

Exclude assets held for trading.

Dollar amounts in thousands	(Column A) Held-to-maturity Amortized Cost		(Column B) Held-to-maturity Fair Value		(Column C) Available-for-sale Amortized Cost		(Column D) Available-for-sale Fair Value		
1. U.S. Treasury securities	RCON0211	0	RCON0213	0	RCON1286	64,993	RCON1287	64,998	1.
2. U.S. Government agency and sponsored agency obligations (exclude mortgage-backed securities)[1]	RCONHT50	0	RCONHT51	0	RCONHT52	1,433,279	RCONHT53	1,368,340	2.
3. Securities issued by states and political subdivisions in the U.S.	RCON8496	0	RCON8497	0	RCON8498	25,715	RCON8499	26,012	3.
4. Mortgage-backed securities (MBS):									4.
a. Residential mortgage pass-through securities:									4.a.
1. Guaranteed by GNMA	RCONG300	0	RCONG301	0	RCONG302	23,790	RCONG303	24,336	4.a.1.
2. Issued by FNMA and FHLMC	RCONG304	0	RCONG305	0	RCONG306	497,713	RCONG307	495,693	4.a.2.
3. Other pass-through securities	RCONG308	0	RCONG309	0	RCONG310	0	RCONG311	0	4.a.3.
b. Other residential mortgage-backed securities (include CMOs, REMICs, and stripped MBS):									4.b.
1. Issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCONG312	0	RCONG313	0	RCONG314	1,518,966	RCONG315	1,485,533	4.b.1.
2. Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCONG316	0	RCONG317	0	RCONG318	0	RCONG319	0	4.b.2.
3. All other residential MBS	RCONG320	0	RCONG321	0	RCONG322	0	RCONG323	0	4.b.3.
c. Commercial MBS:									4.c.
1. Commercial mortgage pass-through securities:									4.c.1.
a. Issued or guaranteed by FNMA, FHLMC, or GNMA	RCONK142	0	RCONK143	0	RCONK144	662,243	RCONK145	689,288	4.c.1.a.
b. Other pass-through securities	RCONK146	0	RCONK147	0	RCONK148	0	RCONK149	0	4.c.1.b.
2. Other commercial MBS:									4.c.2.
a. Issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCONK150	0	RCONK151	0	RCONK152	488,889	RCONK153	500,736	4.c.2.a.
b. All other commercial MBS	RCONK154	0	RCONK155	0	RCONK156	0	RCONK157	0	4.c.2.b.
5. Asset-backed securities and structured financial products:									5.
a. Asset-backed securities (ABS)	RCONC026	0	RCONC988	0	RCONC989	520,110	RCONC027	520,774	5.a.
b. Structured financial products	RCONHT58	0	RCONHT59	0	RCONHT60	0	RCONHT61	0	5.b.
6. Other debt securities:									6.
a. Other domestic debt securities	RCON1737	0	RCON1738	0	RCON1739	966,507	RCON1741	976,201	6.a.
b. Other foreign debt securities	RCON1742	0	RCON1743	0	RCON1744	25,000	RCON1746	25,993	6.b.
7. Not applicable.									7.
8. Total (sum of items 1 through 6.b)[2]	RCON1754	0	RCON1771	0	RCON1772	6,227,205	RCON1773	6,177,904	8.

Dollar amounts in thousands			
1. Pledged securities[1]	RCON0416	1,242,310	M.1.
2. Maturity and repricing data for debt securities (excluding those in nonaccrual status):[1]			M.2.
a. Securities issued by the U.S. Treasury, U.S. Government agencies, and states and political subdivisions in the U.S.; other non-mortgage debt securities; and mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of:[2]			M.2.a.
1. Three months or less	RCONA549	1,435,315	M.2.a.1.
2. Over three months through 12 months	RCONA550	49,246	M.2.a.2.
3. Over one year through three years	RCONA551	291,827	M.2.a.3.
4. Over three years through five years	RCONA552	201,749	M.2.a.4.
5. Over five years through 15 years	RCONA553	1,693,468	M.2.a.5.
6. Over 15 years	RCONA554	0	M.2.a.6.
b. Mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of:[2]			M.2.b.
1. Three months or less	RCONA555	0	M.2.b.1.
2. Over three months through 12 months	RCONA556	69	M.2.b.2.
3. Over one year through three years	RCONA557	0	M.2.b.3.
4. Over three years through five years	RCONA558	0	M.2.b.4.
5. Over five years through 15 years	RCONA559	15,848	M.2.b.5.
6. Over 15 years	RCONA560	504,113	M.2.b.6.
c. Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS; exclude mortgage pass-through securities) with an expected average life of:[5]			M.2.c.
1. Three years or less	RCONA561	321,088	M.2.c.1.
2. Over three years	RCONA562	1,665,181	M.2.c.2.
d. Debt securities with a REMAINING MATURITY of one year or less (included in Memorandum items 2.a through 2.c above)	RCONA248	149,348	M.2.d.
Memorandum item 3 is to be completed semiannually in the June and December reports only. 3. Amortized cost of held-to-maturity securities sold or transferred to available-for-sale or trading securities during the calendar year-to-date (report the amortized cost at date of sale or transfer)	RCON1778	NR	M.3.
4. Structured notes (included in the held-to-maturity and available-for-sale accounts in Schedule RC-B, items 2, 3, 5, and 6):			M.4.
a. Amortized cost	RCON8782	0	M.4.a.
b. Fair value	RCON8783	0	M.4.b.

1. Includes Small Business Administration "Guaranteed Loan Pool Certificates"; U.S. Maritime Administration obligations; Export-Import Bank participation certificates; and obligations (other than mortgage-backed securities) issued by the Farm Credit System, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Financing Corporation, Resolution Funding Corporation, the Student Loan Marketing Association, and the Tennessee Valley Authority.

1. U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

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2. For institutions that have adopted ASU 2016-13, the total reported in column A must equal Schedule RC, item 2.a, plus Schedule RI-B, Part II, item 7, column B. For institutions that have not adopted ASU 2016-13, the total reported in column A must equal Schedule RC, item 2.a. For all institutions, the total reported in column D must equal Schedule RC, item 2.b.

Dollar amounts in thousands	(Column A) Held-to-maturity Amortized Cost		(Column B) Held-to-maturity Fair Value		(Column C) Available-for-sale Amortized Cost		(Column D) Available-for-sale Fair Value		
Memorandum items 5.a through 5.f are to be completed by banks with $10 billion or more in total assets. 5. Asset-backed securities (ABS) (for each column, sum of Memorandum items 5.a through 5.f must equal Schedule RC-B, item 5.a):[1]									M.5.
a. Credit card receivables	RCONB838	0	RCONB839	0	RCONB840	0	RCONB841	0	M.5.a.
b. Home equity lines	RCONB842	0	RCONB843	0	RCONB844	0	RCONB845	0	M.5.b.
c. Automobile loans	RCONB846	0	RCONB847	0	RCONB848	0	RCONB849	0	M.5.c.
d. Other consumer loans	RCONB850	0	RCONB851	0	RCONB852	520,110	RCONB853	520,774	M.5.d.
e. Commercial and industrial loans	RCONB854	0	RCONB855	0	RCONB856	0	RCONB857	0	M.5.e.
f. Other	RCONB858	0	RCONB859	0	RCONB860	0	RCONB861	0	M.5.f.
Memorandum items 6.a through 6.g are to be completed by banks with $10 billion or more in total assets. 6. Structured financial products by underlying collateral or reference assets (for each column, sum of Memorandum items 6.a through 6.g must equal Schedule RC-B, item 5.b):[1]									M.6.
a. Trust preferred securities issued by financial institutions	RCONG348	0	RCONG349	0	RCONG350	0	RCONG351	0	M.6.a.
b. Trust preferred securities issued by real estate investment trusts	RCONG352	0	RCONG353	0	RCONG354	0	RCONG355	0	M.6.b.
c. Corporate and similar loans	RCONG356	0	RCONG357	0	RCONG358	0	RCONG359	0	M.6.c.
d. 1-4 family residential MBS issued or guaranteed by U.S. government-sponsored enterprises (GSEs)	RCONG360	0	RCONG361	0	RCONG362	0	RCONG363	0	M.6.d.
e. 1-4 family residential MBS not issued or guaranteed by GSEs	RCONG364	0	RCONG365	0	RCONG366	0	RCONG367	0	M.6.e.
f. Diversified (mixed) pools of structured financial products	RCONG368	0	RCONG369	0	RCONG370	0	RCONG371	0	M.6.f.
g. Other collateral or reference assets	RCONG372	0	RCONG373	0	RCONG374	0	RCONG375	0	M.6.g.

1. Includes held-to-maturity securities at amortized cost, available-for-sale debt securities at fair value, and equity securities with readily determinable fair values not held for trading (reported in Schedule RC, item 2.c) at fair value.

1. Includes held-to-maturity securities at amortized cost, available-for-sale debt securities at fair value, and equity securities with readily determinable fair values not held for trading (reported in Schedule RC, item 2.c) at fair value.

2. Report fixed-rate debt securities by remaining maturity and floating-rate debt securities by next repricing date.

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5. Sum of Memorandum items 2.c.(1) and 2.c.(2) plus any nonaccrual "Other mortgage-backed securities" included in Schedule RC-N, item 10, column C, must equal Schedule RC-B, sum of items 4.b and 4.c.(2), columns A and D.

1. The $10 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

1. The $10 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-C Part I - Loans and Leases(Form Type - 041)

Do not deduct the allowance for loan and lease losses or the allocated transfer risk reserve from amounts reported in this schedule. Report (1) loans and leases held for sale at the lower of cost or fair value, (2) loans and leases held for investment, net of unearned income, and (3) loans and leases accounted for at fair value under a fair value option. Exclude assets held for trading and commercial paper.

Dollar amounts in thousands	(Column A) To Be Completed by Banks with $300 Million or More in Total Assets		(Column B) To Be Completed by All Banks		
1. Loans secured by real estate:					1.
a. Construction, land development, and other land loans:					1.a.
1. 1-4 family residential construction loans			RCONF158	5,863	1.a.1.
2. Other construction loans and all land development and other land loans			RCONF159	110,032	1.a.2.
b. Secured by farmland (including farm residential and other improvements)			RCON1420	0	1.b.
c. Secured by 1-4 family residential properties:					1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit			RCON1797	0	1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:					1.c.2.
a. Secured by first liens			RCON5367	206,019	1.c.2.a.
b. Secured by junior liens			RCON5368	2,350	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties			RCON1460	32,220,176	1.d.
e. Secured by nonfarm nonresidential properties:					1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties			RCONF160	430,133	1.e.1.
2. Loans secured by other nonfarm nonresidential properties			RCONF161	6,615,959	1.e.2.
2. Loans to depository institutions and acceptances of other banks			RCON1288	0	2.
a. To commercial banks in the U.S.	RCONB531	0			2.a.
b. To other depository institutions in the U.S.	RCONB534	0			2.b.
c. To banks in foreign countries	RCONB535	0			2.c.
3. Loans to finance agricultural production and other loans to farmers			RCON1590	0	3.
4. Commercial and industrial loans			RCON1766	1,740,627	4.
a. To U.S. addressees (domicile)	RCON1763	1,740,627			4.a.
b. To non-U.S. addressees (domicile)	RCON1764	0			4.b.
5. Not applicable					5.
6. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper):					6.
a. Credit cards			RCONB538	0	6.a.
b. Other revolving credit plans			RCONB539	1,293	6.b.
c. Automobile loans			RCONK137	0	6.c.
d. Other consumer loans (includes single payment and installment loans other than automobile loans and all student loans)			RCONK207	535	6.d.
7. Not applicable					7.
8. Obligations (other than securities and leases) of states and political subdivisions in the U.S.			RCON2107	0	8.
9. Loans to nondepository financial institutions and other loans:					9.
a. Loans to nondepository financial institutions			RCONJ454	0	9.a.
b. Other loans			RCONJ464	3,785	9.b.
1. Loans for purchasing or carrying securities (secured and unsecured)	RCON1545	0			9.b.1.
2. All other loans (exclude consumer loans)	RCONJ451	3,785			9.b.2.
10. Lease financing receivables (net of unearned income)			RCON2165	1,929,803	10.
a. Leases to individuals for household, family, and other personal expenditures (i.e., consumer leases)	RCONF162	0			10.a.
b. All other leases	RCONF163	1,929,803			10.b.
11. LESS: Any unearned income on loans reflected in items 1-9 above			RCON2123	0	11.
12. Total loans and leases held for investment and held for sale (sum of items 1 through 10 minus item 11) (must equal Schedule RC, sum of items 4.a and 4.b)			RCON2122	43,266,575	12.

Dollar amounts in thousands			
1. Loans restructured in troubled debt restructurings that are in compliance with their modified terms (included in Schedule RC-C, part 1, and not reported as past due or nonaccrual in Schedule RC-N, Memorandum item 1):			M.1.
a. Construction, land development, and other land loans:			M.1.a.
1. 1-4 family residential construction loans	RCONK158	0	M.1.a.1.
2. Other construction loans and all land development and other land loans	RCONK159	0	M.1.a.2.
b. Loans secured by 1-4 family residential properties	RCONF576	0	M.1.b.
c. Secured by multifamily (5 or more) residential properties	RCONK160	0	M.1.c.
d. Secured by nonfarm nonresidential properties:			M.1.d.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK161	0	M.1.d.1.
2. Loans secured by other nonfarm nonresidential properties	RCONK162	14,894	M.1.d.2.
e. Commercial and industrial loans	RCONK256	0	M.1.e.
Memorandum items 1.e.(1) and (2) are to be completed by banks with $300 million or more in total assets (sum of Memorandum items 1.e(1) and (2) must equal Memorandum item 1.e): 1. To U.S. addressees (domicile)	RCONK163	0	M.1.e.1.
2. To non-U.S. addressees (domicile)	RCONK164	0	M.1.e.2.
f. All other loans (include loans to individuals for household, family, and other personal expenditures)	RCONK165	0	M.1.f.
1. Loans secured by farmland	RCONK166	0	M.1.f.1.
2. Not applicable			M.1.f.2.
3. Not applicable			M.1.f.3.
4. Loans to individuals for household, family, and other personal expenditures:			M.1.f.4.
a. Credit cards	RCONK098	0	M.1.f.4.a.
b. Automobile loans	RCONK203	0	M.1.f.4.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RCONK204	0	M.1.f.4.c.
*Memorandum item 1.f.(5) is to be completed by: * Banks with $300 million or more in total assets * Banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans* 5. Loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, Memorandum item 1.f, above[1]	RCONK168	0	M.1.f.5.
g. Total loans restructured in troubled debt restructurings that are in compliance with their modified terms (sum of Memorandum items 1.a.(1) through 1.f)	RCONHK25	14,894	M.1.g.
2. Maturity and repricing data for loans and leases (excluding those in nonaccrual status):			M.2.
a. Closed-end loans secured by first liens on 1-4 family residential properties (reported in Schedule RC-C, part I, item 1.c.(2)(a), column B, above) with a remaining maturity or next repricing date of:			M.2.a.
1. Three months or less	RCONA564	3,822	M.2.a.1.
2. Over three months through 12 months	RCONA565	25,018	M.2.a.2.
3. Over one year through three years	RCONA566	93,371	M.2.a.3.
4. Over three years through five years	RCONA567	32,011	M.2.a.4.
5. Over five years through 15 years	RCONA568	50,260	M.2.a.5.
6. Over 15 years	RCONA569	967	M.2.a.6.
b. All loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column B, above) EXCLUDING closed-end loans secured by first liens on 1-4 family residential properties (reported in Schedule RC-C, part I, item 1.c.(2)(a), column B, above) with a remaining maturity or next repricing date of:			M.2.b.
1. Three months or less	RCONA570	3,299,889	M.2.b.1.
2. Over three months through 12 months	RCONA571	3,119,602	M.2.b.2.
3. Over one year through three years	RCONA572	10,732,998	M.2.b.3.
4. Over three years through five years	RCONA573	14,397,254	M.2.b.4.
5. Over five years through 15 years	RCONA574	11,477,931	M.2.b.5.
6. Over 15 years	RCONA575	274	M.2.b.6.
c. Loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column B, above) with a REMAINING MATURITY of one year or less (excluding those in nonaccrual status)	RCONA247	920,883	M.2.c.
3. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-C, part I, items 4 and 9, column B[6]	RCON2746	126,385	M.3.
4. Adjustable rate closed-end loans secured by first liens on 1-4 family residential properties (included in Schedule RC-C, part I, item 1.c.(2)(a), column B)	RCON5370	196,746	M.4.

1. The $300 million asset size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.
6. Exclude loans secured by real estate that are included in Schedule RC-C, Part I, items 1.a through 1.e, column B.

Dollar amounts in thousands			
To be completed by banks with $300 million or more in total assets: 5. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RC-C, Part I, items 1.a through 1.e, column B)[2]	RCONB837	0	M.5.
Memorandum item 6 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes. 6. Outstanding credit card fees and finance charges included in Schedule RC-C, part I, item 6.a	RCONC391	NR	M.6.
Memorandum items 7.a, 7.b, and 8.a are to be completed by all banks semiannually in the June and December reports only. 7. Purchased credit-impaired loans held for investment accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3) (exclude loans held for sale):[3]			M.7.
a. Outstanding balance	RCONC779	NR	M.7.a.
b. Amount included in Schedule RC-C, part I, items 1 through 9	RCONC780	NR	M.7.b.
8. Closed-end loans with negative amortization features secured by 1-4 family residential properties:			M.8.
a. Total amount of closed-end loans with negative amortization features secured by 1-4 family residential properties (included in Schedule RC-C, part I, items 1.c.(2)(a) and 1.c.(2)(b))	RCONF230	NR	M.8.a.
Memorandum items 8.b and 8.c are to be completed semiannually in the June and December reports only by banks that had closed-end loans with negative amortization features secured by 1-4 family residential properties (as reported in Schedule RC-C, Part I, Memorandum item 8.a) as of December 31, 2019, that exceeded the lesser of $100 million or 5 percent of total loans and leases held for investment and held for sale (as reported in Schedule RC-C, Part I, item 12, column B). b. Total maximum remaining amount of negative amortization contractually permitted on closed-end loans secured by 1-4 family residential properties	RCONF231	NR	M.8.b.
c. Total amount of negative amortization on closed-end loans secured by 1-4 family residential properties included in the amount reported in Memorandum item 8.a above	RCONF232	NR	M.8.c.
9. Loans secured by 1-4 family residential properties in process of foreclosure (included in Schedule RC-C, part I, items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b))	RCONF577	0	M.9.
10. Not applicable			M.10.

2. The $300 million asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.
3. Memorandum item 7 is to be completed only by institutions that have not yet adopted ASU 2016-13.

Dollar amounts in thousands			
11. Not applicable			M.11.

Dollar amounts in thousands	(Column A) Fair value of acquired loans and leases at acquisition date		(Column B) Gross contractual amounts receivable at acquisition date		(Column C) Best estimate at acquisition date of contractual cash flows not expected to be collected		
Memorandum items 12.a, 12.b, 12.c, and 12.d are to be completed semiannually in the June and December reports only. 12. Loans (not subject to the requirements of FASB ASC 310-30 (former AICPA Statement of Position 03-3)) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year:[1]							M.12.
a. Loans secured by real estate	RCONG091	NR	RCONG092	NR	RCONG093	NR	M.12.a.
b. Commercial and industrial loans	RCONG094	NR	RCONG095	NR	RCONG096	NR	M.12.b.
c. Loans to individuals for household, family, and other personal expenditures	RCONG097	NR	RCONG098	NR	RCONG099	NR	M.12.c.
d. All other loans and all leases	RCONG100	NR	RCONG101	NR	RCONG102	NR	M.12.d.

Dollar amounts in thousands			
Memoranda item 13 is to be completed by banks that had construction, land development, and other land loans (as reported in Schedule RC-C, Part I, item 1.a, column B) that exceeded 100 percent of the sum of tier 1 capital (as reported in Schedule RC-R, Part I, item 26) plus the allowance for loan and lease losses or the allowance for credit losses on loans and leases, as applicable (as reported in Schedule RC, item 4.c) as of December 31, 2020. 13. Construction, land development, and other land loans in domestic offices with interest reserves:			M.13.
a. Amount of loans that provide for the use of interest reserves (included in Schedule RC-C, part I, item 1.a, column B)	RCONG376	NR	M.13.a.
b. Amount of interest capitalized from interest reserves on construction, land development, and other land loans that is included in interest and fee income on loans during the quarter (included in Schedule RI, item 1.a.(1)(a)(2)).	RIADG377	NR	M.13.b.
Memorandum item 14 is to be completed by all banks. 14. Pledged loans and leases	RCONG378	31,766,098	M.14.
Memorandum item 15 is to be completed for the December report only. 15. Reverse mortgages:			M.15.
a. Reverse mortgages outstanding that are held for investment (included in Schedule RC-C, item 1.c, above):			M.15.a.
1. Home Equity Conversion Mortgage (HECM) reverse mortgages	RCONJ466	NR	M.15.a.1.
2. Proprietary reverse mortgages	RCONJ467	NR	M.15.a.2.
b. Estimated number of reverse mortgage loan referrals to other lenders during the year from whom compensation has been received for services performed in connection with the origination of the reverse mortgages:			M.15.b.
1. Home Equity Conversion Mortgage (HECM) reverse mortgages	RCONJ468	NR	M.15.b.1.
2. Proprietary reverse mortgages	RCONJ469	NR	M.15.b.2.
c. Principal amount of reverse mortgage originations that have been sold during the year:			M.15.c.
1. Home Equity Conversion Mortgage (HECM) reverse mortgages	RCONJ470	NR	M.15.c.1.
2. Proprietary reverse mortgages	RCONJ471	NR	M.15.c.2.
Memorandum item 16 is to be completed by all banks. 16. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit that have converted to non-revolving closed-end status (included in item 1.c.(1) above)	RCONLE75	0	M.16.
Amounts reported in Memorandum items 17.a and 17.b will not be made available to the public on an individual institution basis. 17. Eligible loan modifications under Section 4013, Temporary Relief from Troubled Debt Restructurings, of the 2020 Coronavirus Aid, Relief, and Economic Security Act:			M.17.
a. Number of Section 4013 loans outstanding	RCONLG24	CONF	M.17.a.
b. Outstanding balance of Section 4013 loans	RCONLG25	CONF	M.17.b.

1. Institutions that have adopted ASU 2016-13 should report only loans held for investment not considered purchased credit-deteriorated in Memorandum item 12.

Schedule RC-C Part II - Loans to Small Businesses and Small Farms(Form Type - 041)

Report the number and amount currently outstanding as of the report date of business loans with "original amounts" of $1,000,000 or less and farm loans with "original amounts" of $500,000 or less. The following guidelines should be used to determine the "original amount" of a loan:
(1) For loans drawn down under lines of credit or loan commitments, the "original amount" of the loan is the size of the line of credit or loan commitment when the line of credit or loan commitment was most recently approved, extended, or renewed prior to the report date. However, if the amount currentlyoutstanding as of the report date exceeds this size, the "original amount" is the amount currently outstanding on the report date. (2) For loan participations and syndications, the "original amount" of the loan participation or syndication is the entire amount of the credit originated by the lead lender. (3) For all other loans, the "original amount" is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

Dollar amounts in thousands			
1. Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank's "Loans secured by nonfarm nonresidential properties" reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2), and all or substantially all of the dollar volume of your bank's "Commercial and industrial loans" reported in Schedule RC-C, part I, item 4, have original amounts of $100,000 or less	RCON6999	No	1.
If YES, complete items 2.a and 2.b below, skip items 3 and 4, and go to item 5. If NO and your bank has loans outstanding in either loan category, skip items 2.a and 2.b, complete items 3 and 4 below, and go to item 5. If NO and your bank has no loans outstanding in both loan categories, skip items 2 through 4, and go to item 5			
2. Report the total number of loans currently outstanding for each of the following Schedule RC-C, part I, loan categories:			2.
a. "Loans secured by nonfarm nonresidential properties" reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2)	RCON5562	NR	2.a.
b. "Commercial and industrial loans" reported in Schedule RC-C, part I, item 4[1]	RCON5563	NR	2.b.

Dollar amounts in thousands	(Column A) Number of Loans		(Column B) Amount Currently Outstanding		
3. Number and amount currently outstanding of "Loans secured by nonfarm nonresidential properties" reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2):					3.
a. With original amounts of $100,000 or less	RCON5564	4	RCON5565	210	3.a.
b. With original amounts of more than $100,000 through $250,000	RCON5566	35	RCON5567	4,036	3.b.
c. With original amounts of more than $250,000 through $1,000,000	RCON5568	199	RCON5569	104,035	3.c.
4. Number and amount currently outstanding of "Commercial and industrial loans" reported in Schedule RC-C, part I, item 4:					4.
a. With original amounts of $100,000 or less	RCON5570	1239	RCON5571	33,112	4.a.
b. With original amounts of more than $100,000 through $250,000	RCON5572	222	RCON5573	30,780	4.b.
c. With original amounts of more than $250,000 through $1,000,000	RCON5574	286	RCON5575	90,888	4.c.

Dollar amounts in thousands			
5. Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank's "Loans secured by farmland (including farm residential and other improvements)" reported in Schedule RC-C, part I, item 1.b, and all or substantially all of the dollar volume of your bank's "Loans to finance agricultural production and other loans to farmers" reported in Schedule RC-C, part I, item 3, have original amounts of $100,000 or less	RCON6860	No	5.
If YES, complete items 6.a and 6.b below, and do not complete items 7 and 8. If NO and your bank has loans outstanding in either loan category, skip items 6.a and 6.b and complete items 7 and 8 below. If NO and your bank has no loans outstanding in both loan categories, do not complete items 6 through 8.			
6. Report the total number of loans currently outstanding for each of the following Schedule RC-C, part I, loan categories:			6.
a. "Loans secured by farmland (including farm residential and other improvements)" reported in Schedule RC-C, part I, item 1.b	RCON5576	NR	6.a.
b. "Loans to finance agricultural production and other loans to farmers" reported in Schedule RC-C, part I, item 3	RCON5577	NR	6.b.

Dollar amounts in thousands	(Column A) Number of Loans		(Column B) Amount Currently Outstanding		
7. Number and amount currently outstanding of "Loans secured by farmland (including farm residential and other improvements)" reported in Schedule RC-C, part I, item 1.b:					7.
a. With original amounts of $100,000 or less	RCON5578	NR	RCON5579	NR	7.a.
b. With original amounts of more than $100,000 through $250,000	RCON5580	NR	RCON5581	NR	7.b.
c. With original amounts of more than $250,000 through $500,000	RCON5582	NR	RCON5583	NR	7.c.
8. Number and amount currently outstanding of "Loans to finance agricultural production and other loans to farmers" reported in Schedule RC-C, part I, item 3:					8.
a. With original amounts of $100,000 or less	RCON5584	NR	RCON5585	NR	8.a.
b. With original amounts of more than $100,000 through $250,000	RCON5586	NR	RCON5587	NR	8.b.
c. With original amounts of more than $250,000 through $500,000	RCON5588	NR	RCON5589	NR	8.c.

Schedule RC-D - Trading Assets and Liabilities(Form Type - 041)

RC-D is to be completed by banks that reported total trading assets of $10 million or more in any of the four preceding calendar quarters and all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes.

Dollar amounts in thousands			
1. U.S. Treasury securities	RCON3531	0	1.
2. U.S. Government agency obligations (exclude mortgage-backed securities)	RCON3532	0	2.
3. Securities issued by states and political subdivisions in the U.S.	RCON3533	0	3.
4. Mortgage-backed securities (MBS):			4.
a. Residential mortgage pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA	RCONG379	0	4.a.
b. Other residential MBS issued or guaranteed by U.S. Government agencies or sponsored agencies (include CMOs, REMICs, and stripped MBS)	RCONG380	0	4.b.
c. All other residential MBS	RCONG381	0	4.c.
d. Commercial MBS issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCONK197	0	4.d.
e. All other commercial MBS	RCONK198	0	4.e.
5. Other debt securities:			5.
a. Structured financial products	RCONHT62	0	5.a.
b. All other debt securities	RCONG386	0	5.b.
6. Loans:			6.
a. Loans secured by real estate:			6.a.
1. Loans secured by 1-4 family residential properties	RCONHT63	0	6.a.1.
2. All other loans secured by real estate	RCONHT64	0	6.a.2.
b. Commercial and industrial loans	RCONF614	0	6.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCONHT65	0	6.c.
d. Other loans	RCONF618	0	6.d.
7. Not applicable			7.
8. Not applicable			8.
9. Other trading assets	RCON3541	0	9.
10. Not applicable			10.
11. Derivatives with a positive fair value	RCON3543	0	11.
12. Total trading assets (sum of items 1 through 11) (must equal Schedule RC, item 5)	RCON3545	0	12.
13. Not available			13.
a. Liability for short positions	RCON3546	0	13.a.
b. Other trading liabilities	RCONF624	0	13.b.
14. Derivatives with a negative fair value	RCON3547	0	14.
15. Total trading liabilities (sum of items 13.a through 14) (must equal Schedule RC, item 15)	RCON3548	0	15.
1. Unpaid principal balance of loans measured at fair value (reported in Schedule RC-D, items 6.a.(1) through 6.d):			M.1.
a. Loans secured by real estate:			M.1.a.
1. Loans secured by 1-4 family residential properties	RCONHT66	0	M.1.a.1.
2. All other loans secured by real estate	RCONHT67	0	M.1.a.2.
b. Commercial and industrial loans	RCONF632	0	M.1.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCONHT68	0	M.1.c.
d. Other loans	RCONF636	0	M.1.d.

1. Banks with $300 million or more in total assets should provide the requested information for "Commercial and industrial loans" based on the loans reported in Schedule RC-C, Part I, item 4.a, column A, "Commercial and industrial loans to U.S. addressees."

1. U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

Schedule RC-E - Deposit Liabilities(Form Type - 041)

Dollar amounts in thousands	(Column A) Transaction Accounts Total transaction accounts (including total demand deposits)		(Column B) Transaction Accounts Memo: Total demand deposits (included in column A)		(Column C) Nontransaction Accounts Total nontransaction accounts (including MMDAs)		
Deposits of:							
1. Individuals, partnerships, and corporations (include all certified and official checks)	RCONB549	10,241,224			RCONB550	22,641,594	1.
2. U.S. Government	RCON2202	37			RCON2520	0	2.
3. States and political subdivisions in the U.S.	RCON2203	516,357			RCON2530	343,414	3.
4. Commercial banks and other depository institutions in the U.S.	RCONB551	146,871			RCONB552	18,644	4.
5. Banks in foreign countries	RCON2213	71			RCON2236	0	5.
6. Foreign governments and official institutions (including foreign central banks)	RCON2216	2,931			RCON2377	430,530	6.
7. Total (sum of items 1 through 6) (sum of columns A and C must equal Schedule RC, item 13.a)	RCON2215	10,907,491	RCON2210	10,907,491	RCON2385	23,434,182	7.

Dollar amounts in thousands			
1. Selected components of total deposits (i.e., sum of item 7, columns A and C):			M.1.
a. Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts	RCON6835	910,176	M.1.a.
b. Total brokered deposits	RCON2365	5,298,688	M.1.b.
c. Brokered deposits of $250,000 or less (fully insured brokered deposits)[2]	RCONHK05	5,231,329	M.1.c.
d. Maturity data for brokered deposits:			M.1.d.
1. Brokered deposits of $250,000 or less with a remaining maturity of one year or less (included in Memorandum item 1.c above)	RCONHK06	4,498,046	M.1.d.1.
2. Not applicable			M.1.d.2.
3. Brokered deposits of more than $250,000 with a remaining maturity of one year or less (included in Memorandum item 1.b above)	RCONK220	67,359	M.1.d.3.
e. Preferred deposits (uninsured deposits of states and political subdivisions in the U.S. reported in item 3 above which are secured or collateralized as required under state law) (to be completed for the December report only).	RCON5590	NR	M.1.e.
f. Estimated amount of deposits obtained through the use of deposit listing services that are not brokered deposits	RCONK223	0	M.1.f.
g. Total reciprocal deposits (as of the report date)	RCONJH83	0	M.1.g.
2. Components of total nontransaction accounts (sum of Memorandum items 2.a through 2.d must equal item 7, column C above):			M.2.
a. Savings deposits:			M.2.a.
1. Money market deposit accounts (MMDAs)	RCON6810	6,277,587	M.2.a.1.
2. Other savings deposits (excludes MMDAs)	RCON0352	7,542,297	M.2.a.2.
b. Total time deposits of less than $100,000	RCON6648	3,295,516	M.2.b.
c. Total time deposits of $100,000 through $250,000	RCONJ473	2,956,339	M.2.c.
d. Total time deposits of more than $250,000	RCONJ474	3,362,443	M.2.d.
e. Individual Retirement Accounts (IRAs) and Keogh Plan accounts of $100,000 or more included in Memorandum items 2.c and 2.d above	RCONF233	345,934	M.2.e.
3. Maturity and repricing data for time deposits of $250,000 or less:			M.3.
a. Time deposits of $250,000 or less with a remaining maturity or next repricing date of:[1, 2]			M.3.a.
1. Three months or less	RCONHK07	2,810,302	M.3.a.1.
2. Over three months through 12 months	RCONHK08	2,679,367	M.3.a.2.
3. Over one year through three years	RCONHK09	759,027	M.3.a.3.
4. Over three years	RCONHK10	3,160	M.3.a.4.
b. Time deposits of $250,000 or less with a REMAINING MATURITY of one year or less (included in Memorandum items 3.a.(1) and 3.a.(2) above)[3]	RCONHK11	5,489,668	M.3.b.
4. Maturity and repricing data for time deposits of more than $250,000:			M.4.
a. Time deposits of more than $250,000 with a remaining maturity or next repricing date of:[1, 4]			M.4.a.
1. Three months or less	RCONHK12	1,931,855	M.4.a.1.
2. Over three months through 12 months	RCONHK13	1,238,712	M.4.a.2.
3. Over one year through three years	RCONHK14	7,288	M.4.a.3.
4. Over three years	RCONHK15	184,588	M.4.a.4.
b. Time deposits of more than $250,000 with a REMAINING MATURITY of one year or less (included in Memorandum items 4.a.(1) and 4.a.(2) above)[3]	RCONK222	3,170,567	M.4.b.
5. Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?	RCONP752	Yes	M.5.
Memorandum items 6 and 7 are to be completed by institutions with $1 billion or more in total assets that answered "Yes" to Memorandum item 5 above. 6. Components of total transaction account deposits of individuals, partnerships, and corporations (sum of Memorandum items 6.a and 6.b must be less than or equal to item 1, column A, above):[5]			M.6.
a. Total deposits in those noninterest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use	RCONP753	1,457,754	M.6.a.

2. The dollar amount used as the basis for reporting in Memorandum item 1.c reflects the deposit insurance limit in effect on the report date.

1, 2. Report fixed-rate time deposits by remaining maturity and floating rate time deposits by next repricing date.

3. Report both fixed-and floating-rate time deposits by remaining maturity. Exclude floating-rate time deposits with a next repricing date of one year or less that have a remaining maturity of over one year.

1, 4. Report fixed-rate time deposits by remaining maturity and floating rate time deposits by next repricing date.

3. Report both fixed-and floating-rate time deposits by remaining maturity. Exclude floating-rate time deposits with a next repricing date of one year or less that have a remaining maturity of over one year.

5. The $1 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Dollar amounts in thousands			
b. Total deposits in those interest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use	RCONP754	2,885,411	M.6.b.
7. Components of total nontransaction account deposits of individuals, partnerships, and corporations (sum of Memorandum items 7.a.(1), 7.a.(2), 7.b.(1), and 7.b.(2) plus all time deposits of individuals, partnerships, and corporations must equal item 1, column C, above):			M.7.
a. Money market deposit accounts (MMDAs) of individuals, partnerships, and corporations (sum of Memorandum items 7.a.(1) and 7.a.(2) must be less than or equal to Memorandum item 2.a.(1) above):			M.7.a.
1. Total deposits in those MMDA deposit products intended primarily for individuals for personal, household, or family use	RCONP756	1,561,526	M.7.a.1.
2. Deposits in all other MMDAs of individuals, partnerships, and corporations	RCONP757	4,482,286	M.7.a.2.
b. Other savings deposit accounts of individuals, partnerships, and corporations (sum of Memorandum items 7.b.(1) and 7.b.(2) must be less than or equal to Memorandum item 2.a.(2) above):			M.7.b.
1. Total deposits in those other savings deposit account deposit products intended primarily for individuals for personal, household, or family use	RCONP758	6,844,943	M.7.b.1.
2. Deposits in all other savings deposit accounts of individuals, partnerships, and corporations	RCONP759	675,681	M.7.b.2.

Schedule RC-F - Other Assets(Form Type - 041)

Dollar amounts in thousands			
1. Accrued interest receivable[2]	RCONB556	235,053	1.
2. Net deferred tax assets[3]	RCON2148	0	2.
3. Interest-only strips receivable (not in the form of a security)[4]	RCONHT80	0	3.
4. Equity investments without readily determinable fair values[5]	RCON1752	704,754	4.
5. Life insurance assets:			5.
a. General account life insurance assets	RCONK201	736,424	5.a.
b. Separate account life insurance assets	RCONK202	0	5.b.
c. Hybrid account life insurance assets	RCONK270	429,341	5.c.
6. All other assets (itemize and describe amounts greater than $100,000 that exceed 25% of this item)	RCON2168	574,842	6.
a. Prepaid expenses	RCON2166	0	6.a.
b. Repossessed personal property (including vehicles)	RCON1578	0	6.b.
c. Derivatives with a positive fair value held for purposes other than trading	RCONC010	0	6.c.
d. FDIC loss-sharing indemnification assets	RCONJ448	0	6.d.
e. Computer software	RCONFT33	0	6.e.
f. Accounts receivable	RCONFT34	0	6.f.
g. Receivables from foreclosed government-guaranteed mortgage loans	RCONFT35	0	6.g.
h. Disclose component and the dollar amount of that component:			6.h.
1. Describe component	TEXT3549	Click here for value	6.h.1.
2. Amount of component	RCON3549	355,426	6.h.2.
i. Disclose component and the dollar amount of that component:			6.i.
1. Describe component	TEXT3550	NR	6.i.1.
2. Amount of component	RCON3550	0	6.i.2.
j. Disclose component and the dollar amount of that component:			6.j.
1. Describe component	TEXT3551	NR	6.j.1.
2. Amount of component	RCON3551	0	6.j.2.
7. Total (sum of items 1 through 6) (must equal Schedule RC, item 11)	RCON2160	2,680,414	7.

(TEXT3549) Receivable for income tax refund

2. Include accrued interest receivable on loans, leases, debt securities, and other interest-bearing assets. Exclude accrued interest receivables on financial assets that are reported elsewhere on the balance sheet.
3. See discussion of deferred income taxes in Glossary entry on "income taxes."
4. Report interest-only strips receivable in the form of a security as available-for-sale securities in Schedule RC, item 2.b, or as trading assets in Schedule RC, item 5, as appropriate.
5. Include Federal Reserve stock, Federal Home Loan Bank stock, and bankers' bank stock.

Schedule RC-G - Other Liabilities(Form Type - 041)

Dollar amounts in thousands			
1. Not available			1.
a. Interest accrued and unpaid on deposits[1]	RCON3645	1,727	1.a.
b. Other expenses accrued and unpaid (includes accrued income taxes payable)	RCON3646	127,408	1.b.
2. Net deferred tax liabilities[2]	RCON3049	418,269	2.
3. Allowance for credit losses on off-balance sheet credit exposures[3]	RCONB557	12,311	3.
4. All other liabilities (itemize and describe amounts greater than $100,000 that exceed 25 percent of this item)	RCON2938	329,544	4.
a. Accounts payable	RCON3066	0	4.a.
b. Deferred compensation liabilities	RCONC011	0	4.b.
c. Dividends declared but not yet payable	RCON2932	0	4.c.
d. Derivatives with a negative fair value held for purposes other than trading	RCONC012	0	4.d.
e. Operating lease liabilities	RCONLB56	262,169	4.e.
f. Disclose component and the dollar amount of that component:			4.f.
1. Describe component	TEXT3552	NR	4.f.1.
2. Amount of component	RCON3552	0	4.f.2.
g. Disclose component and the dollar amount of that component:			4.g.
1. Describe component	TEXT3553	NR	4.g.1.
2. Amount of component	RCON3553	0	4.g.2.
h. Disclose component and the dollar amount of that component:			4.h.
1. Describe component	TEXT3554	NR	4.h.1.
2. Amount of component	RCON3554	0	4.h.2.
5. Total	RCON2930	889,259	5.

1. For savings banks, include "dividends" accrued and unpaid on deposits.
2. See discussion of deferred income taxes in Glossary entry on "income taxes."
3. Institutions that have adopted ASU 2016-13 should report in item 3 the allowance for credit losses on those off-balance sheet credit exposures that are not unconditionally cancelable.

Schedule RC-K - Quarterly Averages(Form Type - 041)

Dollar amounts in thousands			
1. Interest-bearing balances due from depository institutions	RCON3381	1,571,703	1.
2. U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)[2]	RCONB558	1,294,528	2.
3. Mortgage-backed securities[2]	RCONB559	2,935,654	3.
4. All other debt securities and equity securities with readily determinable fair values not held for trading[2]	RCONB560	1,569,690	4.
5. Federal funds sold and securities purchased under agreements to resell	RCON3365	263,323	5.
6. Loans:			6.
a. Total loans	RCON3360	41,103,004	6.a.
b. Loans secured by real estate:			6.b.
1. Loans secured by 1-4 family residential properties	RCON3465	224,201	6.b.1.
2. All other loans secured by real estate	RCON3466	39,117,984	6.b.2.
c. Commercial and industrial loans	RCON3387	1,754,857	6.c.
d. Loans to individuals for household, family, and other personal expenditures:			6.d.
1. Credit cards	RCONB561	0	6.d.1.
2. Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	RCONB562	1,958	6.d.2.
Item 7 is to be completed by banks with total trading assets of $10 million or more in any of the four preceding calendar quarters and all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes. 7. Trading assets	RCON3401	0	7.
8. Lease financing receivables (net of unearned income)	RCON3484	1,827,605	8.
9. Total assets[4]	RCON3368	56,225,413	9.
10. Interest-bearing transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	RCON3485	6,533,317	10.
11. Nontransaction accounts:			11.
a. Savings deposits (includes MMDAs)	RCONB563	13,375,408	11.a.
b. Time deposits of $250,000 or less	RCONHK16	6,595,926	11.b.
c. Time deposits of more than $250,000	RCONHK17	3,387,436	11.c.
12. Federal funds purchased and securities sold under agreements to repurchase	RCON3353	831,944	12.
To be completed by banks with $100 million or more in total assets: 13. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)[5]	RCON3355	14,506,770	13.
Memorandum item 1 is to be completed by: • banks with $300 million or more in total assets, and • banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part 1, item 3) exceeding 5 percent of total loans. 1. Loans to finance agricultural production and other loans to farmers [2]	RCON3386	0	M.1.

2. Quarterly averages for all debt securities should be based on amortized cost.
2. Quarterly averages for all debt securities should be based on amortized cost.
4. The quarterly average for total assets should reflect securities not held for trading as follows: a) Debt securities at amortized cost, b) Equity securities with readily determinable fair values at fair value, and c) Equity investments without readily determinable fair values, their balance sheet carrying values (i.e., fair value or, if elected, cost minus impairment, if any, plus or minus changes resulting from observable price changes).
5. The $100 million asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
2. The $300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.

Schedule RC-L - Derivatives and Off-Balance Sheet Items(Form Type - 041)

Please read carefully the instructions for the preparation of Schedule RC-L. Some of the amounts reported in Schedule RC-L are regarded as volume indicators and not necessarily as measures of risk.

Dollar amounts in thousands			
1. Unused commitments:			1.
a. Revolving, open-end lines secured by 1-4 family residential properties, i.e., home equity lines	RCON3814	800	1.a.
Item 1.a.(1) is to be completed for the December report only. 1. Unused commitments for reverse mortgages outstanding that are held for investment in domestic offices (included in item 1.a. above)	RCONHT72	NR	1.a.1.
b. Credit card lines (Sum of items 1.b.(1) and 1.b.(2) must equal item 1.b)	RCON3815	0	1.b.
Items 1.b.(1) and 1.b.(2) are to be completed semiannually in the June and December reports only by banks with either $300 million or more in total assets or $300 million or more in credit card lines (sum of items 1.b.(1) and 1.b.(2) must equal item 1.b). 1. Unused consumer credit card lines[1]	RCONJ455	NR	1.b.1.
2. Other unused credit card lines	RCONJ456	NR	1.b.2.
c. Commitments to fund commercial real estate, construction, and land development loans:			1.c.
1. Secured by real estate:			1.c.1.
a. 1-4 family residential construction loan commitments	RCONF164	8,126	1.c.1.a.
b. Commercial real estate, other construction loan, and land development loan commitments	RCONF165	619,488	1.c.1.b.
2. Not secured by real estate	RCON6550	171,167	1.c.2.
d. Securities underwriting	RCON3817	0	1.d.
e. Other unused commitments:			1.e.
1. Commercial and industrial loans	RCONJ457	1,970,153	1.e.1.
2. Loans to financial institutions	RCONJ458	0	1.e.2.
3. All other unused commitments	RCONJ459	11,686	1.e.3.
2. Financial standby letters of credit	RCON3819	266,943	2.
Item 2.a is to be completed by banks with $1 billion or more in total assets. a. Amount of financial standby letters of credit conveyed to others[1]	RCON3820	0	2.a.
3. Performance standby letters of credit	RCON3821	3,301	3.
Item 3.a is to be completed by banks with $1 billion or more in total assets a. Amount of performance standby letters of credit conveyed to others[1]	RCON3822	0	3.a.
4. Commercial and similar letters of credit	RCON3411	18,341	4.
5. Not applicable			5.
6. Securities lent and borrowed:			6.
a. Securities lent (including customers' securities lent where the customer is indemnified against loss by the reporting bank)	RCON3433	0	6.a.
b. Securities borrowed	RCON3432	0	6.b.

Dollar amounts in thousands	(Column A) Sold Protection		(Column B) Purchased Protection		
7. Credit derivatives:					7.
a. Notional amounts:					7.a.
1. Credit default swaps	RCONC968	0	RCONC969	0	7.a.1.
2. Total return swaps	RCONC970	0	RCONC971	0	7.a.2.
3. Credit options	RCONC972	0	RCONC973	0	7.a.3.
4. Other credit derivatives	RCONC974	0	RCONC975	0	7.a.4.
b. Gross fair values:					7.b.
1. Gross positive fair value	RCONC219	0	RCONC221	0	7.b.1.
2. Gross negative fair value	RCONC220	0	RCONC222	0	7.b.2.

Dollar amounts in thousands			
c. Notional amounts by regulatory capital treatment:[1]			7.c.
1. Positions covered under the Market Risk Rule:			7.c.1.
a. Sold protection	RCONG401	0	7.c.1.a.
b. Purchased protection	RCONG402	0	7.c.1.b.
2. All other positions:			7.c.2.
a. Sold protection	RCONG403	0	7.c.2.a.
b. Purchased protection that is recognized as a guarantee for regulatory capital purposes	RCONG404	0	7.c.2.b.
c. Purchased protection that is not recognized as a guarantee for regulatory capital purposes	RCONG405	0	7.c.2.c.

Dollar amounts in thousands	(Column A) Remaining Maturity of One Year or Less		(Column B) Remaining Maturity of Over One Year Through Five Years		(Column C) Remaining Maturity of Over Five Years		
d. Notional amounts by remaining maturity:							7.d.
1. Sold credit protection:[2]							7.d.1.
a. Investment grade	RCONG406	0	RCONG407	0	RCONG408	0	7.d.1.a.
b. Subinvestment grade	RCONG409	0	RCONG410	0	RCONG411	0	7.d.1.b.
2. Purchased credit protection:[3]							7.d.2.
a. Investment grade	RCONG412	0	RCONG413	0	RCONG414	0	7.d.2.a.
b. Subinvestment grade	RCONG415	0	RCONG416	0	RCONG417	0	7.d.2.b.

1. The asset-size tests and the $300 million credit card lines test are based on the total assets and credit card lines reported in the June 30, 2018, Report of Condition.
1. The asset-size tests and the $300 million credit card lines test are based on the total assets and credit card lines reported in the June 30, 2018, Report of Condition.
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Dollar amounts in thousands			
8. Not applicable			8.
9. All other off-balance sheet liabilities (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 27.a, "Total bank equity capital")	RCON3430	0	9.
a. Not applicable			9.a.
b. Commitments to purchase when-issued securities	RCON3434	0	9.b.
c. Standby letters of credit issued by another party (e.g., a Federal Home Loan Bank) on the bank's behalf	RCONC978	0	9.c.
d. Disclose component and the dollar amount of that component:			9.d.
1. Describe component	TEXT3555	NR	9.d.1.
2. Amount of component	RCON3555	0	9.d.2.
e. Disclose component and the dollar amount of that component:			9.e.
1. Describe component	TEXT3556	NR	9.e.1.
2. Amount of component	RCON3556	0	9.e.2.
f. Disclose component and the dollar amount of that component:			9.f.
(TEXT3557) NR	RCON3557	0	9.f.1.
10. All other off-balance sheet assets (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 27.a, "Total bank equity capital")	RCON5591	0	10.
a. Commitments to sell when-issued securities	RCON3435	0	10.a.
b. Disclose component and the dollar amount of that component:			10.b.
1. Describe component	TEXT5592	NR	10.b.1.
2. Amount of component	RCON5592	0	10.b.2.
c. Disclose component and the dollar amount of that component:			10.c.
1. Describe component	TEXT5593	NR	10.c.1.
2. Amount of component	RCON5593	0	10.c.2.
d. Disclose component and the dollar amount of that component:			10.d.
1. Describe component	TEXT5594	NR	10.d.1.
2. Amount of component	RCON5594	0	10.d.2.
e. Disclose component and the dollar amount of that component:			10.e.
1. Describe component	TEXT5595	NR	10.e.1.
2. Amount of component	RCON5595	0	10.e.2.
Items 11.a and 11.b are to be completed semiannually in the June and December reports only. 11. Year-to-date merchant credit card sales volume:			11.
a. Sales for which the reporting bank is the acquiring bank	RCONC223	NR	11.a.
b. Sales for which the reporting bank is the agent bank with risk	RCONC224	NR	11.b.

1. Sum of items 7.c.(1)(a) and 7.c.(2)(a), must equal sum of items 7.a.(1) through (4), column A. Sum of items 7.c.(1)(b), 7.c.(2)(b), and 7.c.(2)(c) must equal sum of items 7.a.(1) through (4), column B.
2. Sum of items 7.d.(1)(a) and (b), columns A through C, must equal sum of items 7.a.(1) through (4), column A.
3. Sum of items 7.d.(2)(a) and (b), columns A through C, must equal sum of items 7.a.(1) through (4), column B.

Dollar amounts in thousands	(Column A) Interest Rate Contracts		(Column B) Foreign Exchange Contracts		(Column C) Equity Derivative Contracts		(Column D) Commodity and Other Contracts		
12. Gross amounts (e.g., notional amounts):									12.
a. Futures contracts	RCON8693	0	RCON8694	0	RCON8695	0	RCON8696	0	12.a.
b. Forward contracts	RCON8697	0	RCON8698	0	RCON8699	0	RCON8700	0	12.b.
c. Exchange-traded option contracts:									12.c.
1. Written options	RCON8701	0	RCON8702	0	RCON8703	0	RCON8704	0	12.c.1.
2. Purchased options	RCON8705	0	RCON8706	0	RCON8707	0	RCON8708	0	12.c.2.
d. Over-the-counter option contracts:									12.d.
1. Written options	RCON8709	0	RCON8710	0	RCON8711	0	RCON8712	0	12.d.1.
2. Purchased options	RCON8713	0	RCON8714	0	RCON8715	0	RCON8716	0	12.d.2.
e. Swaps	RCON3450	4,250,000	RCON3826	0	RCON8719	0	RCON8720	0	12.e.
13. Total gross notional amount of derivative contracts held for trading	RCONA126	0	RCONA127	0	RCON8723	0	RCON8724	0	13.
14. Total gross notional amount of derivative contracts held for purposes other than trading	RCON8725	4,250,000	RCON8726	0	RCON8727	0	RCON8728	0	14.
a. Interest rate swaps where the bank has agreed to pay a fixed rate	RCONA589	4,250,000							14.a.
15. Gross fair values of derivative contracts:									15.
a. Contracts held for trading:									15.a.
1. Gross positive fair value	RCON8733	0	RCON8734	0	RCON8735	0	RCON8736	0	15.a.1.
2. Gross negative fair value	RCON8737	0	RCON8738	0	RCON8739	0	RCON8740	0	15.a.2.
b. Contracts held for purposes other than trading:									15.b.
1. Gross positive fair value	RCON8741	0	RCON8742	0	RCON8743	0	RCON8744	0	15.b.1.
2. Gross negative fair value	RCON8745	0	RCON8746	0	RCON8747	0	RCON8748	0	15.b.2.

Dollar amounts in thousands	(Column A) Banks and Securities Firms	(Column B)	(Column C) Hedge Funds	(Column D) Sovereign Governments	(Column E) Corporations and All Other Counterparties	
Item 16 is to be completed only by banks with total assets of $10 billion or more 16. Over-the counter derivatives:[1]						16.
a. Net current credit exposure	RCONG418 0				RCONG422 0	16.a.
b. Fair value of collateral:						16.b.
1. Cash - U.S. dollar	RCONG423 0				RCONG427 0	16.b.1.
2. Cash - Other currencies	RCONG428 0				RCONG432 0	16.b.2.
3. U.S. Treasury securities	RCONG433 0				RCONG437 0	16.b.3.
4. Not applicable						16.b.4.
5. Not applicable						16.b.5.
6. Not applicable						16.b.6.
7. All other collateral	RCONG453 0				RCONG457 0	16.b.7.
8. Total fair value of collateral (sum of items 16.b.(1) through (7))	RCONG458 0				RCONG462 0	16.b.8.

1. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-M - Memoranda(Form Type - 041)

Dollar amounts in thousands

Item	Code	Amount	
1. Extensions of credit by the reporting bank to its executive officers, directors, principal shareholders, and their related interests as of the report date:			1.
a. Aggregate amount of all extensions of credit to all executive officers, directors, principal shareholders, and their related interests	RCON6164	7,000	1.a.
b. Number of executive officers, directors, and principal shareholders to whom the amount of all extensions of credit by the reporting bank (including extensions of credit to related interests) equals or exceeds the lesser of $500,000 or 5 percent of total capital as defined for this purpose in agency regulations	RCON6165	1	1.b.
2. Intangible assets:			2.
a. Mortgage servicing assets	RCON3164	0	2.a.
1. Estimated fair value of mortgage servicing assets	RCONA590	0	2.a.1.
b. Goodwill	RCON3163	2,419,553	2.b.
c. All other intangible assets	RCONJF76	0	2.c.
d. Total (sum of items 2.a, 2.b, and 2.c) (must equal Schedule RC, item 10)	RCON2143	2,419,553	2.d.
3. Other real estate owned:			3.
a. Construction, land development, and other land	RCON5508	1,716	3.a.
b. Farmland	RCON5509	0	3.b.
c. 1-4 family residential properties	RCON5510	1,624	3.c.
d. Multifamily (5 or more) residential properties	RCON5511	0	3.d.
e. Nonfarm nonresidential properties	RCON5512	0	3.e.
f. Total (sum of items 3.a through 3.e) (must equal Schedule RC, item 7)	RCON2150	3,340	3.f.
4. Cost of equity securities with readily determinable fair values not held for trading (the fair value of which is reported in Schedule RC, item 2.c)[1]	RCONJA29	NR	4.
5. Other borrowed money:			5.
a. Federal Home Loan Bank advances:			5.a.
1. Advances with a remaining maturity or next repricing date of:[1]			5.a.1.
a. One year or less	RCONF055	3,022,661	5.a.1.a.
b. Over one year through three years	RCONF056	3,250,000	5.a.1.b.
c. Over three years through five years	RCONF057	550,000	5.a.1.c.
d. Over five years	RCONF058	7,480,000	5.a.1.d.
2. Advances with a remaining maturity of one year or less (included in item 5.a.(1)(a) above)[2]	RCON2651	3,022,661	5.a.2.
3. Structured advances (included in items 5.a.(1)(a) - (d) above)	RCONF059	7,480,000	5.a.3.
b. Other borrowings:			5.b.
1. Other borrowings with a remaining maturity or next repricing date of:[3]			5.b.1.
a. One year or less	RCONF060	2,879	5.b.1.a.
b. Over one year through three years	RCONF061	0	5.b.1.b.
c. Over three years through five years	RCONF062	0	5.b.1.c.
d. Over five years	RCONF063	0	5.b.1.d.
2. Other borrowings with a remaining maturity of one year or less (included in item 5.b.(1)(a) above)[4]	RCONB571	2,879	5.b.2.
c. Total (sum of items 5.a.(1)(a)-(d) and items 5.b.(1)(a)-(d)) (must equal Schedule RC, item 16)	RCON3190	14,305,540	5.c.
6. Does the reporting bank sell private label or third party mutual funds and annuities?	RCONB569	Yes	6.
7. Assets under the reporting bank's management in proprietary mutual funds and annuities	RCONB570	0	7.
8. Internet Web site addresses and physical office trade names:			8.
a. Uniform Resource Locator (URL) of the reporting institution's primary Internet Web site (home page), if any (Example: www.examplebank.com):	TEXT4087	Click here for value	8.a.

1. Item 4 is to be completed only by insured state banks that have been approved by the FDIC to hold grandfathered equity investments. See instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities
1. Report fixed-rate advances by remaining maturity and floating-rate advances by next repricing date.
2. Report both fixed- and floating-rate advances by remaining maturity. Exclude floating-rate advances with a next repricing date of one year or less that have a remaining maturity of over one year
3. Report fixed-rate other borrowings by remaining maturity and floating-rate other borrowings by next repricing date.
4. Report both fixed- and floating-rate other borrowings by remaining maturity. Exclude floating-rate other borrowings with a next repricing date of one year or less that have a remaining maturity of over one year.

Dollar amounts in thousands

Item	Code	Value	Line
b. URLs of all other public-facing Internet Web sites that the reporting institution uses to accept or solicit deposits from the public, if any (Example: www.examplebank.biz):[1]			8.b.
1. URL 1	TE01N528	**Click here for value**	8.b.1.
2. URL 2	TE02N528	**NR**	8.b.2.
3. URL 3	TE03N528	**NR**	8.b.3.
4. URL 4	TE04N528	**NR**	8.b.4.
5. URL 5	TE05N528	**NR**	8.b.5.
6. URL 6	TE06N528	**NR**	8.b.6.
7. URL 7	TE07N528	**NR**	8.b.7.
8. URL 8	TE08N528	**NR**	8.b.8.
9. URL 9	TE09N528	**NR**	8.b.9.
10. URL 10	TE10N528	**NR**	8.b.10.
c. Trade names other than the reporting institution's legal title used to identify one or more of the institution's physical offices at which deposits are accepted or solicited from the public, if any:			8.c.
1. Trade name 1	TE01N529	**Click here for value**	8.c.1.
2. Trade name 2	TE02N529	**Click here for value**	8.c.2.
3. Trade name 3	TE03N529	**Click here for value**	8.c.3.
4. Trade name 4	TE04N529	**Click here for value**	8.c.4.
5. Trade name 5	TE05N529	**Click here for value**	8.c.5.
6. Trade name 6	TE06N529	**Click here for value**	8.c.6.
Item 9 is to be completed annually in the December report only. 9. Do any of the bank's Internet Web sites have transactional capability, i.e., allow the bank's customers to execute transactions on their accounts through the Web site?	RCON4088	**NR**	9.
10. Secured liabilities:			10.
a. Amount of "Federal funds purchased" that are secured (included in Schedule RC, item 14.a)	RCONF064	**0**	10.a.
b. Amount of "Other borrowings" that are secured (included in Schedule RC-M, items 5.b.(1)(a) - (d))	RCONF065	**0**	10.b.
11. Does the bank act as trustee or custodian for Individual Retirement Accounts, Health Savings Accounts, and other similar accounts?	RCONG463	**Yes**	11.
12. Does the bank provide custody, safekeeping, or other services involving the acceptance of orders for the sale or purchase of securities?	RCONG464	**No**	12.
13. Assets covered by loss-sharing agreements with the FDIC:			13.
a. Loans and leases (included in Schedule RC, items 4.a and 4.b):			13.a.
1. Loans secured by real estate:			13.a.1.
a. Construction, land development, and other land loans:			13.a.1.a.
1. 1-4 family residential construction loans	RCONK169	**0**	13.a.1.a.1.
2. Other construction loans and all land development and other land loans	RCONK170	**0**	13.a.1.a.2.
b. Secured by farmland	RCONK171	**0**	13.a.1.b.
c. Secured by 1-4 family residential properties:			13.a.1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCONK172	**0**	13.a.1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:			13.a.1.c.2.
a. Secured by first liens	RCONK173	**0**	13.a.1.c.2.a.
b. Secured by junior liens	RCONK174	**0**	13.a.1.c.2.b.
d. Secured by multifamily (5 or more) residential properties	RCONK175	**0**	13.a.1.d.
e. Secured by nonfarm nonresidential properties:			13.a.1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK176	**0**	13.a.1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RCONK177	**0**	13.a.1.e.2.
2. Not applicable			13.a.2.
3. Not applicable			13.a.3.
4. Not applicable			13.a.4.
5. All other loans and all leases	RCONK183	**0**	13.a.5.
b. Other real estate owned (included in Schedule RC, item 7):			13.b.

1. Report only highest level URLs (for example, report www.examplebank.biz, but do not also report www.examplebank.biz/checking). Report each top level domain name used (for example, report both www.examplebank.biz and www.examplebank.net).

Dollar amounts in thousands			
1. Construction, land development, and other land	RCONK187	0	13.b.1.
2. Farmland	RCONK188	0	13.b.2.
3. 1-4 family residential properties	RCONK189	0	13.b.3.
4. Multifamily (5 or more) residential properties	RCONK190	0	13.b.4.
5. Nonfarm nonresidential properties	RCONK191	0	13.b.5.
6. Not applicable			13.b.6.
7. Portion of covered other real estate owned included in items 13.b.(1) through (5) above that is protected by FDIC loss-sharing agreements	RCONK192	0	13.b.7.
c. Debt securities (included in Schedule RC, items 2.a and 2.b)	RCONJ461	0	13.c.
d. Other assets (exclude FDIC loss-sharing indemnification assets)	RCONJ462	0	13.d.
Items 14.a and 14.b are to be completed annually in the December report only. 14. Captive insurance and reinsurance subsidiaries:			14.
a. Total assets of captive insurance subsidiaries[1]	RCONK193	NR	14.a.
b. Total assets of captive reinsurance subsidiaries[1]	RCONK194	NR	14.b.
Item 15 is to be completed by institutions that are required or have elected to be treated as a Qualified Thrift Lender. 15. Qualified Thrift Lender (QTL) test:			15.
a. Does the institution use the Home Owners' Loan Act (HOLA) QTL test or the Internal Revenue Service Domestic Building and Loan Association (IRS DBLA) test to determine its QTL compliance? (for the HOLA QTL test, enter 1; for the IRS DBLA test, enter 2)	RCONL133	NR	15.a.
b. Has the institution been in compliance with the HOLA QTL test as of each month end during the quarter or the IRS DBLA test for its most recent taxable year, as applicable?	RCONL135	NR	15.b.
Item 16.a and, if appropriate, items 16.b.(1) through 16.b.(3) are to be completed annually in the December report only. 16. International remittance transfers offered to consumers:[1]			16.
a. Estimated number of international remittance transfers provided by your institution during the calendar year ending on the report date	RCONN523	NR	16.a.
Items 16.b.(1) through 16.b.(3) are to be completed by institutions that reported 501 or more international remittance transfers in item 16.a in either or both of the current report or the most recent prior report in which item 16.a was required to be completed. b. Estimated dollar value of remittance transfers provided by your institution and usage of regulatory exceptions during the calendar year ending on the report date and:			16.b.
1. Estimated dollar value of international remittance transfers	RCONN524	NR	16.b.1.
2. Estimated number of international remittance transfers for which your institution applied the permanent exchange rate exception	RCONMM07	NR	16.b.2.
3. Estimated number of international remittance transfers for which your institution applied the permanent covered third- party exception	RCONMQ52	NR	16.b.3.
17. U.S. Small Business Administration Paycheck Protection Program (PPP) loans and the Federal Reserve PPP Liquidity Facility (PPPLF):[1]			17.
a. Number of PPP loans outstanding	RCONLG26	1410	17.a.
b. Outstanding balance of PPP loans	RCONLG27	125,875	17.b.
c. Outstanding balance of PPP loans pledged to the PPPLF	RCONLG28	0	17.c.
d. Outstanding balance of borrowings from Federal Reserve Banks under the PPPLF with a remaining maturity of:			17.d.
1. One year or less	RCONLL59	0	17.d.1.
2. More than one year	RCONLL60	0	17.d.2.
e. Quarterly average amount of PPP loans pledged to the PPPLF and excluded from "Total assets for the leverage ratio" reported in Schedule RC-R, Part I, item 30	RCONLL57	0	17.e.
18. Money Market Mutual Fund Liquidity Facility (MMLF):			18.
a. Outstanding balance of assets purchased under the MMLF	RCONLL61	0	18.a.
b. Quarterly average amount of assets purchased under the MMLF and excluded from "Total assets for the leverage ratio" reported in Schedule RC-R, Part I, item 30	RCONLL58	0	18.b.

(TE01N528) https://www.mybanking direct.com

1. Report total assets before eliminating intercompany transactions between the consolidated insurance or reinsurance subsidiary and other offices or consolidated subsidiaries of the reporting bank.
1. Report information about international electronic transfers of funds offered to consumers in the United States that: (a) are "remittance transfers" as defined by subpart B of Regulation E (12 CFR § 1005.30(e)), or (b) would qualify as "remittance transfers" under subpart B of Regulation E (12 CFR § 1005.30(e)) but are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. See 12 CFR § 1005.30(f). For purposes of this item 16, such trans
1. Paycheck Protection Program (PPP) covered loans as defined in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)). The PPP was established by Section 1102 of the 2020 Coronavirus Aid, Relief, and Economic Security Act.

(TE01N529) Queens County Savings Bank

(TE02N529) Roslyn Savings Bannk

(TE03N529) Richmond County Savings Bank

(TE04N529) Garden State Community Bank

(TE05N529) Amtrust Savings Bank

(TE06N529) Ohio Savings Bank

(TEXT4087) https://www.mynycb.com

Schedule RC-N - Past Due and Nonaccrual Loans Leases and Other Assets(Form Type - 041)

Amounts reported in Schedule RC-N, items 1 through 8, include guaranteed and unguaranteed portions of past due and nonaccrual loans and leases. Report in items 10 and 11 below certain guaranteed loans and leases that have already been included in the amounts reported in items 1 through 8

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
1. Loans secured by real estate:							1.
a. Construction, land development, and other land loans:							1.a.
1. 1-4 family residential construction loans	RCONF172	0	RCONF174	0	RCONF176	0	1.a.1.
2. Other construction loans and all land development and other land loans	RCONF173	0	RCONF175	0	RCONF177	0	1.a.2.
b. Secured by farmland	RCON3493	0	RCON3494	0	RCON3495	0	1.b.
c. Secured by 1-4 family residential properties:							1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCON5398	0	RCON5399	0	RCON5400	0	1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:							1.c.2.
a. Secured by first liens	RCONC236	0	RCONC237	0	RCONC229	569	1.c.2.a.
b. Secured by junior liens	RCONC238	0	RCONC239	0	RCONC230	898	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties	RCON3499	961	RCON3500	0	RCON3501	9,888	1.d.
e. Secured by nonfarm nonresidential properties:							1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONF178	0	RCONF180	0	RCONF182	92	1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RCONF179	19,371	RCONF181	0	RCONF183	11,481	1.e.2.
2. Loans to depository institutions and acceptances of other banks	RCONB834	0	RCONB835	0	RCONB836	0	2.
3. Not applicable							3.
4. Commercial and industrial loans	RCON1606	0	RCON1607	0	RCON1608	10,246	4.
5. Loans to individuals for household, family, and other personal expenditures:							5.
a. Credit cards	RCONB575	0	RCONB576	0	RCONB577	0	5.a.
b. Automobile loans	RCONK213	0	RCONK214	0	RCONK215	0	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RCONK216	13	RCONK217	0	RCONK218	4	5.c.
6. Not applicable							6.
7. All other loans[1]	RCON5459	0	RCON5460	0	RCON5461	0	7.
8. Lease financing receivables	RCON1226	0	RCON1227	0	RCON1228	0	8.
9. Total loans and leases (sum of items 1 through 8)	RCON1406	20,345	RCON1407	0	RCON1403	33,178	9.
10. Debt securities and other assets (exclude other real estate owned and other repossessed assets)	RCON3505	0	RCON3506	0	RCON3507	0	10.
11. Loans and leases reported in items 1 through 8 above that are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC:	RCONK036	0	RCONK037	0	RCONK038	0	11.
a. Guaranteed portion of loans and leases included in item 11 above, excluding rebooked "GNMA loans"	RCONK039	0	RCONK040	0	RCONK041	0	11.a.
b. Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included in item 11 above	RCONK042	0	RCONK043	0	RCONK044	0	11.b.
12. Loans and leases reported in items 1 through 8 above that are covered by loss-sharing agreements with the FDIC:							12.
a. Loans secured by real estate:							12.a.
1. Construction, land development, and other land loans:							12.a.1.
a. 1-4 family residential construction loans	RCONK045	0	RCONK046	0	RCONK047	0	12.a.1.a.
b. Other construction loans and all land development and other land loans	RCONK048	0	RCONK049	0	RCONK050	0	12.a.1.b.
2. Secured by farmland	RCONK051	0	RCONK052	0	RCONK053	0	12.a.2.
3. Secured by 1-4 family residential properties:							12.a.3.
a. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCONK054	0	RCONK055	0	RCONK056	0	12.a.3.a.

1. Includes past due and nonaccrual "Loans to finance agricultural productions and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
b. Closed-end loans secured by 1-4 family residential properties:							12.a.3.b.
1. Secured by first liens	RCONK057	0	RCONK058	0	RCONK059	0	12.a.3.b.1.
2. Secured by junior liens	RCONK060	0	RCONK061	0	RCONK062	0	12.a.3.b.2.
4. Secured by multifamily (5 or more) residential properties	RCONK063	0	RCONK064	0	RCONK065	0	12.a.4.
5. Secured by nonfarm nonresidential properties:							12.a.5.
a. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK066	0	RCONK067	0	RCONK068	0	12.a.5.a.
b. Loans secured by other nonfarm nonresidential properties	RCONK069	0	RCONK070	0	RCONK071	0	12.a.5.b.
b. Not applicable							12.b.
c. Not applicable							12.c.
d. Not applicable							12.d.
e. All other loans and all leases	RCONK087	0	RCONK088	0	RCONK089	0	12.e.
f. Portion of covered loans and leases included in items 12.a through 12.e above that is protected by FDIC loss-sharing agreements	RCONK102	0	RCONK103	0	RCONK104	0	12.f.
1. Loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above (and not reported in Schedule RC-C, Part 1, Memorandum item 1):							M.1.
a. Construction, land development, and other land loans:							M.1.a.
1. 1-4 family residential construction loans	RCONK105	0	RCONK106	0	RCONK107	0	M.1.a.1.
2. Other construction loans and all land development and other land loans	RCONK108	0	RCONK109	0	RCONK110	0	M.1.a.2.
b. Loans secured by 1-4 family residential properties	RCONF661	0	RCONF662	0	RCONF663	330	M.1.b.
c. Secured by multifamily (5 or more) residential properties	RCONK111	0	RCONK112	0	RCONK113	6,840	M.1.c.
d. Secured by nonfarm nonresidential properties:							M.1.d.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK114	0	RCONK115	0	RCONK116	0	M.1.d.1.
2. Loans secured by other nonfarm nonresidential properties	RCONK117	0	RCONK118	0	RCONK119	0	M.1.d.2.
e. Commercial and industrial loans	RCONK257	0	RCONK258	0	RCONK259	10,134	M.1.e.
Memorandum items 1.e.(1) and (2) are to be completed by banks with $300 million or more in total assets (sum of Memorandum items 1.e.(1) and (2) must equal Memorandum item 1.e): 1. To U.S. addressees (domicile)[1]	RCONK120	0	RCONK121	0	RCONK122	10,134	M.1.e.1.
2. To non-U.S. addressees (domicile)	RCONK123	0	RCONK124	0	RCONK125	0	M.1.e.2.
f. All other loans (include loans to individuals for household, family, and other personal expenditures)	RCONK126	0	RCONK127	0	RCONK128	0	M.1.f.
Itemize loan categories included in Memorandum item 1.f, above that exceed 10 percent of total loans restructured in troubled debt restructurings that are past due 30 days or more or in nonaccrual status (sum of Memorandum items 1.a through 1.e plus 1.f, columns A through C): 1. Loans secured by farmland	RCONK130	0	RCONK131	0	RCONK132	0	M.1.f.1.
2. Not applicable							M.1.f.2.
3. Not applicable							M.1.f.3.
4. Loans to individuals for household, family, and other personal expenditures:							M.1.f.4.
a. Credit cards	RCONK274	0	RCONK275	0	RCONK276	0	M.1.f.4.a.
b. Automobile loans	RCONK277	0	RCONK278	0	RCONK279	0	M.1.f.4.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RCONK280	0	RCONK281	0	RCONK282	0	M.1.f.4.c.
Memorandum item 1.f.(5) is to be completed by: • Banks with $300 million or more in total assets • Banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans 5. Loans to finance agricultural production and other loans to farmers included in Schedule RC-N, Memorandum item 1.f, above[1]	RCONK138	0	RCONK139	0	RCONK140	0	M.1.f.5.

1. The $300 million asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
1. The $300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
g. Total loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above and not reported in Schedule RC-C, Part I, Memorandum item 1 (sum of items Memorandum item 1.a.(1) through Memorandum item 1.f)[2]	RCONHK26	0	RCONHK27	0	RCONHK28	17,304	M.1.g.
2. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-N, items 4 and 7, above	RCON6558	0	RCON6559	0	RCON6560	146	M.2.
3. Not available							M.3.
Memorandum items 3.a through 3.d are to be completed by banks with $300 million or more in total assets: a. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RC-N, item 1, above)[1]	RCON1248	0	RCON1249	0	RCON1250	0	M.3.a.
b. Loans to and acceptances of foreign banks (included in Schedule RC-N, item 2, above)	RCON5380	0	RCON5381	0	RCON5382	0	M.3.b.
c. Commercial and industrial loans to non-U.S. addressees (domicile) (included in Schedule RC-N, item 4, above)	RCON1254	0	RCON1255	0	RCON1256	0	M.3.c.
d. Leases to individuals for household, family, and other personal expenditures (included in Schedule RC-N, item 8, above)	RCONF166	0	RCONF167	0	RCONF168	0	M.3.d.
*Memorandum item 4 is to be completed by: * banks with $300 million or more in total assets * banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans:* 4. Loans to finance agricultural production and other loans to farmers (included in Schedule RC-N, item 7, above)[1]	RCON1594	0	RCON1597	0	RCON1583	0	M.4.
5. Loans and leases held for sale (included in Schedule RC-N, items 1 through 8, above)	RCONC240	15,560	RCONC241	0	RCONC226	0	M.5.

Dollar amounts in thousands			
6. Not applicable			M.6.

Dollar amounts in thousands			
Memorandum items 7, 8, 9.a, and 9.b are to be completed semiannually in the June and December reports only. 7. Additions to nonaccrual assets during the previous six months	RCONC410	NR	M.7.
8. Nonaccrual assets sold during the previous six months	RCONC411	NR	M.8.

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
9. Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3):[2]							M.9.
a. Outstanding balance	RCONL183	NR	RCONL184	NR	RCONL185	NR	M.9.a.
b. Amount included in Schedule RC-N, items 1 through 7, above	RCONL186	NR	RCONL187	NR	RCONL188	NR	M.9.b.

2. Exclude amounts reported in Memorandum items 1.f.(1) through 1.f.(5) when calculating the total in Memorandum item 1.g.
1. The $300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.
1. The $300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.
2. Memorandum items 9.a and 9.b should be completed only by institutions that have not yet adopted ASU 2016-13.

Schedule RC-O - Other Data for Deposit Insurance and FICO Assessments(Form Type - 041)

All FDIC-insured depository institutions must complete items 1 and 2, 4 through 9,10, and 11, Memorandum item 1, and, if applicable, item 9.a, Memorandum items 2, 3, and 6 through 18 each quarter. Unless otherwise indicated, complete items 1 through 11 and Memorandum items 1 through 3 on an "unconsolidated single FDIC certificate number basis" (see instructions) and complete Memorandum items 6 through 18 on a fully consolidated basis.

Dollar amounts in thousands			
1. Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations	RCONF236	38,502,515	1.
2. Total allowable exclusions, including interest accrued and unpaid on allowable exclusions	RCONF237	0	2.
3. Not applicable			3.
4. Average consolidated total assets for the calendar quarter	RCONK652	56,225,413	4.
a. Averaging method used (for daily averaging, enter 1; for weekly averaging, enter 2)	RCONK653	1	4.a.
5. Average tangible equity for the calendar quarter[1]	RCONK654	5,005,262	5.
6. Holdings of long-term unsecured debt issued by other FDIC-insured depository institutions	RCONK655	0	6.
7. Unsecured "Other borrowings" with a remaining maturity of (sum of items 7.a through 7.d must be less than or equal to Schedule RC-M, items 5.b.(1)(a)-(d) minus item 10.b):			7.
a. One year or less	RCONG465	2,879	7.a.
b. Over one year through three years	RCONG466	0	7.b.
c. Over three years through five years	RCONG467	0	7.c.
d. Over five years	RCONG468	0	7.d.
8. Subordinated notes and debentures with a remaining maturity of (sum of items 8.a through 8.d must equal Schedule RC, item 19):			8.
a. One year or less	RCONG469	0	8.a.
b. Over one year through three years	RCONG470	0	8.b.
c. Over three years through five years	RCONG471	0	8.c.
d. Over five years	RCONG472	0	8.d.
9. Brokered reciprocal deposits (included in Schedule RC-E, Memorandum item 1.b)	RCONG803	0	9.
Item 9.a is to be completed on a fully consolidated basis by all institutions that own another insured depository institution. a. Fully consolidated brokered reciprocal deposits	RCONL190	NR	9.a.
10. Banker's bank certification: Does the reporting institution meet both the statutory definition of a banker's bank and the business conduct test set forth in FDIC regulations? If the answer to item 10 is "YES," complete items 10.a and 10.b	RCONK656	No	10.
If the answer to item 10 is "YES," complete items 10.a and 10.b. a. Banker's bank deduction	RCONK657	NR	10.a.
b. Banker's bank deduction limit	RCONK658	NR	10.b.
11. Custodial bank certification: Does the reporting institution meet the definition of a custodial bank set forth in FDIC regulations? If the answer to item 11 is "YES," complete items 11.a and 11.b	RCONK659	No	11.
If the answer to item 11 is "YES," complete items 11.a and 11.b. a. Custodial bank deduction	RCONK660	NR	11.a.
b. Custodial bank deduction limit	RCONK661	NR	11.b.
1. Total deposit liabilities of the bank (including related interest accrued and unpaid) less allowable exclusions (including related interest accrued and unpaid) (sum of Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1) must equal Schedule RC-O, item 1 less item 2):			M.1.
a. Deposit accounts (excluding retirement accounts) of $250,000 or less:[1]			M.1.a.
1. Amount of deposit accounts (excluding retirement accounts) of $250,000 or less	RCONF049	21,503,887	M.1.a.1.
2. Number of deposit accounts (excluding retirement accounts) of $250,000 or less	RCONF050	687254	M.1.a.2.
b. Deposit accounts (excluding retirement accounts) of more than $250,000:[1]			M.1.b.
1. Amount of deposit accounts (excluding retirement accounts) of more than $250,000	RCONF051	16,081,325	M.1.b.1.
2. Number of deposit accounts (excluding retirement accounts) of more than $250,000	RCONF052	15648	M.1.b.2.
c. Retirement deposit accounts of $250,000 or less:[1]			M.1.c.
1. Amount of retirement deposit accounts of $250,000 or less	RCONF045	821,008	M.1.c.1.
2. Number of retirement deposit accounts of $250,000 or less	RCONF046	35466	M.1.c.2.
d. Retirement deposit accounts of more than $250,000:[1]			M.1.d.

1. See instructions for averaging methods. For deposit insurance assessment purposes, tangible equity is defined as Tier 1 capital as set forth in the banking agencies' regulatory capital standards and reported in Schedule RC-R, Part I, item 26, except as described in the instructions.
1. The dollar amounts used as the basis for reporting in Memorandum items 1.a through 1.d reflect the deposit insurance limits in effect on the report date.

Dollar amounts in thousands			
1. Amount of retirement deposit accounts of more than $250,000	RCONF047	96,294	M.1.d.1.
2. Number of retirement deposit accounts of more than $250,000	RCONF048	236	M.1.d.2.
Memorandum item 2 is to be completed by banks with $1 billion or more in total assets. 2. Estimated amount of uninsured deposits, including related interest accrued and unpaid (see instructions)[3]	RCON5597	11,505,023	M.2.
3. Has the reporting institution been consolidated with a parent bank or savings association in that parent bank's or parent savings association's Call Report? If so, report the legal title and FDIC Certificate Number of the parent bank or parent savings association:			M.3.
a. Legal title	TEXTA545	NR	M.3.a.
b. FDIC Certificate Number	RCONA545	0	M.3.b.
4. Not applicable			M.4.
5. Not applicable			M.5.
Memorandum items 6 through 12 are to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations. 6. Criticized and classified items:			M.6.
a. Special mention	RCONK663	CONF	M.6.a.
b. Substandard	RCONK664	CONF	M.6.b.
c. Doubtful	RCONK665	CONF	M.6.c.
d. Loss	RCONK666	CONF	M.6.d.
7. "Nontraditional 1-4 family residential mortgage loans" as defined for assessment purposes only in FDIC regulations:			M.7.
a. Nontraditional 1-4 family residential mortgage loans	RCONN025	CONF	M.7.a.
b. Securitizations of nontraditional 1-4 family residential mortgage loans	RCONN026	CONF	M.7.b.
8. "Higher-risk consumer loans" as defined for assessment purposes only in FDIC regulations:			M.8.
a. Higher-risk consumer loans	RCONN027	CONF	M.8.a.
b. Securitizations of higher-risk consumer loans	RCONN028	CONF	M.8.b.
9. "Higher-risk commercial and industrial loans and securities" as defined for assessment purposes only in FDIC regulations:			M.9.
a. Higher-risk commercial and industrial loans and securities	RCONN029	CONF	M.9.a.
b. Securitizations of higher-risk commercial and industrial loans and securities	RCONN030	CONF	M.9.b.
10. Commitments to fund construction, land development, and other land loans secured by real estate:			M.10.
a. Total unfunded commitments	RCONK676	119,298	M.10.a.
b. Portion of unfunded commitments guaranteed or insured by the U.S. government (including the FDIC)	RCONK677	0	M.10.b.
11. Amount of other real estate owned recoverable from the U.S. government under guarantee or insurance provisions (excluding FDIC loss-sharing agreements)	RCONK669	0	M.11.
12. Nonbrokered time deposits of more than $250,000 (included in Schedule RC-E, Memorandum item 2.d)	RCONK678	3,362,443	M.12.
Memorandum item 13.a is to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations. Memorandum items 13.b through 13.h are to be completed by "large institutions" only. 13. Portion of funded loans and securities guaranteed or insured by the U.S. government (including FDIC loss-sharing agreements):			M.13.
a. Construction, land development, and other land loans secured by real estate	RCONN177	0	M.13.a.
b. Loans secured by multifamily residential and nonfarm nonresidential properties	RCONN178	0	M.13.b.
c. Closed-end loans secured by first liens on 1-4 family residential properties	RCONN179	0	M.13.c.
d. Closed-end loans secured by junior liens on 1-4 family residential properties and revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCONN180	0	M.13.d.
e. Commercial and industrial loans	RCONN181	0	M.13.e.
f. Credit card loans to individuals for household, family, and other personal expenditures	RCONN182	0	M.13.f.
g. All other loans to individuals for household, family, and other personal expenditures	RCONN183	0	M.13.g.
h. Non-agency residential mortgage-backed securities	RCONM963	0	M.13.h.
Memorandum items 14 and 15 are to be completed by "highly complex institutions" as defined in FDIC regulations. 14. Amount of the institution's largest counterparty exposure	RCONK673	CONF	M.14.
15. Total amount of the institution's 20 largest counterparty exposures	RCONK674	CONF	M.15.
Memorandum item 16 is to be completed by “large institutions” and “highly complex institutions” as defined in FDIC regulations. 16. Portion of loans restructured in troubled debt restructurings that are in compliance with their modified terms and are guaranteed or insured by the U.S. government (including the FDIC) (included in Schedule RC-C, part I, Memorandum item 1)	RCONL189	0	M.16.

3. Uninsured deposits should be estimated based on the deposit insurance limits set forth in Memorandum items 1.a through 1.d.

Dollar amounts in thousands			
Memorandum item 17 is to be completed on a fully consolidated basis by those "large institutions" and "highly complex institutions" as defined in FDIC regulations that own another insured depository institution. 17. Selected fully consolidated data for deposit insurance assessment purposes:			M.17.
a. Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations	RCONL194	**NR**	M.17.a.
b. Total allowable exclusions, including interest accrued and unpaid on allowable exclusions	RCONL195	**NR**	M.17.b.
c. Unsecured "Other borrowings" with a remaining maturity of one year or less	RCONL196	**NR**	M.17.c.
d. Estimated amount of uninsured deposits, including related interest accrued and unpaid	RCONL197	**NR**	M.17.d.

Dollar amounts in thousands	(Column A) Two-Year Probability of Default (PD) <= 1%	(Column B) Two-Year Probability of Default (PD) 1.01–4%	(Column C) Two-Year Probability of Default (PD) 4.01–7%	(Column D) Two-Year Probability of Default (PD) 7.01–10%	(Column E) Two-Year Probability of Default (PD) 10.01–14%	(Column F) Two-Year Probability of Default (PD) 14.01–16%	(Column G) Two-Year Probability of Default (PD) 16.01–18%	(Column H) Two-Year Probability of Default (PD) 18.01–20%	(Column I) Two-Year Probability of Default (PD) 20.01–22%	(Column J) Two-Year Probability of Default (PD) 22.01–26%	(Column K) Two-Year Probability of Default (PD) 26.01–30%	(Column L) Two-Year Probability of Default (PD) > 30%	(Column M) Two-Year Probability of Default (PD) Unscoreable	(Column N) Two-Year Probability of Default (PD) Total	(Column O) PDs Were Derived Using	
18. Outstanding balance of 1-4 family residential mortgage loans, consumer loans, and consumer leases by two-year probability of default:																M18.
a. "Nontraditional 1-4 family residential mortgage loans" as defined for assessment purposes only in FDIC regulations	RCONM964 CONF	RCONM965 CONF	RCONM966 CONF	RCONM967 CONF	RCONM968 CONF	RCONM969 CONF	RCONM970 CONF	RCONM971 CONF	RCONM972 CONF	RCONM973 CONF	RCONM974 CONF	RCONM975 CONF	RCONM976 CONF	RCONM977 CONF	RCONM978 CONF	M18a
b. Closed-end loans secured by first liens on 1-4 family residential properties	RCONM979 CONF	RCONM980 CONF	RCONM981 CONF	RCONM982 CONF	RCONM983 CONF	RCONM984 CONF	RCONM985 CONF	RCONM986 CONF	RCONM987 CONF	RCONM988 CONF	RCONM989 CONF	RCONM990 CONF	RCONM991 CONF	RCONM992 CONF	RCONM993 CONF	M18b
c. Closed-end loans secured by junior liens on 1-4 family residential properties	RCONM994 CONF	RCONM995 CONF	RCONM996 CONF	RCONM997 CONF	RCONM998 CONF	RCONM999 CONF	RCONN001 CONF	RCONN002 CONF	RCONN003 CONF	RCONN004 CONF	RCONN005 CONF	RCONN006 CONF	RCONN007 CONF	RCONN008 CONF	RCONN009 CONF	M18c
d. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCONN010 CONF	RCONN011 CONF	RCONN012 CONF	RCONN013 CONF	RCONN014 CONF	RCONN015 CONF	RCONN016 CONF	RCONN017 CONF	RCONN018 CONF	RCONN019 CONF	RCONN020 CONF	RCONN021 CONF	RCONN022 CONF	RCONN023 CONF	RCONN024 CONF	M18d
e. Credit cards	RCONN040 CONF	RCONN041 CONF	RCONN042 CONF	RCONN043 CONF	RCONN044 CONF	RCONN045 CONF	RCONN046 CONF	RCONN047 CONF	RCONN048 CONF	RCONN049 CONF	RCONN050 CONF	RCONN051 CONF	RCONN052 CONF	RCONN053 CONF	RCONN054 CONF	M18e
f. Automobile loans	RCONN055 CONF	RCONN056 CONF	RCONN057 CONF	RCONN058 CONF	RCONN059 CONF	RCONN060 CONF	RCONN061 CONF	RCONN062 CONF	RCONN063 CONF	RCONN064 CONF	RCONN065 CONF	RCONN066 CONF	RCONN067 CONF	RCONN068 CONF	RCONN069 CONF	M18f
g. Student loans	RCONN070 CONF	RCONN071 CONF	RCONN072 CONF	RCONN073 CONF	RCONN074 CONF	RCONN075 CONF	RCONN076 CONF	RCONN077 CONF	RCONN078 CONF	RCONN079 CONF	RCONN080 CONF	RCONN081 CONF	RCONN082 CONF	RCONN083 CONF	RCONN084 CONF	M18g
h. Other consumer loans and revolving credit plans other than credit cards	RCONN085 CONF	RCONN086 CONF	RCONN087 CONF	RCONN088 CONF	RCONN089 CONF	RCONN090 CONF	RCONN091 CONF	RCONN092 CONF	RCONN093 CONF	RCONN094 CONF	RCONN095 CONF	RCONN096 CONF	RCONN097 CONF	RCONN098 CONF	RCONN099 CONF	M18h
i. Consumer leases	RCONN100 CONF	RCONN101 CONF	RCONN102 CONF	RCONN103 CONF	RCONN104 CONF	RCONN105 CONF	RCONN106 CONF	RCONN107 CONF	RCONN108 CONF	RCONN109 CONF	RCONN110 CONF	RCONN111 CONF	RCONN112 CONF	RCONN113 CONF	RCONN114 CONF	M18i
j. Total	RCONN115 CONF	RCONN116 CONF	RCONN117 CONF	RCONN118 CONF	RCONN119 CONF	RCONN120 CONF	RCONN121 CONF	RCONN122 CONF	RCONN123 CONF	RCONN124 CONF	RCONN125 CONF	RCONN126 CONF	RCONN127 CONF	RCONN128 CONF		M18j

Schedule RC-P - 1-4 Family Residential Mortgage Banking Activities(Form Type - 041)

Schedule RC-P is to be completed by banks at which either 1-4 family residential mortgage loan originations and purchases for resale from all sources, loan sales, or quarter-end loans held for sale or trading exceed $10 million for two consecutive quarters.

Dollar amounts in thousands			
1. Retail originations during the quarter of 1-4 family residential mortgage loans for sale[1]	RCONHT81	0	1.
2. Wholesale originations and purchases during the quarter of 1-4 family residential mortgage loans for sale[2]	RCONHT82	21,520	2.
3. 1-4 family residential mortgage loans sold during the quarter	RCONFT04	21,520	3.
4. 1-4 family residential mortgage loans held for sale or trading at quarter-end (included in Schedule RC, items 4.a and 5)	RCONFT05	0	4.
5. Noninterest income for the quarter from the sale, securitization, and servicing of 1-4 family residential mortgage loans (included in Schedule RI, items 5.c, 5.f, 5.g, and 5.i)	RIADHT85	0	5.
6. Repurchases and indemnifications of 1-4 family residential mortgage loans during the quarter	RCONHT86	0	6.
7. Representation and warranty reserves for 1-4 family residential mortgage loans sold:			7.
a. For representations and warranties made to U.S. government agencies and government-sponsored agencies	RCONL191	CONF	7.a.
b. For representations and warranties made to other parties	RCONL192	CONF	7.b.
c. Total representation and warranty reserves (sum of items 7.a and 7.b)	RCONM288	1,866	7.c.

Schedule RC-Q - Assets and Liabilities Measured at Fair Value on a Recurring Basis(Form Type - 041)

Schedule RC-Q is to be completed by banks that:
(1) Have elected to report financial instruments or servicing assets and liabilities at fair value under a fair value option with changes in fair value recognized in earnings, or
(2) Are required to complete Schedule RC-D, Trading Assets and Liabilities.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
1. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading[1]	RCONJA36 6,193,705	RCONG474 0	RCONG475 64,998	RCONG476 6,128,707	RCONG477 0	1.
2. Not applicable						2.
3. Loans and leases held for sale	RCONG483 0	RCONG484 0	RCONG485 0	RCONG486 0	RCONG487 0	3.
4. Loans and leases held for investment	RCONG488 0	RCONG489 0	RCONG490 0	RCONG491 0	RCONG492 0	4.
5. Trading assets:						5.
a. Derivative assets	RCON3543 0	RCONG493 0	RCONG494 0	RCONG495 0	RCONG496 0	5.a.
b. Other trading assets	RCONG497 0	RCONG498 0	RCONG499 0	RCONG500 0	RCONG501 0	5.b.
1. Nontrading securities at fair value with changes in fair value reported in current earnings (included in Schedule RC-Q, item 5.b, above)	RCONF240 0	RCONF684 0	RCONF692 0	RCONF241 0	RCONF242 0	5.b.1.
6. All other assets	RCONG391 0	RCONG392 0	RCONG395 0	RCONG396 0	RCONG804 0	6.
7. Total assets measured at fair value on a recurring basis (sum of items 1 through 5.b plus item 6)	RCONG502 6,193,705	RCONG503 0	RCONG504 64,998	RCONG505 6,128,707	RCONG506 0	7.
8. Deposits	RCONF252 0	RCONF686 0	RCONF694 0	RCONF253 0	RCONF254 0	8.
9. Not applicable						9.
10. Trading liabilities:						10.
a. Derivative liabilities	RCON3547 0	RCONG512 0	RCONG513 0	RCONG514 0	RCONG515 0	10.a.
b. Other trading liabilities	RCONG516 0	RCONG517 0	RCONG518 0	RCONG519 0	RCONG520 0	10.b.
11. Not applicable						11.
12. Not applicable						12.

1. Exclude originations and purchases of 1–4 family residential mortgage loans that are held for investment.
2. Exclude originations and purchases of 1–4 family residential mortgage loans that are held for investment.
1. The amount reported in item 1, column A, must equal the sum of Schedule RC, items 2.b and 2.c.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
13. All other liabilities	RCONG805 0	RCONG806 0	RCONG807 0	RCONG808 0	RCONG809 0	13.
14. Total liabilities measured at fair value on a recurring basis (sum of items 8 through 13)	RCONG531 0	RCONG532 0	RCONG533 0	RCONG534 0	RCONG535 0	14.
1. All other assets (itemize and describe amounts included in Schedule RC-Q, item 6, that are greater than $100,000 and exceed 25% of item 6):						M.1.
a. Mortgage servicing assets	RCONG536 0	RCONG537 0	RCONG538 0	RCONG539 0	RCONG540 0	M.1.a.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
b. Nontrading derivative assets	RCONG541 0	RCONG542 0	RCONG543 0	RCONG544 0	RCONG545 0	M.1.b.

Dollar amounts in thousands			
c. Disclose component and the dollar amount of that component:			M.1.c.
1. Describe component	TEXTG546	NR	M.1.c.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG546 0	RCONG547 0	RCONG548 0	RCONG549 0	RCONG550 0	M.1.c.2.

Dollar amounts in thousands			
d. Disclose component and the dollar amount of that component:			M.1.d.
1. Describe component	TEXTG551	NR	M.1.d.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG551 0	RCONG552 0	RCONG553 0	RCONG554 0	RCONG555 0	M.1.d.2.

Dollar amounts in thousands			
e. Disclose component and the dollar amount of that component:			M.1.e.
1. Describe component	TEXTG556	NR	M.1.e.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG556 0	RCONG557 0	RCONG558 0	RCONG559 0	RCONG560 0	M.1.e.2.

Dollar amounts in thousands			
f. Disclose component and the dollar amount of that component:			M.1.f.
1. Describe component	TEXTG561	NR	M.1.f.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG561 0	RCONG562 0	RCONG563 0	RCONG564 0	RCONG565 0	M.1.f.2.
2. All other liabilities (itemize and describe amounts included in Schedule RC-Q, item 13, that are greater than $100,000 and exceed 25% of item 13):						M.2.
a. Loan commitments (not accounted for as derivatives)	RCONF261 0	RCONF689 0	RCONF697 0	RCONF262 0	RCONF263 0	M.2.a.
b. Nontrading derivative liabilities	RCONG566 0	RCONG567 0	RCONG568 0	RCONG569 0	RCONG570 0	M.2.b.

Dollar amounts in thousands			
c. Disclose component and the dollar amount of that component:			M.2.c.
1. Describe component	TEXTG571	**NR**	M.2.c.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG571 0	RCONG572 0	RCONG573 0	RCONG574 0	RCONG575 0	M.2.c.2.

Dollar amounts in thousands			
d. Disclose component and the dollar amount of that component:			M.2.d.
1. Describe component	TEXTG576	**NR**	M.2.d.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG576 0	RCONG577 0	RCONG578 0	RCONG579 0	RCONG580 0	M.2.d.2.

Dollar amounts in thousands			
e. Disclose component and the dollar amount of that component:			M.2.e.
1. Describe component	TEXTG581	**NR**	M.2.e.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG581 0	RCONG582 0	RCONG583 0	RCONG584 0	RCONG585 0	M.2.e.2.

Dollar amounts in thousands			
f. Disclose component and the dollar amount of that component:			M.2.f.
1. Describe component	TEXTG586	**NR**	M.2.f.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG586 0	RCONG587 0	RCONG588 0	RCONG589 0	RCONG590 0	M.2.f.2.

Dollar amounts in thousands			
3. Loans measured at fair value (included in Schedule RC-C, Part I, items 1 through 9):			M.3.
a. Loans secured by real estate:			M.3.a.
1. Secured by 1-4 family residential properties	RCONHT87	0	M.3.a.1.
2. All other loans secured by real estate	RCONHT88	0	M.3.a.2.
b. Commercial and industrial loans	RCONF585	0	M.3.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCONHT89	0	M.3.c.
d. Other loans	RCONF589	0	M.3.d.
4. Unpaid principal balance of loans measured at fair value (reported in Schedule RC-Q, Memorandum item 3):			M.4.
a. Loans secured by real estate:			M.4.a.
1. Secured by 1-4 family residential properties	RCONHT91	0	M.4.a.1.
2. All other loans secured by real estate	RCONHT92	0	M.4.a.2.
b. Commercial and industrial loans	RCONF597	0	M.4.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCONHT93	0	M.4.c.
d. Other loans	RCONF601	0	M.4.d.

Schedule RC-R Part I - Regulatory Capital Components and Ratios(Form Type - 041)

Part I is to be completed on a consolidated basis.

Dollar amounts in thousands			
1. Common stock plus related surplus, net of treasury stock and unearned employee stock ownership plan (ESOP) shares	RCOAP742	4,234,818	1.
2. Retained earnings[1]	RCOAKW00	3,206,282	2.
To be completed only by institutions that have adopted ASU 2016-13: a. Does your institution have a CECL transition election in effect as of the quarter-end report date? (enter "0" for No; enter "1" for Yes with a 3-year CECL transition election; enter "2" for Yes with a 5-year 2020 CECL transition election.)	RCOAJJ29	2	2.a.
3. Accumulated other comprehensive income (AOCI)	RCOAB530	-122,116	3.
a. AOCI opt-out election (enter "1" for Yes; enter "0" for No.)	RCOAP838	1	3.a.
4. Common equity tier 1 minority interest includable in common equity tier 1 capital	RCOAP839	0	4.
5. Common equity tier 1 capital before adjustments and deductions (sum of items 1 through 4)	RCOAP840	7,318,984	5.
6. LESS: Goodwill net of associated deferred tax liabilities (DTLs)	RCOAP841	2,416,342	6.
7. LESS: Intangible assets (other than goodwill and mortgage servicing assets (MSAs)), net of associated DTLs	RCOAP842	0	7.
8. LESS: Deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs	RCOAP843	0	8.
9. AOCI-related adjustments (items 9.a through 9.e are effective January 1, 2015) (if entered "1" for Yes in item 3.a, complete only items 9.a through 9.e; if entered "0" for No in item 3.a, complete only item 9.f):			9.
a. LESS: Net unrealized gains (losses) on available-for-sale debt securities (if a gain, report as a positive value; if a loss, report as a negative value)	RCOAP844	-35,768	9.a.
b. Not applicable.			9.b.
c. LESS: Accumulated net gains (losses) on cash flow hedges (if a gain, report as a positive value; if a loss, report as a negative value)	RCOAP846	-25,452	9.c.
d. LESS: Amounts recorded in AOCI attributed to defined benefit postretirement plans resulting from the initial and subsequent application of the relevant GAAP standards that pertain to such plans (if a gain, report as a positive value; if a loss, report as a negative value)	RCOAP847	-54,854	9.d.
e. LESS: Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI (if a gain, report as a positive value; if a loss, report as a negative value)	RCOAP848	-6,042	9.e.
f. LESS: Accumulated net gain (loss) on cash flow hedges included in AOCI, net of applicable income taxes, that relate to the hedging of items that are not recognized at fair value on the balance sheet (if a gain, report as a positive value; if a loss, report as a negative value) (To be completed only by institutions that entered "0" for No in item 3.a)	RCOAP849	NR	9.f.
10. Other deductions from (additions to) common equity tier 1 capital before threshold-based deductions:			10.
a. LESS: Unrealized net gain (loss) related to changes in the fair value of liabilities that are due to changes in own credit risk (if a gain, report as a positive value; if a loss, report as a negative value)	RCOAQ258	0	10.a.
b. LESS: All other deductions from (additions to) common equity tier 1 capital before threshold-based deductions.	RCOAP850	0	10.b.
11. Not applicable			11.
12. Subtotal (item 5 minus items 6 through 10.b)	RCOAP852	5,024,758	12.
13. LESS: Investments in the capital of unconsolidated financial institutions, net of associated DTLs, that exceed 25 percent of item 12	RCOALB58	0	13.
14. LESS: MSAs, net of associated DTLs, that exceed 25 percent of item 12	RCOALB59	0	14.
15. LESS: DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed 25 percent of item 12	RCOALB60	0	15.
16. Not applicable			16.
17. LESS: Deductions applied to common equity tier 1 capital due to insufficient amounts of additional tier 1 capital and tier 2 capital to cover deductions[1]	RCOAP857	0	17.
18. Total adjustments and deductions for common equity tier 1 capital (sum of items 13 through 17)	RCOAP858	0	18.
19. Common equity tier 1 capital (item 12 minus item 18)	RCOAP859	5,024,758	19.
20. Additional tier 1 capital instruments plus related surplus	RCOAP860	0	20.
21. Non-qualifying capital instruments subject to phase out from additional tier 1 capital	RCOAP861	0	21.
22. Tier 1 minority interest not included in common equity tier 1 capital	RCOAP862	0	22.
23. Additional tier 1 capital before deductions (sum of items 20, 21, and 22)	RCOAP863	0	23.
24. LESS: Additional tier 1 capital deductions	RCOAP864	0	24.
25. Additional tier 1 capital (greater of item 23 minus item 24, or zero)	RCOAP865	0	25.

1. Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in this item.
1. An institution that has a CBLR framework election in effect as of the quarter-end report date is neither required to calculate tier 2 capital nor make any deductions that would have been taken from tier 2 capital as of the report date.

Dollar amounts in thousands			
26. Tier 1 capital (sum of items 19 and 25)	RCOA8274	5,024,758	26.
27. Average total consolidated assets[2]	RCOAKW03	56,247,763	27.
28. LESS: Deductions from common equity tier 1 capital and additional tier 1 capital (sum of items 6, 7, 8, 10.b, 13 through 15, 17, and certain elements of item 24 - see instructions)	RCOAP875	2,416,342	28.
29. LESS: Other deductions from (additions to) assets for leverage ratio purposes	RCOAB596	97,929	29.
30. Total assets for the leverage ratio (item 27 minus items 28 and 29)	RCOAA224	53,733,492	30.
31. Leverage ratio (item 26 divided by 30)	RCOA7204	9.3513%	31.

2. Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in item 27.

Dollar amounts in thousands			
a. Does your institution have a community bank leverage ratio (CBLR) framework election in effect as of the quarter-end report date? (enter "1" for Yes; enter "0" for No)	RCOALE74	**0**	31.a.

Dollar amounts in thousands	(Column A) Amount		(Column B) Percentage		
32. Total assets*	RCOA2170	**NR**			32.
33. Trading assets and trading liabilities (Schedule RC, sum of items 5 and 15). Report as a dollar amount in Column A and as a percentage of total assets (5% limit) in Column B	RCOAKX77	**NR**	RCOAKX78	**NR**	33.
34. Off-balance sheet exposures:					34.
a. Unused portion of conditionally cancellable commitments	RCOAKX79	**NR**			34.a.
b. Securities lent and borrowed (Schedule RC-L, sum of items 6.a and 6.b)	RCOAKX80	**NR**			34.b.
c. Other off-balance sheet exposures	RCOAKX81	**NR**			34.c.
d. Total off-balance sheet exposures (sum of items 34.a through 34.c). Report as a dollar amount in Column A and as a percentage of total assets (25% limit) in Column B	RCOAKX82	**NR**	RCOAKX83	**NR**	34.d.

Dollar amounts in thousands			
35. Unconditionally cancellable commitments	RCOAS540	**NR**	35.
36. Investments in the tier 2 capital of unconsolidated financial institutions	RCOALB61	**NR**	36.
37. Allocated transfer risk reserve	RCOA3128	**NR**	37.
38. Amount of allowances for credit losses on purchased credit-deteriorated assets:			38.
a. Loans and leases held for investment	RCOAJJ30	**NR**	38.a.
b. Held-to-maturity debt securities	RCOAJJ31	**NR**	38.b.
c. Other financial assets measured at amortized cost	RCOAJJ32	**NR**	38.c.
39. Tier 2 capital instruments plus related surplus	RCOAP866	**0**	39.
40. Non-qualifying capital instruments subject to phase-out from tier 2 capital	RCOAP867	**0**	40.
41. Total capital minority interest that is not included in tier 1 capital	RCOAP868	**0**	41.
42. Allowance for loan and lease losses includable in tier 2 capital[2]	RCOA5310	**184,330**	42.
43. Not applicable.			43.
44. Tier 2 capital before deductions (sum of items 39 through 42)	RCOAP870	**184,330**	44.
45. LESS: Tier 2 capital deductions	RCOAP872	**0**	45.
46. Tier 2 capital (greater of item 44 minus item 45, or zero)	RCOA5311	**184,330**	46.
47. Total capital (sum of items 26 and 46)	RCOA3792	**5,209,088**	47.
48. Total risk-weighted assets (from Schedule RC-R, Part II, item 31)	RCOAA223	**40,804,012**	48.

Dollar amounts in thousands			
49. Common equity tier 1 capital ratio (item 19 divided by item 48)	RCOAP793	**12.3144%**	49.
50. Tier 1 capital ratio (item 26 divided by item 48)	RCOA7206	**12.3144%**	50.
51. Total capital ratio (item 47 divided by item 48)	RCOA7205	**12.7661%**	51.

Dollar amounts in thousands			
52. Institution-specific capital buffer necessary to avoid limitations on distributions and discretionary bonus payments:			52.
a. Capital conservation buffer	RCOAH311	**4.7661%**	52.a.
b. Institutions subject to Category III capital requirements only: Total applicable capital buffer	RCOWH312	**NR**	52.b.
53. Eligible retained income[3]	RCOAH313	**NR**	53.
54. Distributions and discretionary bonus payments during the quarter[4]	RCOAH314	**NR**	54.
55. Institutions subject to Category III capital standards only: Supplementary leverage ratio information:			55.
a. Total leverage exposure[5]	RCOAH015	**NR**	55.a.
b. Supplementary leverage ratio	RCOAH036	**NR**	55.b.

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*. For report dates through December 31, 2021, report the lesser of total assets reported in Schedule RC, item 12, as of December 31, 2019, or the current report date, which must be less than $10 billion.

2. Institutions that have adopted ASU 2016-13 should report the adjusted allowances for credit losses (AACL), as defined in the regulatory capital rule, in item 30.a.

3. Non-advanced approaches institutions other than Category III institutions must complete item 53 only if the amount reported in item 52.a above is less than or equal to 2.5000 percent. Category III institutions must complete item 53 only if the amount reported in item 52.a above is less than or equal to the amount reported in item 52.b above.

4. Non-advanced approaches institutions other than Category III institutions must complete item 54 only if the amount reported in Schedule RC-R, Part I, item 52.a, in the Call Report for the previous calendar quarter-end report date was less than or equal to 2.5000 percent. Category III institutions must complete item 54 only if the amount reported in Schedule RC-R, Part I, item 52.a, in the Call Report for the previous calendar quarter-end report date was less than or equal to the amount reported in Schedule

5. Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in item 55.a.

Schedule RC-R Part II - Risk-Weighted Assets(Form Type - 041)

Institutions are required to assign a 100 percent risk weight to all assets not specifically assigned a risk weight under Subpart D of the federal banking agencies' regulatory capital rules and not deducted from tier 1 or tier 2 capital.

Dollar amounts in thousands	(Column A) Totals from Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
1. Cash and balances due from depository institutions	RCOND957 2,262,752	RCONS396 0	RCOND958 2,222,201				RCOND959 40,551	RCONS397 0	RCOND960 0	RCONS398 0	1.
2. Securities:											2.
a. Held-to-maturity securities[3]	RCOND961 0	RCONS399 0	RCOND962 0	RCONHJ74 0	RCONHJ75 0		RCOND963 0	RCOND964 0	RCOND965 0	RCONS400 0	2.a.
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading	RCONJA21 6,193,705	RCONS402 -49,302	RCOND967 830,406	RCONHJ76 0	RCONHJ77 0		RCOND968 4,400,392	RCOND969 25,715	RCOND970 986,494	RCONS403 0	2.b.
3. Federal funds sold and securities purchased under agreements to resell:											3.
a. Federal funds sold	RCOND971 0		RCOND972 0				RCOND973 0	RCONS410 0	RCOND974 0	RCONS411 0	3.a.
b. Securities purchased under agreements to resell	RCONH171 459,922	RCONH172 459,922									3.b.
4. Loans and leases held for sale:											4.
a. Residential mortgage exposures	RCONS413 0	RCONS414 0	RCONH173 0				RCONS415 0	RCONS416 0	RCONS417 0		4.a.
b. High volatility commercial real estate exposures	RCONS419 0	RCONS420 0	RCONH174 0				RCONH175 0	RCONH176 0	RCONH177 0	RCONS421 0	4.b.
c. Exposures past due 90 days or more or on nonaccrual[3]	RCONS423 0	RCONS424 0	RCONS425 0	RCONHJ78 0	RCONHJ79 0		RCONS426 0	RCONS427 0	RCONS428 0	RCONS429 0	4.c.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
1. Cash and balances due from depository institutions										1.
2. Securities:										2.
a. Held-to-maturity securities										2.a.
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading		RCONS405 0		RCONS406 0				RCONH271 0	RCONH272 0	2.b.
3. Federal funds sold and securities purchased under agreements to resell:										3.
a. Federal funds sold										3.a.

3. Institutions that have adopted ASU 2016-13 should report as a negative number allowances eligible for inclusion in tier 2 capital in Column B, which excludes PCD allowances.

3. For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
b. Securities purchased under agreements to resell										3.b.
4. Loans and leases held for sale:										4.
a. Residential mortgage exposures..								RCONH273 0	RCONH274 0	4.a.
b. High volatility commercial real estate exposures................								RCONH275 0	RCONH276 0	4.b.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
c. Exposures past due 90 days or more or on nonaccrual[6].....								RCONH277 0	RCONH278 0	4.c.

Dollar amounts in thousands	(Column A) Totals from Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
4. Loans and leases held for sale (continued):											4.
d. All other exposures..	RCONS431 141,435	RCONS432 0	RCONS433 125,875	RCONHJ80 0	RCONHJ81 0		RCONS434 0	RCONS435 0	RCONS436 15,560	RCONS437 0	4.d.
5. Loans and leases held for investment:											5.
a. Residential mortgage exposures.................................	RCONS439 16,967,506	RCONS440 0	RCONH178 0				RCONS441 0	RCONS442 16,958,456	RCONS443 9,050		5.a.
b. High volatility commercial real estate exposures.........	RCONS445 0	RCONS446 0	RCONH179 0				RCONH180 0	RCONH181 0	RCONH182 0	RCONS447 0	5.b.
c. Exposures past due 90 days or more or on nonaccrual[7]..	RCONS449 31,711	RCONS450 0	RCONS451 0	RCONHJ82 0	RCONHJ83 0		RCONS452 0	RCONS453 0	RCONS454 0	RCONS455 31,711	5.c.
d. All other exposures..	RCONS457 26,125,923	RCONS458 0	RCONS459 0	RCONHJ84 0	RCONHJ85 0		RCONS460 0	RCONS461 0	RCONS462 26,125,923	RCONS463 0	5.d.
6. LESS: Allowance for loan and lease losses........................	RCON3123 197,758	RCON3123 197,758									6.
7. Trading assets...	RCOND976 0	RCONS466 0	RCOND977 0	RCONHJ86 0	RCONHJ87 0		RCOND978 0	RCOND979 0	RCOND980 0	RCONS467 0	7.
8. All other assets[8]...	RCOND981 5,647,910	RCONS469 2,419,553	RCOND982 964	RCONHJ88 0	RCONHJ89 0		RCOND983 708,716	RCOND984 80,200	RCOND985 2,009,136	RCONH185 0	8.
a. Separate account bank-owned life insurance											8.a.
b. Default fund contributions to central counterparties											8.b.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
4. Loans and leases held for sale (continued):										4.
d. All other exposures								RCONH279 0	RCONH280 0	4.d.
5. Loans and leases held for investment:										5.
a. Residential mortgage exposures								RCONH281 0	RCONH282 0	5.a.
b. High volatility commercial real estate exposures								RCONH283 0	RCONH284 0	5.b.
c. Exposures past due 90 days or more or on nonaccrual[11]								RCONH285 0	RCONH286 0	5.c.
d. All other exposures								RCONH287 0	RCONH288 0	5.d.
6. LESS: Allowance for loan and lease losses										6.
7. Trading assets		RCONH186 0	RCONH290 0	RCONH187 0				RCONH291 0	RCONH292 0	7.
8. All other assets[12]	RCONH293 0	RCONH188 0	RCONS470 0	RCONS471 0				RCONH294 0	RCONH295 0	8.
a. Separate account bank-owned life insurance								RCONH296 429,341	RCONH297 429,341	8.a.
b. Default fund contributions to central counterparties								RCONH298 0	RCONH299 0	8.b.

6. For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.
7. For loans and leases, net of unearned income, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.
8. Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets.
11. For loans and leases, net of unearned income, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.
12. Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets.

Dollar amounts in thousands	(Column A) Totals	(Column B) Adjustments to Totals Reported in Column A	(Column Q) Exposure Amount 1,250%	(Column T) Total Risk-Weighted Asset Amount by Calculation Methodology SSFA	(Column U) Total Risk-Weighted Asset Amount by Calculation Methodology Gross-Up	
9. On-balance sheet securitization exposures:						9.
a. Held-to-maturity securities	RCONS475 0	RCONS476 0	RCONS477 0	RCONS478 0	RCONS479 0	9.a.
b. Available-for-sale securities	RCONS480 0	RCONS481 0	RCONS482 0	RCONS483 0	RCONS484 0	9.b.
c. Trading assets	RCONS485 0	RCONS486 0	RCONS487 0	RCONS488 0	RCONS489 0	9.c.
d. All other on-balance sheet securitization exposures	RCONS490 0	RCONS491 0	RCONS492 0	RCONS493 0	RCONS494 0	9.d.
10. Off-balance sheet securitization exposures	RCONS495 88,786	RCONS496 88,786	RCONS497 0	RCONS498 72,668	RCONS499 0	10.

Dollar amounts in thousands	(Column A) Totals From Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
11. Total balance sheet assets[14]	RCON2170 57,633,106	RCONS500 2,632,415	RCOND987 3,179,446	RCONHJ90 0	RCONHJ91 0		RCOND988 5,149,659	RCOND989 17,064,371	RCOND990 29,146,163	RCONS503 31,711	11.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	
11. Total balance sheet assets[14]	RCONS504 0	RCONS505 0	RCONS506 0	RCONS507 0			RCONS510 0	RCONH300 429,341	11.

Dollar amounts in thousands	(Column A) Face, Notional, or Other Amount	(Column B) Credit Equivalent Amount	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
12. Financial standby letters of credit	RCOND991 266,943	RCOND992 266,943	RCOND993 0	RCONHJ92 0	RCONHJ93 0		RCOND994 0	RCOND995 0	RCOND996 266,943	RCONS511 0	12.
13. Performance standby letters of credit and transaction-related contingent items	RCOND997 3,301	RCOND998 1,651	RCOND999 0				RCONG603 0	RCONG604 0	RCONG605 1,651	RCONS512 0	13.
14. Commercial and similar letters of credit with an original maturity of one year or less	RCONG606 18,341	RCONG607 3,668	RCONG608 0	RCONHJ94 0	RCONHJ95 0		RCONG609 0	RCONG610 0	RCONG611 3,668	RCONS513 0	14.
15. Retained recourse on small business obligations sold with recourse	RCONG612 0	RCONG613 0	RCONG614 0				RCONG615 0	RCONG616 0	RCONG617 0	RCONS514 0	15.

Dollar amounts in thousands	(Column A) Face, Notional, or Other Amount	(Column B) Credit Equivalent Amount	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
16. Repo-style transactions[21]	RCONS515 1,365,860	RCONS516 1,365,860	RCONS517 1,000,650	RCONS518 0	RCONS519 0		RCONS520 365,210	RCONS521 0	RCONS522 0	RCONS523 0	16.
17. All other off-balance sheet liabilities	RCONG618 0	RCONG619 0	RCONG620 0				RCONG621 0	RCONG622 0	RCONG623 0	RCONS524 0	17.
18. Unused commitments:*											18.
a. Original maturity of one year or less	RCONS525 495,529	RCONS526 99,106	RCONS527 0	RCONHJ96 0	RCONHJ97 0		RCONS528 0	RCONS529 0	RCONS530 99,106	RCONS531 0	18.a.

14. For each of columns A through R of item 11, report the sum of items 1 through 9. For item 11, the sum of columns B through R must equal column A. Item 11, column A, must equal Schedule RC, item 12.
21. Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.
*. Excludes unused commitments to asset-backed commercial paper conduits.

Dollar amounts in thousands	(Column A) Face, Notional, or Other Amount	(Column B) Credit Equivalent Amount	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
b. Original maturity exceeding one year	RCONG624 2,203,490	RCONG625 1,101,745	RCONG626 0	RCONHJ98 0	RCONHJ99 0		RCONG627 0	RCONG628 0	RCONG629 1,101,745	RCONS539 0	18.b.
19. Unconditionally cancelable commitments	RCONS540 82,401	RCONS541 0									19.
20. Over-the-counter derivatives		RCONS542 0	RCONS543 0	RCONHK00 0	RCONHK01 0	RCONS544 0	RCONS545 0	RCONS546 0	RCONS547 0	RCONS548 0	20.
21. Centrally cleared derivatives		RCONS549 0	RCONS550 0	RCONS551 0	RCONS552 0		RCONS554 0	RCONS555 0	RCONS556 0	RCONS557 0	21.
22. Unsettled transactions (failed trades)[22]	RCONH191 0		RCONH193 0				RCONH194 0	RCONH195 0	RCONH196 0	RCONH197 0	22.

22. For item 22, the sum of columns C through Q must equal column A.

Dollar amounts in thousands	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Credit Equivalent Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
16. Repo-style transactions[24]				RCONH301 0	RCONH302 0	16.
17. All other off-balance sheet liabilities						17.
18. Unused commitments:*						18.
a. Original maturity of one year or less				RCONH303 0	RCONH304 0	18.a.
b. Original maturity exceeding one year				RCONH307 0	RCONH308 0	18.b.
19. Unconditionally cancelable commitments						19.
20. Over-the-counter derivatives				RCONH309 0	RCONH310 0	20.
21. Centrally cleared derivatives						21.
22. Unsettled transactions (failed trades)[25]	RCONH198 0	RCONH199 0	RCONH200 0			22.

24. Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.
*. Excludes unused commitments to asset-backed commercial paper conduits.
25. For item 22, the sum of columns C through Q must equal column A.

Dollar amounts in thousands	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
23. Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category (for each of columns C through P, sum of items 11 through 22; for column Q, sum of items 10 through 22)........	RCONG630 4,180,096	RCONS558 0	RCONS559 0	RCONS560 0	RCONG631 5,514,869	RCONG632 17,064,371	RCONG633 30,619,276	RCONS561 31,711	23.
24. Risk weight factor									24.
25. Risk-weighted assets by risk-weight category (for each column, item 23 multiplied by item 24)........	RCONG634 0	RCONS569 0	RCONS570 0	RCONS571 0	RCONG635 1,102,974	RCONG636 8,532,186	RCONG637 30,619,276	RCONS572 47,567	25.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	
23. Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category (for each of columns C through P, sum of items 11 through 22; for column Q, sum of items 10 through 22).........	RCONS562 0	RCONS563 0	RCONS564 0	RCONS565 0	RCONS566 0	RCONS567 0	RCONS568 0	23.
24. Risk weight factor								24.
25. Risk-weighted assets by risk-weight category (for each column, item 23 multiplied by item 24)........	RCONS573 0	RCONS574 0	RCONS575 0	RCONS576 0	RCONS577 0	RCONS578 0	RCONS579 0	25.

Dollar amounts in thousands			
26. Risk-weighted assets base for purposes of calculating the allowance for loan and lease losses 1.25 percent threshold	RCONS580	40,804,012	26.
27. Standardized market-risk weighted assets (applicable only to banks that are covered by the market risk capital rule)	RCONS581	0	27.
28. Risk-weighted assets before deductions for excess allowance of loan and lease losses and allocated risk transfer risk reserve[27]	RCONB704	40,804,012	28.
29. LESS: Excess allowance for loan and lease losses	RCONA222	0	29.
30. LESS: Allocated transfer risk reserve	RCON3128	0	30.
31. Total risk-weighted assets (item 28 minus items 29 and 30)	RCONG641	40,804,012	31.
1. Current credit exposure across all derivative contracts covered by the regulatory capital rules	RCONG642	0	M.1.

Dollar amounts in thousands	(Column A) With a remaining maturity of One year or less		(Column B) With a remaining maturity of Over one year through five years		(Column C) With a remaining maturity of Over five years		
2. Notional principal amounts of over-the-counter derivative contracts:							M.2.
a. Interest rate	RCONS582	0	RCONS583	0	RCONS584	0	M.2.a.
b. Foreign exchange rate and gold	RCONS585	0	RCONS586	0	RCONS587	0	M.2.b.
c. Credit (investment grade reference asset)	RCONS588	0	RCONS589	0	RCONS590	0	M.2.c.
d. Credit (non-investment grade reference asset)	RCONS591	0	RCONS592	0	RCONS593	0	M.2.d.
e. Equity	RCONS594	0	RCONS595	0	RCONS596	0	M.2.e.
f. Precious metals (except gold)	RCONS597	0	RCONS598	0	RCONS599	0	M.2.f.
g. Other	RCONS600	0	RCONS601	0	RCONS602	0	M.2.g.
3. Notional principal amounts of centrally cleared derivative contracts:							M.3.
a. Interest rate	RCONS603	4,250,000	RCONS604	0	RCONS605	0	M.3.a.
b. Foreign exchange rate and gold	RCONS606	0	RCONS607	0	RCONS608	0	M.3.b.
c. Credit (investment grade reference asset)	RCONS609	0	RCONS610	0	RCONS611	0	M.3.c.
d. Credit (non-investment grade reference asset)	RCONS612	0	RCONS613	0	RCONS614	0	M.3.d.
e. Equity	RCONS615	0	RCONS616	0	RCONS617	0	M.3.e.
f. Precious metals (except gold)	RCONS618	0	RCONS619	0	RCONS620	0	M.3.f.
g. Other	RCONS621	0	RCONS622	0	RCONS623	0	M.3.g.

Dollar amounts in thousands			
4. Amount of allowances for credit losses on purchased credit-deteriorated assets:[1]			M.4.
a. Loans and leases held for investment	RCONJJ30	0	M.4.a.
b. Held-to-maturity debt securities	RCONJJ31	0	M.4.b.
c. Other financial assets measured at amortized cost	RCONJJ32	0	M.4.c.

Schedule RC-S - Servicing Securitization and Asset Sale Activities(Form Type - 041)

Dollar amounts in thousands	(Column A) 1-4 Family Residential Loans		(Column G) All Other Loans, All Leases, and All Other Assets		
1. Outstanding principal balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements	RCONB705	0	RCONB711	0	1.
2. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to structures reported in item 1	RCONHU09	0	RCONHU15	0	2.
3. Not applicable					3.
4. Past due loan amounts included in item 1:					4.
a. 30-89 days past due	RCONB733	0	RCONB739	0	4.a.
b. 90 days or more past due	RCONB740	0	RCONB746	0	4.b.

27. Sum of items 2.b through 20, column S; items 9.a, 9.b, 9.c, 9.d, and 10, columns T and U; item 25, columns C through Q; and item 27 (if applicable).
1. Memorandum items 4.a through 4.c should be completed only by institutions that have adopted ASU 2016-13.

Dollar amounts in thousands	(Column A) 1-4 Family Residential Loans		(Column G) All Other Loans, All Leases, and All Other Assets		
5. Charge-offs and recoveries on assets sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements (calendar year-to-date):					5.
a. Charge-offs	RIADB747	0	RIADB753	0	5.a.
b. Recoveries	RIADB754	0	RIADB760	0	5.b.
Item 6 is to be completed by banks with $10 billion or more in total assets. 6. Total amount of ownership (or seller's) interest carried as securities or loans[1]			RCONHU19	0	6.
7. Not applicable					7.
8. Not applicable					8.
9. Maximum amount of credit exposure arising from credit enhancements provided by the reporting bank to other institutions' securitization structures in the form of standby letters of credit, purchased subordinated securities, and other enhancements	RCONB776	0	RCONB782	0	9.
Item 10 is to be completed by banks with $10 billion or more in total assets. 10. Reporting bank's unused commitments to provide liquidity to other institutions' securitization structures[1]	RCONB783	0	RCONB789	0	10.
11. Assets sold with recourse or other seller-provided credit enhancements and not securitized by the reporting bank	RCONB790	88,786	RCONB796	0	11.
12. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to assets reported in item 11	RCONB797	5,813	RCONB803	0	12.

Dollar amounts in thousands			
1. Not applicable			M.1.
2. Outstanding principal balance of assets serviced for others (includes participations serviced for others):			M.2.
a. Closed-end 1-4 family residential mortgages serviced with recourse or other servicer-provided credit enhancements	RCONB804	0	M.2.a.
b. Closed-end 1-4 family residential mortgages serviced with no recourse or other servicer-provided credit enhancements	RCONB805	393	M.2.b.
c. Other financial assets (includes home equity lines)[1]	RCONA591	635,840	M.2.c.
d. 1-4 family residential mortgages serviced for others that are in process of foreclosure at quarter-end (includes closed-end and open-end loans)	RCONF699	0	M.2.d.
Memorandum item 3 is to be completed by banks with $10 billion or more in total assets. 3. Asset-backed commercial paper conduits:[2]			M.3.
a. Maximum amount of credit exposure arising from credit enhancements provided to conduit structures in the form of standby letters of credit, subordinated securities, and other enhancements:			M.3.a.
1. Conduits sponsored by the bank, a bank affiliate, or the bank's holding company	RCONB806	0	M.3.a.1.
2. Conduits sponsored by other unrelated institutions	RCONB807	0	M.3.a.2.
b. Unused commitments to provide liquidity to conduit structures:			M.3.b.
1. Conduits sponsored by the bank, a bank affiliate, or the bank's holding company	RCONB808	0	M.3.b.1.
2. Conduits sponsored by other unrelated institutions	RCONB809	0	M.3.b.2.
4. Outstanding credit card fees and finance charges[2]	RCONC407	0	M.4.

1. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
1. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
1. Memorandum item 2.c is to be completed if the principal balance of other financial assets serviced for others is more than $10 million.
2. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
2. Memorandum item 4 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes.

Schedule RC-T - Fiduciary and Related Services(Form Type - 041)

Dollar amounts in thousands			
1. Does the institution have fiduciary powers? (If "NO," do not complete Schedule RC-T.)	RCONA345	No	1.
2. Does the institution exercise the fiduciary powers it has been granted?	RCONA346	No	2.
3. Does the institution have any fiduciary or related activity (in the form of assets or accounts) to report in this schedule? (If "NO," do not complete the rest of Schedule RC-T.)	RCONB867	No	3.

Dollar amounts in thousands	(Column A) Managed Assets		(Column B) Non-Managed Assets		(Column C) Number of Managed Accounts		(Column D) Number of Non-Managed Accounts		
4. Personal trust and agency accounts	RCONB868	NR	RCONB869	NR	RCONB870	NR	RCONB871	NR	4.
5. Employee benefit and retirement-related trust and agency accounts:									5.
a. Employee benefit - defined contribution	RCONB872	NR	RCONB873	NR	RCONB874	NR	RCONB875	NR	5.a.
b. Employee benefit - defined benefit	RCONB876	NR	RCONB877	NR	RCONB878	NR	RCONB879	NR	5.b.
c. Other employee benefit and retirement-related accounts	RCONB880	NR	RCONB881	NR	RCONB882	NR	RCONB883	NR	5.c.
6. Corporate trust and agency accounts	RCONB884	NR	RCONB885	NR	RCONC001	NR	RCONC002	NR	6.
7. Investment management and investment advisory agency accounts	RCONB886	NR	RCONJ253	NR	RCONB888	NR	RCONJ254	NR	7.
8. Foundation and endowment trust and agency accounts	RCONJ255	NR	RCONJ256	NR	RCONJ257	NR	RCONJ258	NR	8.
9. Other fiduciary accounts	RCONB890	NR	RCONB891	NR	RCONB892	NR	RCONB893	NR	9.
10. Total fiduciary accounts (sum of items 4 through 9)	RCONB894	NR	RCONB895	NR	RCONB896	NR	RCONB897	NR	10.
11. Custody and safekeeping accounts			RCONB898	NR			RCONB899	NR	11.
12. Not applicable									12.
13. Individual Retirement Accounts, Health Savings Accounts, and other similar accounts (included in items 5.c and 11)	RCONJ259	NR	RCONJ260	NR	RCONJ261	NR	RCONJ262	NR	13.

Dollar amounts in thousands			
14. Personal trust and agency accounts	RIADB904	NR	14.
15. Employee benefit and retirement-related trust and agency accounts:			15.
a. Employee benefit - defined contribution	RIADB905	NR	15.a.
b. Employee benefit - defined benefit	RIADB906	NR	15.b.
c. Other employee benefit and retirement-related accounts	RIADB907	NR	15.c.
16. Corporate trust and agency accounts	RIADA479	NR	16.
17. Investment management and investment advisory agency accounts	RIADJ315	NR	17.
18. Foundation and endowment trust and agency accounts	RIADJ316	NR	18.
19. Other fiduciary accounts	RIADA480	NR	19.
20. Custody and safekeeping accounts	RIADB909	NR	20.
21. Other fiduciary and related services income	RIADB910	NR	21.
22. Total gross fiduciary and related services income (sum of items 14 through 21) (must equal Schedule RI, item 5.a)	RIAD4070	0	22.
23. Less: Expenses	RIADC058	NR	23.
24. Less: Net losses from fiduciary and related services	RIADA488	NR	24.
25. Plus: Intracompany income credits for fiduciary and related services	RIADB911	NR	25.
26. Net fiduciary and related services income	RIADA491	NR	26.

Dollar amounts in thousands	(Column A) Personal Trust and Agency and Investment Management Agency Accounts		(Column B) Employee Benefit and Retirement-Related Trust and Agency Accounts		(Column C) All Other Accounts		
1. Managed assets held in fiduciary accounts:							M.1.
a. Noninterest-bearing deposits	RCONJ263	NR	RCONJ264	NR	RCONJ265	NR	M.1.a.
b. Interest-bearing deposits	RCONJ266	NR	RCONJ267	NR	RCONJ268	NR	M.1.b.
c. U.S. Treasury and U.S. Government agency obligations	RCONJ269	NR	RCONJ270	NR	RCONJ271	NR	M.1.c.
d. State, county, and municipal obligations	RCONJ272	NR	RCONJ273	NR	RCONJ274	NR	M.1.d.
e. Money market mutual funds	RCONJ275	NR	RCONJ276	NR	RCONJ277	NR	M.1.e.
f. Equity mutual funds	RCONJ278	NR	RCONJ279	NR	RCONJ280	NR	M.1.f.
g. Other mutual funds	RCONJ281	NR	RCONJ282	NR	RCONJ283	NR	M.1.g.
h. Common trust funds and collective investment funds	RCONJ284	NR	RCONJ285	NR	RCONJ286	NR	M.1.h.
i. Other short-term obligations	RCONJ287	NR	RCONJ288	NR	RCONJ289	NR	M.1.i.
j. Other notes and bonds	RCONJ290	NR	RCONJ291	NR	RCONJ292	NR	M.1.j.
k. Investments in unregistered funds and private equity investments	RCONJ293	NR	RCONJ294	NR	RCONJ295	NR	M.1.k.
l. Other common and preferred stocks	RCONJ296	NR	RCONJ297	NR	RCONJ298	NR	M.1.l.
m. Real estate mortgages	RCONJ299	NR	RCONJ300	NR	RCONJ301	NR	M.1.m.
n. Real estate	RCONJ302	NR	RCONJ303	NR	RCONJ304	NR	M.1.n.
o. Miscellaneous assets	RCONJ305	NR	RCONJ306	NR	RCONJ307	NR	M.1.o.
p. Total managed assets held in fiduciary accounts (for each column, sum of Memorandum items 1.a through 1.o)	RCONJ308	NR	RCONJ309	NR	RCONJ310	NR	M.1.p.

Dollar amounts in thousands	(Column A) Managed Assets		(Column B) Number of Managed Accounts		
q. Investments of managed fiduciary accounts in advised or sponsored mutual funds	RCONJ311	NR	RCONJ312	NR	M.1.q.

Dollar amounts in thousands	(Column A) Number of Issues		(Column B) Principal Amount Outstanding		
2. Corporate trust and agency accounts:					M.2.
a. Corporate and municipal trusteeships	RCONB927	NR	RCONB928	NR	M.2.a.
1. Issues reported in Memorandum item 2.a that are in default	RCONJ313	NR	RCONJ314	NR	M.2.a.1.
b. Transfer agent, registrar, paying agent, and other corporate agency	RCONB929	NR			M.2.b.

Dollar amounts in thousands	(Column A) Number of Funds		(Column B) Market Value of Fund Assets		
Memoranda items 3.a through 3.g are to be completed by banks with collective investment funds and common trust funds with a total market value of $1 billion or more as of the preceding December 31. 3. Collective investment funds and common trust funds:					M.3.
a. Domestic equity	RCONB931	NR	RCONB932	NR	M.3.a.
b. International/Global equity	RCONB933	NR	RCONB934	NR	M.3.b.
c. Stock/Bond blend	RCONB935	NR	RCONB936	NR	M.3.c.
d. Taxable bond	RCONB937	NR	RCONB938	NR	M.3.d.
e. Municipal bond	RCONB939	NR	RCONB940	NR	M.3.e.
f. Short term investments/Money market	RCONB941	NR	RCONB942	NR	M.3.f.
g. Specialty/Other	RCONB943	NR	RCONB944	NR	M.3.g.
h. Total collective investment funds (sum of Memorandum items 3.a through 3.g)	RCONB945	NR	RCONB946	NR	M.3.h.

Dollar amounts in thousands	(Column A) Gross Losses Managed Accounts		(Column B) Gross Losses Non-Managed Accounts		(Column C) Recoveries		
4. Fiduciary settlements, surcharges, and other losses:							M.4.
a. Personal trust and agency accounts	RIADB947	NR	RIADB948	NR	RIADB949	NR	M.4.a.
b. Employee benefit and retirement-related trust and agency accounts	RIADB950	NR	RIADB951	NR	RIADB952	NR	M.4.b.
c. Investment management agency accounts	RIADB953	NR	RIADB954	NR	RIADB955	NR	M.4.c.
d. Other fiduciary accounts and related services	RIADB956	NR	RIADB957	NR	RIADB958	NR	M.4.d.
e. Total fiduciary settlements, surcharges, and other losses (sum of Memorandum items 4.a through 4.d) (sum of columns A and B minus column C must equal Schedule RC-T, item 24)	RIADB959	NR	RIADB960	NR	RIADB961	NR	M.4.e.

Schedule RC-V - Variable Interest Entities(Form Type - 041)

Dollar amounts in thousands	(Column A) Securitization Vehicles		(Column B) Other VIEs		
1. Assets of consolidated variable interest entities (VIEs) that can be used only to settle obligations of the consolidated VIEs:					1.
a. Cash and balances due from depository institutions	RCONJ981	0	RCONJF84	0	1.a.
b. Securities not held for trading	RCONHU20	0	RCONHU21	0	1.b.
c. Loans and leases held for investment, net of allowance, and held for sale	RCONHU22	0	RCONHU23	0	1.c.
d. Other real estate owned	RCONK009	0	RCONJF89	0	1.d.
e. Other assets	RCONJF91	0	RCONJF90	0	1.e.
2. Liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting bank:					2.
a. Other borrowed money	RCONJF92	0	RCONJF85	0	2.a.
b. Other liabilities	RCONJF93	0	RCONJF86	0	2.b.
3. All other assets of consolidated VIEs (not included in items 1.a. through 1.e above)	RCONK030	0	RCONJF87	0	3.
4. All other liabilities of consolidated VIEs (not included in items 2.a and 2.b above)	RCONK033	0	RCONJF88	0	4.

Dollar amounts in thousands			
5. Total assets of asset-backed commercial paper (ABCP) conduit VIEs	RCONJF77	0	5.
6. Total liabilities of ABCP conduit VIEs	RCONJF78	0	6.

Optional Narrative Statement Concerning the Amounts Reported in the Consolidated Reports of Condition and Income(Form Type - 041)

Dollar amounts in thousands			
1. Comments?	RCON6979	No	1.
2. Bank Management Statement	TEXT6980	NR	2.

Public Exhibit 6

Flagstar Bancorp Annual Report on Form 10-K for the Year ended December 31, 2020

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

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

OR

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

Commission file number: **001-16577**

Flagstar Bancorp, Inc.
(Exact name of registrant as specified in its charter)

Michigan	**38-3150651**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5151 Corporate Drive, Troy, Michigan	**48098-2639**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(248) 312-2000**
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, par value $0.01 per share	**FBC**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No ☒
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒
The estimated aggregate market value of the voting common stock held by non-affiliates of the registrant, computed by reference to the closing sale price ($29.43 per share) as reported on the New York Stock Exchange on June 30, 2020, was approximately $2 billion. The registrant does not have any non-voting common equity shares.
As of February 25, 2021, 52,679,147 shares of the registrant's common stock, $0.01 par value, were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement relating to the 2021 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report on Form 10-K.

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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	HELOAN	Home Equity Loans
AFS	Available for Sale	HELOC	Home Equity Lines of Credit
Agencies	Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association, Collectively	HFI	Held for Investment
ALCO	Asset Liability Committee	HOLA	Home Owners Loan Act
AOCI	Accumulated Other Comprehensive Income (Loss)	Home Equity	Second Mortgages, HELOANs, HELOCs
ASU	Accounting Standards Update	HPI	Housing Price Index
Basel III	Basel Committee on Banking Supervision Third Basel Accord	HTM	Held to Maturity
BSA	Bank Secrecy Act	LGG	Loans with Government Guarantees
C&I	Commercial and Industrial	LHFI	Loans Held-for-Investment
CAMELS	Capital, Asset Quality, Management, Earnings, Liquidity and Sensitivity	LHFS	Loans Held-for-Sale
CDARS	Certificates of Deposit Account Registry Service	LIBOR	London Interbank Offered Rate
CD	Certificates of Deposit	LTV	Loan-to-Value Ratio
CECL	Current Expected Credit Losses	Management	Flagstar Bancorp's Management
CET1	Common Equity Tier 1	MBS	Mortgage-Backed Securities
CLTV	Combined Loan-to-Value	MD&A	Management's Discussion and Analysis
Common Stock	Common Shares	MP Thrift	MP Thrift Investments, L.P.
CRE	Commercial Real Estate	MSR	Mortgage Servicing Rights
CFPB	Consumer Financial Protection Bureau	N/A	Not Applicable
Deposit Beta	The change in the annualized cost of our deposits, divided by the change in the Federal Reserve discount rate	N/M	Not Meaningful
DIF	Deposit Insurance Fund	NASDAQ	National Association of Securities Dealers Automated Quotations
DOJ	United States Department of Justice	NPL	Nonperforming Loan
DOJ Liability	2012 settlement Agreement with the Department of Justice	NYSE	New York Stock Exchange
DTA	Deferred Tax Asset	OCC	Office of the Comptroller of the Currency
EVE	Economic Value of Equity	OCI	Other Comprehensive Income (Loss)
ExLTIP	Executive Long-Term Incentive Program	PPP	Paycheck Protection Program
Fannie Mae	Federal National Mortgage Association	QTL	Qualified Thrift Lending
FASB	Financial Accounting Standards Board	Regulatory Agencies	Board of Governors of the Federal Reserve, Office of the Comptroller of the Currency, U.S. Department of the Treasury, Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, Securities and Exchange Commission
FBC	Flagstar Bancorp		
FDIC	Federal Deposit Insurance Corporation	REO	Real estate owned and other nonperforming assets, net
Federal Reserve	Board of Governors of the Federal Reserve System	RMBS	Residential Mortgage-Backed Securities
FHA	Federal Housing Administration	RSU	Restricted Stock Unit
FHFA	Federal Housing Finance Agency	RWA	Risk Weighted Assets
FHLB	Federal Home Loan Bank	SEC	Securities and Exchange Commission
FICO	Fair Isaac Corporation	SNC	Shared National Credit
FOAL	Fallout-Adjusted Locks	SOFR	Secured Overnight Financing Rate
FRB	Federal Reserve Bank	TARP preferred	TARP Fixed Rate Cumulative Perpetual Preferred Stock, Series C
Freddie Mac	Federal Home Loan Mortgage Corporation	TDR	Trouble Debt Restructuring
FTE	Full Time Equivalent	TILA-RESPA	Truth in Lending Act-Real Estate Settlement Procedures Act
GAAP	Generally Accepted Accounting Principles	UPB	Unpaid Principal Balance
Ginnie Mae	Government National Mortgage Association	U.S. Treasury	United States Department of Treasury
GLBA	Gramm-Leach Bliley Act	VIE	Variable Interest Entity
GNMA	Government National Mortgage Association	XBRL	eXtensible Business Reporting Language

FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-K, including but not limited to statements included within the Management's Discussion and Analysis of Financial Condition and Results of Operations, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. In addition, we may make forward-looking statements in our other documents filed with or furnished to the SEC, and Management may make forward-looking statements orally to analysts, investors, representatives of the media and others.

Generally, forward-looking statements are not based on historical facts but instead represent Management's current beliefs and expectations regarding future events and are subject to significant risks and uncertainties. Such statements may be identified by words such as believe, expect, anticipate, intend, plan, estimate, may increase, may fluctuate and similar expressions or future or conditional verbs such as will, should, would and could. Our actual results and capital and other financial conditions may differ materially from those described in the forward-looking statements depending upon a variety of factors, including without limitation the precautionary statements included within each individual business' discussion and analysis of our results of operations and the risk factors listed and described in Item 1A. to Part I, Risk Factors.

Other than as required under United States securities laws, we do not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

PART I

ITEM 1. BUSINESS

Where we say "we," "us," "our," the "Company," "Bancorp" or "Flagstar," we usually mean Flagstar Bancorp, Inc. However, in some cases, a reference will include our wholly-owned subsidiary Flagstar Bank, FSB (the "Bank"). See the Glossary of Abbreviations and Acronyms on page 3 for definitions used throughout this Form 10-K.

Introduction

We are a savings and loan holding company founded in 1993. Our business is primarily conducted through our principal subsidiary, the Bank, a federally chartered stock savings bank founded in 1987. We provide commercial and consumer banking services and we are the 6th largest bank mortgage originator in the nation and the 6th largest subservicer of mortgage loans nationwide. At December 31, 2020, we had 5,214 full-time equivalent employees. Our common stock is listed on the NYSE under the symbol "FBC".

Our relationship-based business model leverages our full-service bank's capabilities and our national mortgage platform to create and build financial solutions for our customers. At December 31, 2020, we operated 158 full service banking branches that offer a full set of banking products to consumer, commercial and government customers. Our banking footprint spans Michigan, Indiana, California, Wisconsin, Ohio and contiguous states.

We originate mortgages through a network of brokers and correspondents in all 50 states and our own loan officers, which includes our direct lending team, from 103 retail locations and 3 call centers in 28 states. We are also a leading national servicer of mortgage loans and provide complementary ancillary offerings including MSR lending, servicing advance lending and MSR recapture services.

Human Capital Management

Our culture is defined by our corporate values: Service, Trust, Accountability and Results ("STAR"). To continue to deliver on these values, it is crucial that we attract and retain talent by creating an inclusive, equitable, safe and healthy workplace. We strive to build and maintain high-performing teams and provide opportunities for our employees to grow and develop in their careers, supported by strong compensation, benefits, and health and welfare programs. As of December 31, 2020, we had 5,214 FTE employees, compared to 4,453 FTE employees as of December 31, 2019.

Employee benefits and well-being. We provide a competitive, market-based compensation and benefits program to help meet the needs of our employees. In addition to salaries, these programs include annual bonuses or incentives based on individual and company performance metrics, equity-based incentives, an Employee Stock Purchase Plan, a 401(k) Plan with employer matching contribution, numerous healthcare options, company-paid life insurance and disability benefits, the opportunity to receive an annual company contribution into a health savings account, flexible spending accounts, numerous voluntary plan offerings, paid time off (including self-selected time off for community involvement and wellness), and company-paid Employee Assistance Plan and financial counseling programs.

Talent development and retention. Our associates are the driving force behind our success, underpinning every aspect of our strategy and helping us deliver value to our customers, shareholders and communities. We strive to enhance the skills of our workforce by offering collaborative and effective training programs, including eLearning opportunities. We offer a Leading Like a STAR management development program, as well as a STAR Values development program for all team members, which is a suite of workshops focused on our company's core values.

Diversity, equity and inclusion. A diverse workforce is critical to our long-term success. We strive to build and leverage a diverse, inclusive and engaged workforce that inspires all individuals to work together towards a common goal of superior business results by embracing the unique needs and objectives of our customers and community. We strive to achieve this by hiring great people who represent the talents, experiences, background and diversity of the communities we serve. In addition, we are focused on crafting financial products and services tailored to make a real difference to our customers. Our commitment is reflected in the policies that govern our workforce, such as our Diversity Pledge and our Diversity, Equity and Inclusion Policy, and is evidenced in our recruiting strategies, diversity and inclusion training and Employee Resource Groups ("ERGs"), which are key to our efforts. Our ERGs provide our associates access to coaching, mentoring and professional development. As of December 31, 2020, our efforts have been focused on the following nine ERG groups within Flagstar: African American, Asian-Indian, Hispanic/Latino, LGBTQ, Military Veterans, Native American, People with Disabilities, Women and Young Professionals.

Employee engagement. We regularly conduct employee surveys to assess the job satisfaction of our employees and use information from the surveys to improve our ability to attract, develop and retain talented employees and ensure we are successful over the long-term.

COVID-19 response and workplace safety. The health and well-being of our team members is our top priority. In response to COVID-19, we implemented additional safety protocols designed to protect the health and safety of our employees and customers. These protocols comply with applicable government regulations and guidance and include broad-based work from home requirements (where practical), redeployment of employees (where practical), travel restrictions, social distancing, mandatory use of facial coverings, daily health screenings for onsite workers, safety incident reporting and deep cleaning protocols at all our facilities, including our customer-facing locations. In addition, all training has been moved to a virtual environment, remote workers have been provided with additional equipment and resources as needed, and the company has enhanced communications with employees through video messages, emails and the intranet to further connect and engage its team members.

Operating Segments

Our operations are conducted through our three operating segments: Community Banking, Mortgage Originations and Mortgage Servicing. For further information, see MD&A - Operating Segments and Note 21 - Segment Information.

Competition

We face substantial competition in attracting deposits along with generating and servicing loans. Our most direct competition for deposits has historically come from other savings banks, commercial banks and credit unions in our banking footprint. Money market funds, full-service securities brokerage firms and financial technology companies also compete with us for these funds. We compete for deposits by offering a broad range of high-quality customized banking services at competitive rates.

From a lending perspective, we compete with many institutions including commercial banks, national mortgage lenders, local savings banks, credit unions and commercial lenders offering consumer and commercial loans. We compete by offering competitive interest rates, fees and other loan terms through efficient and customized service.

In servicing, we compete primarily against non-bank servicers. The subservicing market in which we operate is also highly competitive and we face competition related to subservicing pricing and service delivery. We compete by offering quality servicing, a robust risk and compliance infrastructure and a model where our mortgage business allows for recapture services to replenish loans for subservicing clients.

Subsidiaries

We conduct business primarily through our wholly-owned bank subsidiary. In addition, the Bank has wholly-owned subsidiaries through which we conduct business or which are inactive. The Bank and its wholly-owned subsidiaries comprised nearly all of our total assets at December 31, 2020. For further information, see Note 1 - Description of Business, Basis of Presentation, and Summary of Significant Accounting Standards, Note 7 - Variable Interest Entities and Note 22 - Holding Company Only Financial Statements.

Regulation and Supervision

The Bank is a federally chartered savings bank, subject to federal regulation and oversight by the OCC. We are also subject to regulation and examination by the FDIC, which insures the deposits of the Bank to the extent permitted by law and the requirements established by the Federal Reserve. The Bank is also subject to the supervision of the CFPB which regulates the offering and provision of consumer financial products or services under federal consumer financial laws. The OCC, FDIC and the CFPB may take regulatory enforcement actions if we do not operate in accordance with applicable regulations, policies and directives. Proceedings may be instituted against us, or any "institution-affiliated party", such as a director, officer, employee, agent or controlling person, who engages in unsafe and unsound practices, including violations of applicable laws and regulations. The FDIC has additional authority to terminate insurance of accounts, if after notice and hearing, we are found to have engaged in unsafe and unsound practices, including violations of applicable laws and regulations. The federal system of regulation and supervision establishes a comprehensive framework of activities in which to operate and is primarily intended for the protection of depositors and the FDIC's Deposit Insurance Fund rather than our shareholders.

As a savings and loan holding company, we are required to comply with the rules and regulations of the Federal Reserve. We are required to file certain reports, and we are subject to examination by, and the enforcement authority of, the Federal Reserve. Under the federal securities laws, we are also subject to the rules and regulations of the SEC.

Any change to laws and regulations, whether by the FDIC, OCC, CFPB, SEC, the Federal Reserve or Congress, could have a materially adverse impact on our operations.

Holding Company Regulation

Acquisition, Activities and Change in Control. Flagstar Bancorp, Inc. is a unitary savings and loan holding company. We may only conduct, or acquire control of companies engaged in, activities permissible for a unitary savings and loan holding company pursuant to the relevant provisions of the HOLA and relevant regulations. Further, we generally are required to obtain Federal Reserve approval before acquiring direct or indirect ownership or control of any voting shares of another bank, bank holding company, savings associations or savings and loan holding company if we would own or control more than 5 percent of the outstanding shares of any class of voting securities of that entity. Additionally, we are prohibited from acquiring control of a depository institution that is not federally insured or retaining control for more than one year after the date that institution becomes uninsured.

We may not be acquired unless the transaction is approved by the Federal Reserve. In addition, the GLBA generally restricts a company from acquiring us if that company is engaged directly or indirectly in activities that are not permissible for a savings and loan holding company or financial holding company.

Volcker Rule. Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”) required the federal financial regulatory agencies to adopt rules that prohibit banking entities, including federal savings associations and their and affiliates, from engaging in proprietary trading and investing in and/or sponsoring certain "covered funds." In 2013, the agencies adopted rules to implement section 619. These rules, collectively with section 619, are commonly referred to as the "Volcker Rule." Compliance with the Volcker Rule generally has been required since July 21, 2015. Pursuant to the requirements of the Volcker Rule, we have established a standard compliance program based on the size and complexity of our operations, and we believe we are in compliance with the requirements.

Capital Requirements. The Bank and Flagstar are currently subject to the regulatory capital framework and guidelines reached by Basel III as adopted by the OCC and Federal Reserve. The OCC and Federal Reserve have risk-based capital adequacy guidelines intended to measure capital adequacy with regard to a banking organization’s balance sheet, including off-balance sheet exposures such as unused portions of loan commitments, letters of credit and recourse arrangements. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that could have a material effect on the Consolidated Financial Statements. For additional information, see the Capital section of the MD&A and Note 18 - Regulatory Capital.

Source of Strength. The Dodd-Frank Act codified the Federal Reserve’s "source of strength" doctrine and extended it to savings and loan holding companies. Under the Dodd-Frank Act, the prudential regulatory agencies are required to promulgate joint rules requiring savings and loan holding companies, such as us, to serve as a source of financial strength for any depository institution subsidiary by maintaining the ability to provide financial assistance in the event the depository institution subsidiary suffers financial distress.

Collins Amendment. The Collins Amendment to the Dodd-Frank Act established minimum Tier 1 leverage and risk-based capital requirements for insured depository institutions, depository institution holding companies and non-bank financial companies that are supervised by the Federal Reserve. The minimum Tier 1 leverage and risk-based capital requirements are determined by the minimum ratios established by the federal banking agencies that apply to insured depository institutions under the prompt corrective action regulations. The Collins Amendment states that certain hybrid securities, such as trust preferred securities, may be included in Tier 1 capital for bank holding companies that had total assets below $15 billion as of December 31, 2009. As we had total assets below $15 billion as of December 31, 2009, the trust preferred securities classified as long-term debt on our balance sheet are included as Tier 1 capital while they are outstanding, unless we complete an acquisition of a depository institution holding company and we report total assets greater than $15 billion at the end of the quarter in which the acquisition occurs. At our present size, with total assets of $31.0 billion as of December 31, 2020, an acquisition of a depository holding company would likely cause our trust preferred securities totaling $247 million as of December 31, 2020 to no longer be included in Tier 1 capital and, therefore, to be included in Tier 2 capital.

Banking Regulation

FDIC Insurance and Assessment. The FDIC insures the deposits of the Bank and such insurance is backed by the full faith and credit of the U.S. government through the DIF. The FDIC maintains the DIF by assessing each financial institution an insurance premium. The FDIC-defined deposit insurance assessment base for an insured depository institution is equal to the average consolidated total assets during the assessment period, minus average tangible equity.

Affiliate Transaction Restrictions. The Bank is subject to the affiliate and insider transaction rules applicable to member banks of the Federal Reserve as well as additional limitations imposed by the OCC. These provisions prohibit or limit the Bank from extending credit to, or entering into certain transactions with, principal stockholders, directors and executive officers of the banking institution and certain of its affiliates. The Dodd-Frank Act imposed further restrictions on transactions with certain affiliates and extension of credit to principal stockholders, directors and executive officers, .

Limitation on Capital Distributions. The OCC and FRB regulate all capital distributions made by the Bank, directly or indirectly, to the holding company, including dividend payments. An application to the OCC by the Bank may be required based on a number of factors including whether the institution qualifies as an eligible savings association under the OCC rules and regulations, if the institution would not be at least adequately capitalized following the distribution or if the total amount of all capital distributions (including each proposed capital distribution) for the applicable calendar year exceeds net income for that year to date plus the retained net income for the preceding two years. In addition, as a subsidiary of a savings and loan holding company, a 30-day notice from the Bank must be provided to the FRB prior to declaring or paying any dividend to the holding company. Additional restrictions on dividends apply if the Bank fails the QTL test. To pass the QTL test, the Bank must hold more than 65 percent qualified thrift assets as a percent of its total portfolio assets in at least nine of the last twelve rolling months. As of December 31, 2020, the Bank has passed the QTL test in ten of the last twelve months and remains in compliance.

Bank Secrecy Act and Anti-Money Laundering

The Bank is subject to the BSA and other anti-money laundering laws and regulations, including the USA PATRIOT Act. The BSA requires all financial institutions to, among other things, establish a risk-based system of internal controls reasonably designed to prevent money laundering and the financing of terrorism. The BSA includes various record keeping and reporting requirements such as cash transaction and suspicious activity reporting as well as due diligence requirements. The Bank is also required to comply with the U.S. Treasury's Office of Foreign Assets Control imposed economic sanctions that affect transactions with designated foreign countries, nationals, individuals, entities and others.

The Economic Growth, Regulatory Relief and Consumer Protection Act of 2018

The Economic Growth, Regulatory Relief, and Consumer Protection Act ("Economic Growth Act") repealed or modified several provisions of the Dodd-Frank Act. Certain key aspects of the Economic Growth Act that have the potential to affect the Company's business and results of operations include:

- Raising the total asset threshold from $50 billion to $250 billion at which bank holding companies are required to conduct periodic company-run stress tests mandated by the Dodd-Frank Act.
- Clarifying the definition of high volatility commercial real estate loans to ease the regulatory burden associated with the identification of loans that meet qualifying criteria.
- Providing that certain reciprocal deposits shall not be considered brokered deposits, subject to certain limitations.
- Allowing the Bank, as a federal savings association with less than $20 billion in total assets as of December 31, 2017, the option to elect to operate as covered savings associations (similar to a national bank) without changing its charter.

Consumer Protection Laws and Regulations

The Bank is subject to a number of federal consumer protection laws and regulations. These include, among others, the Truth in Lending Act, the Truth in Savings Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Fair Credit Reporting Act, the Service Members Civil Relief Act, the Expedited Funds Availability Act, the Community Reinvestment Act, the Real Estate Settlement Procedures Act, electronic funds transfer laws, redlining laws, predatory lending laws, laws prohibiting unfair, deceptive or abusive acts or practices in connection with the offer, or sale of consumer financial products or services and the GLBA and California Consumer Protection Act regarding customer privacy and data security.

The Bank is subject to supervision by the CFPB, which has responsibility for enforcing federal consumer financial laws. The CFPB has broad rule-making authority to administer and carry out the provisions of the Dodd-Frank Act with respect to financial institutions that offer covered financial products and services to consumers, including prohibitions against unfair, deceptive, abusive acts or practices in connection with any transaction with a consumer for a consumer financial product or

service, or the offering of a consumer financial product or service including regulations related to the origination and servicing of residential mortgages. The Bank is subject to the CFPB's supervisory, examination and enforcement authority. As a result, we could incur increased costs, potential litigation or be materially limited or restricted in our business, product offerings or services in the future.

Due to regulatory focus on compliance with consumer protection laws and regulations, portions of our lending operations which most directly deal with consumers, including mortgage and consumer lending, may pose particular challenges. Further, the CFPB continues to propose new rules and to amend existing rules. While we are not aware of any material compliance issues related to our mortgage and consumer lending practices, the focus of regulators and the changes to regulations may increase our compliance risk. Despite the supervision and oversight we exercise in these areas, failure to comply with these regulations could result in the Bank being liable for damages to individual borrowers or other imposed penalties.

Additionally, the Equal Credit Opportunity Act and the Fair Housing Act prohibit financial institutions from engaging in discriminatory lending practices. The DOJ, CFPB and other agencies are responsible for enforcing these laws and regulations. Private parties may also have the ability to challenge an institution's performance under fair lending laws in class action litigation. A successful challenge to the Bank's performance under the fair lending laws and regulations could adversely impact the Bank's rating under the Community Reinvestment Act and result in a wide variety of sanctions or penalties or limit certain revenue channels.

Incentive Compensation

The U.S. bank regulatory agencies issued comprehensive guidance on incentive compensation policies intended to ensure that the incentive compensation policies of U.S. banks do not undermine safety and soundness by encouraging excessive risk-taking. The U.S. bank regulatory agencies review, as part of the regular, risk-focused examination process, the incentive compensation arrangements of U.S. banks that are not "large, complex banking organizations." These reviews are tailored to each bank based on the scope and complexity of the bank's activities and the prevalence of incentive compensation arrangements.

Additional Information

Our executive offices are located at 5151 Corporate Drive, Troy, Michigan 48098, and our telephone number is (248) 312-2000.

We make our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") available free of charge on our website at www.flagstar.com, under "Investor Relations", as soon as reasonably practicable after we electronically file or furnish such material with the SEC. These reports are also available without charge on the SEC website at www.sec.gov.

ITEM 1A. RISK FACTORS

Our financial condition and results of operations may be adversely affected by various factors, many of which are beyond our control, including the current pandemic resulting from COVID-19. In addition to the factors identified elsewhere in this Report, we believe the most significant risk factors affecting our business are set forth below.

The below description of risk factors is not exhaustive. Other risk factors are described elsewhere herein as well as in other reports and documents that we file with or furnish to the SEC. Other factors that could also cause results to differ from our expectations may not be described herein or in any such report or document.

Market, Interest Rate, Credit and Liquidity Risk

Economic and general conditions in the markets in which we operate may adversely affect our business.

Our business and results of operations are affected by economic and market conditions, political uncertainty and social conditions, factors impacting the level and volatility of short-term and long-term interest rates, inflation, home prices, unemployment and under-employment levels, risks associated with an outbreak of a widespread epidemic or pandemic of disease (or widespread fear thereof), bankruptcies, household income, consumer spending, fluctuations in both debt and equity capital markets and currencies, liquidity of the financial markets, the availability and cost of capital and credit, investor sentiment and confidence in the financial markets, and the sustainability of economic growth. Deterioration of any of these conditions could adversely affect our business segments, the level of credit risk we have assumed, our capital levels, liquidity, and our results of operations.

Domestic and international fiscal and monetary policies also affect our business. Central bank actions, particularly those of the Federal Reserve, can affect the value of financial instruments and other assets, such as investment securities and MSRs; their policies can affect our borrowers, potentially increasing the risk that they may fail to repay their loans. Changes in fiscal and monetary policies are beyond our control and difficult to predict, but could have an adverse impact on our capital requirements and the cost of running our business.

We are currently in the midst of a health crisis as a result of COVID-19. The COVID-19 pandemic is adversely affecting us, our customers, counterparties, employees, and third-party service providers, and the ultimate extent of the impacts on our business, financial position, results of operations, liquidity, and prospects are uncertain. In addition, the pandemic has resulted in temporary or permanent closures of many businesses as well as the institution of social distancing and sheltering in place requirements in many states and communities. Some states and communities have reopened and may be at risk of restrictions again in the future. As a result, the demand for our products and services may be negatively impacted. Our ongoing response to COVID-19, including setting up new programs specified in the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), such as the PPP, and our long-term effectiveness while working remotely, could have a significant, lasting impact on our operations, financial condition and reputation. The extent to which COVID-19 impacts our business, results of operations and financial condition, as well as our regulatory capital and liquidity ratios will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic.

The response to the pandemic resulted in a strong contraction in our economy, increased market volatility and uncertainty in our capital markets, most notably impacting workers and small businesses. The economic health of these businesses may depend upon the fiscal assistance provided by the CARES Act, government stimulus approved in December 2020 or future acts taken by Congress. The CARES Act is the largest deployment of capital ever authorized by Congress with several provisions designed to ensure banks are able to provide assistance and relief to consumers and businesses. Although government intervention is intended to mitigate economic uncertainties, these programs may not be broad or specific enough to mitigate the economic risks of COVID-19, which may lead to adverse results.

The adverse economic conditions have and will have an impact on our customers. Some of these customers have and may continue to experience unemployment and a loss of revenue, leading to a lack of cash flows. These lower cash flows in some instances have caused our customers to draw on the lines of credit we have extended to them and to withdraw their deposits from the Bank. Both of these actions could have an adverse impact on our liquidity position. Additionally, the ability of our borrowers to make payments timely on outstanding loans, the value of collateral securing those loans, and demand for loans and other products and services that we offer have been, and may continue to be, adversely impacted by COVID-19. Until the effects of the pandemic subside, we expect continued draws on lines of credit and increased loan defaults and losses.

Even after the pandemic subsides, the U.S. economy may continue to experience a recession; therefore, we anticipate our business could be materially and adversely affected by a prolonged recession in the U.S.

We are asset sensitive, which means changes in interest rates could adversely affect our financial condition and results of operations including our net interest margin, mortgage related assets, and our investment portfolio.

Our financial condition and results of operations could be significantly affected by changes in interest rates and the yield curve. Our financial results depend substantially on net interest income. Net interest income represented 29 percent of our total revenue for the full year ended December 31, 2020.

Changes in interest rates may affect the expected average life of our mortgage LHFI, mortgage-backed securities and, to a lesser extent, our commercial loans. Decreases in interest rates can trigger an increase in prepayments of our loans and mortgage-backed securities as borrowers refinance to reduce their own borrowing costs. Conversely, increases in interest rates may decrease loan refinance activity which can negatively impact our mortgage business.

The fair value of our fixed-rate financial instruments, including certain LHFI, LHFS, and investment securities is affected by changes in interest rates. If interest rates increase, the fair value of our fixed-rate financial instruments will generally decline and, therefore, have a negative effect on our financial results. We use derivatives to hedge the fair value of certain of our financial instruments including the use of TBAs and other derivatives to hedge our LHFS portfolio. These strategies may expose us to basis risk and we may not be able to fully hedge certain interest rate risks.

Additionally, the fair value of our MSRs is highly sensitive to changes in interest rates and changes in market implied interest rate volatility. Decreases in interest rates can trigger an increase in actual repayments and market expectation for higher levels of repayments in the future which have a negative impact on MSR fair value. Conversely, higher rates typically drive lower repayments which results in an increase in the MSR fair value. We utilize derivatives to manage the impact of changes in the fair value of the MSRs. We may have basis risk and our risk management strategies, which rely on assumptions or projections, may not adequately mitigate the impact of changes in interest rates, interest rate volatility, credit spreads, or prepayment speeds, and, as a result, the change in the fair value of MSRs may negatively impact earnings.

In response to COVID-19, the Federal Reserve reduced the Federal Funds Rate to zero percent in March 2020. The Federal Reserve may continue to keep interest rates low or even use negative interest rates if warranted by economic conditions. Although many of our commercial loans have floors, our banking revenue, representing approximately 30 percent of our revenue, is tied to interest rates; an extended period of operations in a zero- or negative-rate environment could negatively impact profitability.

In addition, the Federal Reserve initiated new quantitative easing programs, including buying securities at various points in time, resulting in disruptions to the mortgage-backed securities market. There is a risk that the Federal Reserve may take additional actions in the future or elect to stop their current actions which could disrupt the market and have an adverse impact on our mortgage gain on sale or other financial results. Further, the impact of these actions has caused the financial instruments we use to manage our interest rate and market risks to be less effective at times, which could have a materially adverse impact on our operations and financial condition.

See MD&A - Market Risk for our net interest income sensitivity testing.

Rising mortgage rates and adverse changes in mortgage market conditions could reduce mortgage revenue.

In 2020, approximately 62 percent of our revenue was derived from our Mortgage Origination segment which includes activities related to the origination and sale of residential mortgages. The residential real estate mortgage lending business is sensitive to changes in interest rates. Lower interest rates generally increase the volume of mortgage originations, while higher interest rates generally cause that volume to decrease. Therefore, our mortgage performance is typically correlated to fluctuations in interest rates, primarily the 10-year U.S. Treasury rate. Historically, mortgage origination volume and sales for the Bank and for other financial institutions have risen and fallen in response to these and other factors. An increase in interest rates and/or a decrease in our mortgage production volume could have a materially adverse effect on our operating results. The 10-year U.S. Treasury rate was 0.93 percent at December 31, 2020, and averaged 0.89 percent during 2020, 125 basis points lower than average rates experienced during 2019. The sustained lower rates experienced throughout 2020 positively impacted the mortgage market including our loan origination volume and refinancing activity, which may not persist.

In addition to being affected by interest rates, the secondary mortgage markets are also subject to investor demand for residential mortgage loans and investor yield requirements for these loans. These conditions may fluctuate or worsen in the future. Adverse market conditions, including increased volatility and reduced market demand, could result in greater risk in retaining mortgage loans pending their sale to investors. A prolonged period of secondary market illiquidity may result in a reduction of our loan mortgage production volume and could have a materially adverse effect on our financial condition and results of operations.

Our mortgage origination business is also subject to the cyclical and seasonal trends of the real estate market. The cyclical nature of our industry could lead to periods of strong growth in the mortgage and real estate markets followed by periods of sharp declines and losses in such markets. Seasonal trends have historically reflected the general patterns of residential and commercial real estate sales, which typically peak in the spring and summer seasons. One of the primary influences on our mortgage business is the aggregate demand for mortgage loans, which is affected by prevailing interest rates, housing supply and demand, residential construction trends, and overall economic conditions. If we are unable to respond to the cyclical nature of our industry by appropriately adjusting our operations or relying on the strength of our other product offerings during cyclical downturns, our business, financial condition, and results of operations could be adversely affected.

Mortgage forbearance levels and delayed foreclosures due to federal legislation could result in a decrease in service fee income and an increase in service costs.

As a result of federal legislation in response to COVID-19, we are required to provide mortgage forbearances to individuals with single-family, federally backed mortgages, such as those that we service which underlie our mortgage servicing rights, due to COVID-19 related difficulties. In addition, we waived fees for an extended time period in the early portion of the pandemic as customers dealt with the crisis, which we may again do in the future. This could result in a reduction in servicing fee income and a higher cost to service. As customers are not making payments on their mortgage, we cover their payments for a temporary time period until the investors make us whole. Additionally, MSR transactions customarily contain early payment default provisions. If a customer requests forbearance on the residential mortgage loans underlying the MSRs we have sold, generally within 90 days following the sale, we may be contractually obligated to refund the purchase price of the MSR or pay a fee to the purchaser. These actions could result in financial, operational, credit and compliance risk as we navigate government requirements and our ability to modify our systems to account for these changes while maintaining an adequate internal control structure.

Our application of forbearance, any loan payment deferrals that we grant, the servicing advances we are required to make, and any escrow advances we are required to make while a loan is in forbearance could result in us carrying significant asset balances. This could result in a reduction in our liquidity and cause a reduction in our capital ratios. The combination of these impacts along with other impacts, could cause us to not have sufficient liquidity or capital.

We are not aging receivables for customers who have been granted a payment holiday, payment deferral, or forbearance. Therefore, there is a risk that subsequently customers may still be unable to make their payments, resulting in delinquencies at a higher rate than what is typical and a higher percentage of loans in nonaccrual status. Additionally, for consumer loans, current payments typically provide the primary evidence of a borrower’s ability and intent to repay the loan. Therefore, during the forbearance, deferral, or payment holiday period we may not be able to discern which loans can be repaid and which require timely action to manage the potential for loss to a lower level. Consequently, when a borrower is unable to repay the loan, our losses could be higher than we have experienced in the past. In addition, newly originated or acquired mortgage loans could potentially request forbearance prior to us selling the loan, resulting in a higher carrying cost for us as we may not be able to sell them into the market at all or at prices we would accept.

See MD&A - Payment Deferrals for details on borrowers currently participating in a forbearance program.

We are highly dependent on the Agencies to buy mortgage loans that we originate. Changes in these entities and changes in the manner or volume of loans they purchase or their current roles could adversely affect our business, financial condition and results of operations.

We generate mortgage revenues primarily from gains on the sale of single-family residential loans pursuant to programs currently offered by Fannie Mae, Freddie Mac, Ginnie Mae and other investors. These entities account for a substantial portion of the secondary market in residential mortgage loans. During the year ended December 31, 2020, we sold approximately 79 percent of our mortgage loans to Fannie Mae and Freddie Mac and 12 percent to Ginnie Mae. Any future changes in these programs, our eligibility to participate in such programs, their concentration limits with respect to loans purchased from us, the criteria for loans to be accepted or laws that significantly affect the activity of such entities could, in

turn, result in a lower volume of corresponding loan originations or other administrative costs which may have a materially adverse effect on our results of operations or could cause us to take other actions that would be materially detrimental.

Fannie Mae and Freddie Mac remain in conservatorship and a path forward for them to emerge from conservatorship is unclear. Their roles could be reduced, modified or eliminated as a result of regulatory actions and the nature of their guarantees could be limited or eliminated relative to historical measurements. The elimination or modification of the traditional roles of Fannie Mae or Freddie Mac could create additional competition in the market and significantly and adversely affect our business, financial condition and results of operations.

We originate non-conforming "jumbo" residential mortgage loans for sale into either the private loan securitization market through a 144A offering or through whole loan sales. Demand for these loans or securities can change based on economic conditions which may adversely impact our ability to sell them.

Jumbo residential mortgage loans have principal balances that exceed the applicable conforming loan limits, as specified by the FHFA, known as the National Conforming Loan Limit ("Jumbo Loans"). We originate Jumbo Loans and hold these loans in our HFS portfolio prior to sale. Jumbo Loans tend to be less liquid than conforming loans, which may make it more difficult for us to sell these loans if investor demand decreases. If we are unable to sell these loans, they remain in our HFS portfolio, we retain the credit risk and we do not receive sale proceeds that could be used to generate new loans. Further, these loans remain on the balance sheet utilizing capital which could impact our overall balance sheet management strategy.

Changes in the servicing, origination, or underwriting guidelines or criteria required by the Agencies could adversely affect our business, financial condition and results of operations.

We are required to follow specific guidelines or criteria that impact the way we originate, underwrite or service loans. Guidelines include credit standards for mortgage loans, our staffing levels and other servicing practices, the servicing and ancillary fees that we may charge, modification standards and procedures, and the amount of non-reimbursable advances.

We cannot negotiate these terms, which are subject to change at any time, with the Agencies. A significant change in these guidelines, which decreases the fees we charge or requires us to expend additional resources in providing mortgage services, could decrease our revenues or increase our costs, adversely affecting our business, financial condition, and results of operations.

In addition, changes in the nature or extent of the guarantees provided by Fannie Mae and Freddie Mac or the insurance provided by the FHA could also have broad adverse market implications. The fees that we are required to pay to the Agencies for these guarantees have changed significantly over time and any future increases in these fees would adversely affect our business, financial condition and results of operations.

Uncertainty about the future of LIBOR may adversely affect our business.

On July 27, 2017, the United Kingdom Financial Conduct Authority, which oversees LIBOR, formally announced that it could not assure the continued existence of LIBOR in its current form beyond the end of 2021 and that an orderly transition process to one or more alternative benchmarks should begin. In June 2017, the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions organized by the Federal Reserve, announced that it had selected a modified version of the unpublished Broad Treasuries Financing Rate as the preferred alternative reference rate for U.S. dollar obligations. This rate, now referred to as the Secured Overnight Financing Rate ("SOFR"), which was first published during the beginning of 2018, is based on actual transactions in certain portions of overnight repurchase agreement markets for certain U.S. Treasury obligations.

In November 2020, the FCA announced that it would continue to publish LIBOR rates through June 30, 2023. It is unclear whether, or in what form, LIBOR will continue to exist after that date. If LIBOR ceases to exist or if the methods of calculating LIBOR change from current methods for any reason, revenue and expenses associated with interest rates and underlying valuation assumptions on our loans, deposits, obligations, derivatives, and other financial instruments tied to LIBOR rates and models that utilize LIBOR curves may be adversely affected. Additionally, whether or not SOFR attains market traction as a replacement to LIBOR remains in question and it remains uncertain at this time what the impact of a possible transition to SOFR or other alternative reference rates may have on our business, financial results and operations.

To effectively manage our MSR concentration risk we may have to sell our MSRs when market conditions are not optimal or hold MSRs at a level which is punitive to our Common Equity Tier 1 capital (CET1) under Basel III.

We are subject to capital standards requirements, including requirements of the Dodd-Frank Act and those developed by the Bank's regulators based on the Basel Committee on Banking Supervision, commonly referred to as Basel III. Basel III established a qualifying criteria for regulatory capital, including limitations on the amount of DTAs and MSRs that may be held without triggering higher capital requirements. Effective January 1, 2020, Basel III (post-regulatory simplification) limits the amount of MSRs and DTAs each to 25 percent of CET1. Volatility of interest rates, market disruption or the financial weakness of some traditional buyers of mortgage servicing rights could cause uncertainty with respect to our ability to sell mortgage servicing rights. Should the level of mortgage servicing rights exceed 25 percent of common equity tier one capital, we are required to deduct the excess in determining our regulatory capital levels. If we are unable to sell mortgage servicing rights on a timely basis, there could be negative impacts to our regulatory capital or an impact on our pricing for mortgage loans which could negatively impact our mortgage origination business and our financial condition.

As of December 31, 2020, we had $329 million in MSRs and a MSR to Common Equity Tier 1 Capital ratio of 16.2 percent. We produced, on average, approximately $67 million of new MSRs per quarter in 2020 and we expect to continue to generate MSRs going forward. Considering the volume of MSRs that we generate, we must continually sell MSRs to manage the concentration of this asset. In 2020, we sold $71 million in MSRs and as of December 31, 2020, we had pending MSR sales with a fair value of $8 million, which closed during the first quarter of 2021. In 2020, we also sold $5.1 billion of outstanding principal via flow sale arrangements, in which Flagstar assigns the servicing right to a third-party investor at the time of sale and the rights, risks, and rewards of holding the MSR asset are never titled in the name of Flagstar. While our established plan to manage our MSR concentration incorporates our production volumes and required sales, no assurance can be given that we will be able to do so. Additionally, to manage our MSR concentration, we may have to sell our MSRs at a price less than their fair value due to market constraints present at the time of sale which could have an adverse effect on our financial condition and results of operations.

Refer to MD&A - Regulatory Capital Simplification and Note 18 for more detail.

Our ACL could be too low to sufficiently cover future credit losses. Our estimate of expected lifetime losses is imperfect and includes a degree management judgment.

Our ACL, which reflects our estimate of expected lifetime losses in the HFI loan portfolio and our reserve for unfunded commitments, at December 31, 2020, may not be sufficient to cover actual credit losses. If this allowance is insufficient, future provisions for credit losses could adversely affect our financial condition and results of operations. We attempt to limit the risk that borrowers will fail to repay loans by carefully underwriting our loans; but losses nevertheless occur in the ordinary course of business. Our ACL is based on our estimate of lifetime losses in the loan portfolio at December 31, 2020. We establish an allowance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The determination of an appropriate level of allowance is a subjective process that requires significant management judgment, including determination of the reasonable and supportable forecast period, forecasting economic conditions and the qualitative assessment of each loan portfolio. New information regarding existing loans, identification of additional problem loans, failure of borrowers and guarantors to perform in accordance with the terms of their loans, and other factors, both within and outside of our control, may require an increase in the ACL. Moreover, our regulators, as part of their supervisory function, periodically review our ACL and may recommend we increase the amount of our ACL based upon their judgment, which may be different from that of Management.

Our ACL calculations include a forecast for a reasonable and supportable time period. Changing economic conditions could cause a material difference in future forecasts used in our calculations. If actual results differ materially from the forecast used in our calculations, our credit loss provision may increase and our ACL may not be sufficient to cover losses sustained, particularly for the impacted industries.

The current pandemic has resulted in the environment changing rapidly resulting in the increased risk of inaccurate forecasts because they depend upon significant judgments and estimates, which can be even more challenging in an environment of uncertainty. The calculation for ACL is complex and the associated risk could impact our results of operations and may place stress on our internal controls over financial reporting.

We have loan exposures to industries that have been impacted more severely by COVID-19 including:

	As of December 31, 2020	
	Loan Exposure	
	(Dollars in millions)	
Retail	$	298
Hotel	$	279
Leisure & Entertainment	$	148
Senior Housing	$	145
Automotive	$	79
Healthcare	$	22

Concentration of loans held-for-investment in certain geographic locations and markets may increase the magnitude of potential losses should defaults occur.

Our residential mortgage loan portfolio is geographically concentrated in certain states, including California and Michigan which comprise approximately 55 percent of the portfolio. In addition, our commercial loan portfolio has a concentration of Michigan-lending relationships. Approximately 40 percent of our CRE loans are collateralized by properties in Michigan, and 35 percent of our C&I borrowers are located in Michigan. These concentrations have made, and will continue to make, our loan portfolio susceptible to downturns in these local economies and the real estate and mortgage markets in these areas. Adverse conditions that are beyond our control may affect these areas, including unemployment, inflation, recession, natural disasters, declining property values, municipal bankruptcies and other factors which could increase both the probability and severity of defaults in our loan portfolio, reduce our ability to generate new loans and negatively affect our financial results.

Commercial loans, excluding our warehouse loans, generally expose us to a greater risk of nonpayment and loss than residential real estate loans due to the more complex nature of underwriting. Such loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to residential real estate loans. At December 31, 2020, our largest CRE and C&I borrowers had outstanding loans of $83 million and $74 million, respectively. Further, we have commitments up to $100 million in our CRE and C&I portfolios. As such, a default by one of our larger borrowers could result in a significant loss relative to our ACL. Additionally, secured loans, including residential and commercial real estate, may experience changes in the underlying collateral value due to adverse market conditions which could result in increased charge-offs in the event of a loan default.

Our home builder finance portfolio had $783 million in outstanding loans at December 31, 2020. The home builder lending portfolio contains secured and unsecured loans within our CRE and C&I portfolios. Our lending platform originates loans throughout the U.S., with regional offices in Houston, Phoenix and Denver. Our home builder lending business may be impacted by overall economic conditions in the areas builders operate as well as new home construction rates and trends.

At December 31, 2020, our adjustable-rate warehouse lines of credit granted to other mortgage lenders was $10.5 billion of which $7.7 billion was outstanding. There may be risks associated with the mortgage lenders that borrow from the Bank, including credit risk, inadequate underwriting, and potential fraud against the Bank. At December 31, 2020, our largest borrower had an outstanding balance of $180 million. A default by one of our larger warehouse borrowers could result in a large loss relative to our size. Additionally, adverse changes to industry competition, mortgage demand and the interest rate environment may have a negative impact on warehouse lending.

Liquidity risk may affect our ability to meet obligations and impact our ability to grow our business.

We require substantial liquidity to repay our customers' deposits, fulfill loan demand, meet borrowing obligations, and fund our operations under both normal and unforeseen circumstances which may cause liquidity stress. Our liquidity could be impaired by our inability to access the capital markets or unforeseen outflows of deposits. Our access to and cost of liquidity is dependent on various factors including, but not limited to, declining financial results; balance sheet and financial leverage; disruptions in the capital markets; counterparty availability; interest rate fluctuations; general economic conditions; and legal, regulatory, accounting and tax environments governing funding transactions. A material deterioration in these factors could result in a downgrade of our credit or servicer standing with counterparties, resulting in higher cash outflows which could require us to raise capital or obtain additional access to liquidity. If we are restricted from accessing certain funding sources by our regulators, are unable to arrange for new financing on acceptable terms, or default on any of the covenants imposed upon us

by our borrowing facilities, then we may have to limit our growth, reduce the number of loans we are able to originate, or take actions that could have other negative effects on our operations.

We are a holding company and are, therefore, dependent on the Bank for funding of obligations.

As a holding company with no significant assets other than the capital stock of the Bank and cash on hand, our ability to service our debt, including interest payments on our senior notes and trust preferred securities; pay dividends; repurchase shares of our common stock; pay for certain services we purchase from the Bank; and cover operating expenses, depend upon available cash on hand and the receipt of dividends from the Bank. The holding company had cash and cash equivalents of $305 million at December 31, 2020, or approximately 1.4 years of future anticipated cash outflows, dividend payments, share repurchases, and debt service coverage. Operating expenses, which include costs paid to the Bank, totaled $39 million for the year ended December 31, 2020. On January 22, 2021, we repaid our Senior Notes which reduced the holding company's cash and cash equivalents to $42 million as of January 31, 2021. The declaration and payment of dividends by the Bank on all classes of its capital stock are subject to the discretion of the Bank's Board of Directors and to applicable regulatory and legal limitations. If the Bank does not, or cannot, make sufficient dividend payments to us, we may not be able to service or repay our debt when it comes due, which could have a materially adverse effect on our financial condition and results of operations or could cause us to take other actions which could be materially detrimental to our shareholders.

Regulatory Risk

We depend upon having FDIC insurance to raise deposit funding at reasonable rates. Future changes in deposit insurance premiums and special FDIC assessments could adversely affect our earnings.

The Dodd-Frank Act required the FDIC to substantially revise its regulations for determining the amount of an institution's deposit insurance premiums. Consequently, the FDIC has defined the deposit insurance assessment base for an insured depository institution as average consolidated total assets during the assessment period minus average Tier 1 Capital. Our assessment rate is determined through the use of a scorecard that combines our CAMELS ratings with certain other financial information. Changes in the level and mix of these financial components in the scorecard may result in a higher assessment rate. The FDIC may determine that we present a higher risk to the DIF than other banks due to various factors. These factors include significant risks relating to interest rates, loan portfolio and geographic concentration, concentration of high credit risk loans, increased loan losses, regulatory compliance, existing and future litigation, and other factors. As a result, we could be subject to higher deposit insurance premiums and special assessments in the future that could adversely affect our earnings.

Non-compliance with laws and regulations could result in fines, sanctions and/or operating restrictions.

We are subject to government legislation and regulation, including, but not limited to, the USA PATRIOT and Bank Secrecy Acts, which require financial institutions to develop programs to detect money laundering, terrorist financing, and other financial crimes. If detected, financial institutions are obligated to report such activity to the Financial Crimes Enforcement Network, a bureau of the United States Department of the Treasury. These regulations require financial institutions to establish procedures for identifying and verifying the identity of customers seeking to establish and maintain a relationship with a financial institution. Failure to comply with these regulations could result in fines, sanctions or restrictions that could have a materially adverse effect on our strategic initiatives and operating results, and could require us to make changes to our operations and the customers that we serve.

Current laws and applicable regulations are subject to frequent change and, in certain instances, state and federal law may conflict. Any new laws and regulations could make compliance more difficult or expensive, or otherwise adversely affect our business. If our risk management and compliance programs prove to be ineffective, incomplete or inaccurate, we could suffer unexpected losses, which could materially adversely affect our results of operations, our financial condition, and/or our reputation. As part of our federal regulators' enforcement authority, significant civil or criminal monetary penalties, consent orders, or other regulatory actions can be assessed against the Bank. Such actions could require us to make changes to our operations, including the customers that we serve, and may have an adverse impact on our operating results.

Additionally, the CARES Act was passed quickly and regulators rapidly issued clarifying guidance and operationalized programs, such as the PPP. As a result, there is risk that there are subsequent interpretations of guidance or aggressive assertions of wrongdoing in regards to laws, regulations, or applications of guidance which could cause an adverse impact to our financial results or our internal controls. We also may face an increased risk of client disputes, litigation and governmental as well as regulatory scrutiny as a result of the effects of COVID-19 on economic and market conditions.

Operational Risk

A failure of our information technology systems could cause operational losses and damage to our reputation.

Our businesses are increasingly dependent on our ability to process, record and monitor a large number of complex transactions and data efficiently and accurately. If our internal information technology systems fail, we may be unable to conduct business for a period of time, which may impact our financial results if that interruption is sustained. In addition, our reputation with our customers or business partners may suffer, which could have a further, long-term impact on our financial results.

Our reliance on third parties to provide key components of our business infrastructure could cause operational losses or business interruptions.

We rely on third-party service providers to leverage subject matter expertise and industry best practices, provide enhanced products and services, and reduce costs. Although there are benefits in entering into third-party relationships with vendors and others, there are risks associated with such activities. The risks associated with the vendor activity are not passed to the third-party but remain our responsibility. Our Vendor Management department provides oversight related to the overall risk management process associated with third-party relationships. Management is accountable for the review and evaluation of all new and existing third-party relationships and is responsible for ensuring that adequate controls are in place to protect us and our customers from the risks associated with vendor relationships.

Increased risk could occur based on poor planning, oversight, control, and inferior performance or service on the part of the third-party and may result in legal costs, regulatory fines or loss of business. While we have implemented a vendor management program to actively manage the risks associated with the use of third-party service providers, any problems caused by third-party service providers could result in regulatory noncompliance, adversely affect our ability to deliver products and services to our customers, and to conduct our business. Replacing a third-party service provider could also take a long period of time and result in increased costs.

Because we conduct part of our business over the internet and outsource a significant number of our critical functions to third parties, our operations depend on our third-party service providers to maintain and operate their own technology systems. To the extent these third parties' systems fail, despite our monitoring and contingency plans, we may be unable to conduct business or provide certain services, and we may face financial and reputational losses as a result.

We face operational risks due to the high volume and the high dollar value of transactions we process.

We rely on the ability of our employees and systems to process a wide variety of transactions. Many of the transactions we process may be of high dollar value, such as those related to mortgage lending and warehouse advances. In 2020, we originated a total of $48 billion in residential mortgage loans and processed $115 billion of warehouse lending advances. We face operational risk from, but not limited to, the risk of fraud by employees or persons outside our company, the execution of unauthorized transactions, errors relating to transaction processing and technology, breaches of our internal control systems or failures of those of our suppliers or counterparties, compliance failures, cyber-attacks, technology failures, system failures, vendor failures, unforeseen problems related to system implementations or upgrades, business continuation and disaster recovery issues, and other external events. This risk of loss also includes the potential legal actions that could arise as a result of an operational deficiency or as a result of noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and customer attrition due to potential negative publicity. The occurrence of any of these events could result in a financial loss, regulatory action or damage to our reputation.

We may lose market share to our competitors if we are not able to respond to technological change and introduce new products and services.

Financial products and services have become increasingly dependent on technology. We may not be able to respond to technological innovations as quickly as our competitors do. Certain of our competitors are making significantly greater investments and allocating significantly more in financial resources toward technological innovations and digital offerings than we historically have. Our ability to meet the needs of our customers and introduce competitive products in a cost-efficient manner depends on our responsiveness to technological advances, investment in new technology as it becomes available, and obtaining and maintaining related essential personnel. Furthermore, the introduction of new technologies and products by financial technology companies and platforms may adversely affect our ability to maintain our customer base, obtain new customers or successfully grow our business. The failure to respond to the product demands of our customers, due to cost, proficiency, or otherwise could have a materially adverse impact on our business and, therefore, on our financial condition and results of operations.

We collect, store and transfer our customers' and employees' personally identifiable information and other sensitive information. Any cybersecurity attack or other compromise to the security of that information, our computer systems or networks, or the systems or networks of third-party providers upon which we rely, could adversely impact our business and financial condition.

As a part of conducting our business, we receive, transmit and store a large volume of personally identifiable information and other sensitive data either on our network, in the cloud, or on third party networks and systems. We, and our third-party providers, have been in the past and may in the future be subject to cybersecurity attacks. We, and our third-party providers, are regularly the subject of attempted attacks and the ability of the attackers continues to grow in sophistication. 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. Such attacks may interrupt our business or compromise the sensitive data of our customers and employees. There can be no assurance that a cybersecurity incident will not have a material impact on our business in the future.

Cybersecurity risks for banking institutions have increased significantly due to opportunistic threats related to COVID-19, supply chain attacks, foreign actors, new technologies, the reliance on technology to conduct financial transactions and the increased sophistication of organized crime and hackers. A cybersecurity attack, information security breach, phishing or other social engineering incident could adversely impact our ability to conduct business due to the potential costs for remediation, protection and litigation as well as reputational damage with customers, business partners and investors. There are myriad federal, state, local and international laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and sensitive data. We have policies, processes, and systems in place that are intended to meet the requirements of those laws, including security systems to prevent unauthorized access. Nevertheless, those processes and systems may be inadequate. Also, since we rely upon vendors or other third parties to handle some personally identifiable data on our behalf, we may be responsible if such data is compromised or subject to a cybersecurity attack while in the custody and control of those vendors or third parties.

The COVID-19 pandemic has resulted in the Bank instituting a work-from-home policy for all staff that are able to work remotely, exposing us to increased cybersecurity risk. Increased levels of remote access may create additional opportunities for cyber criminals to exploit vulnerabilities. We have observed an increase in attempted malicious activity from third parties directed at the Bank and employees may be more susceptible to phishing and social engineering attempts due to increased stress caused by the crisis and from balancing family as well as work responsibilities at home, such as attempts to obtain personally identifiable information. Cybercriminals may be opportunistic about fears about COVID-19 and the higher number of people accessing the network remotely by including malware in emails that appear to include documents providing legitimate information for protecting oneself from COVID-19. The Bank may also be exposed to this risk if the operations of any of its vendors that provide critical services to the Bank are adversely impacted by cyberattacks. Furthermore, with the increased use of virtual private network ("VPN") servers, there is a risk of security misconfiguration in VPNs resulting in exposing sensitive information on the internet. A significant and sustained malware or other cybersecurity attack targeted at the Bank or any of its vendors that provide critical services to the Bank could have a materially adverse impact on our financial condition and our ability to conduct our overall operations.

Privacy laws are continually evolving and many state and local jurisdictions have laws that differ from federal law or privacy policies, and some of those policies or laws may conflict. For example, California's Consumer Privacy Act, which went into effect in January 2020, provides consumers with the right to know what personal data is being collected, know whether their personal data is sold or disclosed and to whom, and opt out of the sale of their personal data, among other rights. If we, or

a third-party provider upon which we rely, fail to comply with applicable privacy policies or federal, state, local or international laws and regulations or experience any compromise of security that results in the unauthorized release of personally identifiable information or other sensitive data, those events could damage the reputation of our business and discourage potential users from utilizing our products and services. In addition, insurance may not cover the cost of mitigating identity theft concerns or responding to and mitigating a cybersecurity incident, and we may be subject to fines or legal proceedings by governmental agencies or consumers. Any of these events could adversely affect our business and financial condition.

COVID-19 has exposed our customers and employees to health risks that has caused changes in our workplace, place of business and how our customers behave. As we have and continue to return to in-person activities we may be exposed to additional risks that could have a materially adverse impact on our operations and financial condition.

The Bank has instituted a work-from-home policy for all staff that are able to work remotely until the risks related to the pandemic sufficiently abate. Working remotely creates new challenges and the pace of change required to address government programs and forbearance increases the risk of internal control failure. In addition, consumers affected by the changed economic and market conditions as a result of a pandemic may continue to demonstrate changed behavior even after the crisis is over, including decreases in discretionary spending on a permanent or long-term basis. Almost all of our branch lobbies have re-opened, but at times we may have to limit these branches to drive through service only or temporarily close them to customers due to the health crisis. We have enhanced our cleaning protocols, installed plexiglass shields, and we require our employees to wear masks. This change in business could also result in changes in consumer behavior for which we may not be prepared.

In addition to branch lobbies reopening, with the distribution of the vaccine underway, the Bank is continuously assessing its return to work plan. As employees return to work and business is conducted in-person with customers, employees and customers could be exposed to COVID-19. Although the Bank has taken precautionary measures against the spread of COVID-19 to keep our employees and customers safe, the actions we have taken may not be adequate and may expose us to additional liability.

We may be terminated as a servicer or subservicer or incur costs, liabilities, fines and other sanctions if we fail to satisfy our servicing obligations, including our obligations with respect to mortgage loan foreclosure actions.

Servicing revenue makes up approximately 12 percent of our total revenue and contributed approximately $7 billion in average custodial deposits during 2020. At December 31, 2020, we had relationships with six owners of MSRs, excluding ourselves, for which we act as subservicer for the mortgage loans they own. Due to the limited number of relationships, discontinuation of existing agreements with those third parties or adverse changes in contractual terms could have a significant negative impact to our mortgage servicing revenue. The terms and conditions in which a master servicer may terminate subservicing contracts are broad and could be exercised at the discretion of the master servicer without requiring cause. Additionally, the master servicer directs the oversight of custodial deposits associated with serviced loans and, to the extent allowable, could choose to transfer the oversight of the Bank's custodial deposits to another depository institution. Further, as servicer or subservicer of loans, we have certain contractual obligations, including foreclosing on defaulted mortgage loans or, to the extent applicable, considering alternatives to foreclosure. If we commit a material breach of our obligations as servicer, we may be subject to termination if the breach is not cured within a specified period of time following notice, causing us to lose servicing income.

We may be required to repurchase mortgage loans, pay fees or indemnify buyers against losses.

When mortgage loans are sold by us, we make customary representations and warranties to purchasers, guarantors and insurers, including the Agencies, about the mortgage loans and the manner in which they were originated. Whole loan sale agreements may require us to repurchase or substitute mortgage loans, or indemnify buyers against losses, in the event we breach these representations or warranties. In addition, we may be required to repurchase mortgage loans as a result of early payment default of the borrower or we may be required to pay fees. We may also be subject to litigation relating to these representations and warranties which may result in significant costs. With respect to loans that are originated through our broker or correspondent channels, the remedies we have available against the originating broker or correspondent, if any, may not be as broad as the remedies available to purchasers, guarantors and insurers of mortgage loans against us. We also face further risk that the originating broker or correspondent, if any, may not have the financial capacity to perform remedies that otherwise may be available. Therefore, if a purchaser, guarantor or insurer enforces its remedies against us, we may not be able to recover losses from the originating broker or correspondent. If repurchase and indemnity demands increase and such demands are valid claims, our liquidity, results of operations and financial condition may also be adversely affected.

For certain investors and/or certain transactions, we may be contractually obligated to repurchase a mortgage loan or reimburse the investor for credit or other losses incurred on the loan as a remedy for servicing errors with respect to the loan. If we have increased repurchase obligations because of claims for which we did not satisfy our obligations, or increased loss severity on such repurchases, we may have a significant reduction to noninterest income or an increase to noninterest expense. We may incur significant costs if we are required to, or if we elect to, re-execute or re-file documents or take other action in our capacity as a servicer in connection with pending or completed foreclosures. We may incur litigation costs if the validity of a foreclosure action is challenged by a borrower. Any of these actions may harm our reputation or negatively affect our servicing business and, as a result, our profitability.

Our representation and warranty reserve, which is based on an estimate of probable future losses, was $7 million at December 31, 2020. The pipeline represents the UPB for loans the Agencies identified as potentially needing to be repurchased, and the estimated probable loss associated with these loans is included in the reserve. While we believe the level of the reserve to be appropriate, the reserve may not be adequate to cover losses for loans that we have sold or securitized for which we may be subsequently required to repurchase, pay fines or fees, or indemnify purchasers and insurers because of violations of customary representations and warranties. Additionally, the pipeline could increase substantially without warning. Our regulators, as part of their supervisory function, may review our representation and warranty reserve for losses. Our regulators may recommend or require us to increase our reserve, based upon their judgment, which may differ from that of Management.

We utilize third-party mortgage originators which subjects us to strategic, reputation, compliance, and operational risk.

In 2020, approximately 70 percent of our residential first mortgage volume depended upon the use of third-party mortgage originators, i.e. mortgage brokers and correspondent lenders, who are not our employees. These third parties originate mortgages or provide services to many different banks and other entities. Accordingly, they may have relationships with, or loyalties to, such banks and other parties that are different from those they have with or to us. Failure to maintain good relations with such third-party mortgage originators could have a negative impact on our market share which would negatively impact our results of operations.

We rely on third-party mortgage originators to originate and document the mortgage loans we purchase or originate. While we perform due diligence on the mortgage companies with whom we do business as well as review the loan files and loan documents we purchase to attempt to detect any irregularities or legal noncompliance, we have less control over these originators than employees of the Bank.

Due to regulatory scrutiny, our third-party mortgage originators could choose or be required to either reduce the scope of their business or exit the mortgage origination business altogether. The TILA-RESPA Integrated Disclosure Rule issued by the CFPB establishes comprehensive mortgage disclosure requirements for lenders and settlement agents in connection with most closed-end consumer credit transactions secured by real property. The rule requires certain disclosures to be provided to consumers in connection with applying for and closing on a mortgage loan. The rule also mandates the use of specific disclosure forms, timing of communicating information to borrowers, and certain record keeping requirements. The ongoing administrative burden and the system requirements associated with complying with these rules or potential changes to these rules could impact our mortgage volume and increase costs. In addition, these arrangements with third-party mortgage originators and the fees payable by us to such third parties could be subject to regulatory scrutiny and restrictions in the future.

The Equal Credit Opportunity Act and the Fair Housing Act prohibit discriminatory lending practices by lenders, including financial institutions. Mortgage and consumer lending practices raise compliance risks resulting from the detailed and complex nature of mortgage and consumer lending laws and regulations imposed by federal Regulatory Agencies as well as the relatively independent and diverse operating channels in which loans are originated. As we originate loans through various channels, we, and our third-party mortgage originators, are especially impacted by these laws and regulations and are required to implement appropriate policies and procedures to help ensure compliance with fair lending laws and regulations and to avoid lending practices that result in the disparate treatment of, or disparate impact to, borrowers across our various locations under multiple channels. Failure to comply with these laws and regulations, by us, or our third-party mortgage originators, could result in the Bank being liable for damages to individual borrowers or other imposed penalties.

New lines of business, products, or services may subject us to unknown risks.

From time to time, we may seek to implement new lines of business or offer new products and services within existing lines of business. There may be substantial risks and uncertainties associated with these efforts particularly in instances where the markets are not fully developed or where there is a conflict between state and federal law. In developing and marketing new lines of business and/or new products and services, we may invest significant time and resources. Initial timetables for the

introduction and development of new lines of business and/or new products or services may not be achieved, and price and profitability targets may not prove feasible, which could result in a materially negative effect on our operating results. New lines of business and/or new products or services also could subject us to additional or conflicting legal or regulatory requirements, increased scrutiny by our regulators and other legal risks.

Other Risk Factors

We are subject to various legal or regulatory investigations and proceedings.

At any given time, we are involved with a number of legal and regulatory examinations as a part of the routine reviews conducted by regulators and other parties, which may involve consumer protection, employment, tort, and numerous other laws and regulations. Proceedings or actions brought against us may result in judgments, settlements, fines, penalties, injunctions, business improvement orders, consent orders, supervisory agreements, restrictions on our business activities, or other results adverse to us, which could materially and negatively affect our business. If such claims and other matters are not resolved in a manner favorable to us, they may result in significant financial liability and/or adversely affect the market perception of us and our products and services as well as impact customer demand for those products and services. Some of the laws and regulations to which we are subject may provide a private right of action that a consumer or class of consumers may pursue to enforce these laws and regulations. We have been, and may be in the future, subject to stockholder class and derivative actions, which could seek significant damages or other relief. Any financial liability or reputational damage could have a materially adverse effect on our business, which could have a materially adverse effect on our financial condition and results of operations. Claims asserted against us can be highly complicated and slow to develop, making the outcome of such proceedings difficult to predict or estimate early in the process. As a participant in the financial services industry, it is likely that we will be exposed to a high level of litigation and regulatory scrutiny relating to our business and operations.

Although we establish accruals for legal or regulatory proceedings when information related to the loss contingencies represented by those matters indicates both that a loss is probable and that the amount of loss can be reasonably estimated, we do not have accruals for all legal or regulatory proceedings where we face a risk of loss. Due to the inherent subjectivity of the assessments and unpredictability of the outcome of legal and regulatory proceedings, amounts accrued may not represent the ultimate loss to us from the legal and regulatory proceedings in question. As a result, our ultimate losses may be significantly higher than the amounts accrued for legal loss contingencies.

For further information, see Note 19 - Legal Proceedings, Contingencies and Commitments.

We may be required to pay interest on escrow in accordance with certain state laws despite the Federal preemption under the National Bank Act

In 2018, the Ninth Circuit Federal Court of Appeals held that California state law requiring mortgage servicers to pay interest on certain mortgage escrow accounts was not, as a matter of law, preempted by the National Bank Act (*Lusnak v. Bank of America*). This ruling goes against the position that regulators, national banks, and other federally-chartered financial institutions have taken regarding the preemption of state-law mortgage escrow interest requirements. The opinion issued by the Ninth Circuit Federal Court of Appeals is legal precedent only in certain parts of the western United States. We are defending similar litigation in California Federal Court, arguing that the *Lusnak* case was wrongly decided; we believe our situation can be distinguished from *Lusnak* as a matter of law and California's interest on escrow law should be preempted as a matter of fact. If the Ninth Circuit's holding is more broadly adopted by other Federal Circuits, including those covering states that currently have enacted, or in the future may enact, statutes requiring the payment of interest on escrow balances or if we would be required to retroactively credit interest on escrow funds, the Company's earnings could be adversely affected.

Loss of certain personnel, including key members of the Corporation's management team, could adversely affect the Corporation.

We are, and will continue to be, dependent upon our management team and other key personnel. Losing the services of one or more key members of our management team or other key personnel could adversely affect our operations. In addition, COVID-19 increases the risk that certain senior executive officers or a member of the Board of Directors could become ill, causing them to be incapacitated or otherwise unable to perform their duties for an extended absence. Furthermore, because of the nature of the disease, multiple people working in close proximity could also become ill, potentially resulting in the same department having extended absences simultaneously; a scenario which could negatively impact the efficiency and effectiveness of processes and internal controls throughout the Bank.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Flagstar's headquarters is located in Troy, Michigan at 5151 Corporate Drive, and we have a regional operations office in Jackson, Michigan. We own both headquarters and regional operations office. The square footage of headquarters and regional operations office are 373,213 and 55,500, respectively.

As of December 31, 2020, we operated 158 bank branches in the following states:

	Owned	Leased	Total	Free-Standing Office Building	In-Store Banking Center	Buildings with Other Tenants	Total
Michigan	87	27	114	90	2	22	114
Indiana	27	5	32	31	—	1	32
California	8	—	8	8	—	—	8
Wisconsin	3	—	3	3	—	—	3
Ohio	1	—		1	—	—	1
Total	126	32	158	133	2	23	158

We also have 141 retail mortgage locations, 4 wholesale lending offices and 10 commercial lending offices located throughout 28 states. These locations are primarily leased.

ITEM 3. LEGAL PROCEEDINGS

See Legal Proceedings in Note 19 - Legal Proceedings, Contingencies and Commitments to the Consolidated Financial Statements, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Our common stock trades on the NYSE under the trading symbol "FBC". At December 31, 2020, there were 52,656,067 shares of our common stock outstanding held by 20,107 stockholders of record.

Dividends

On January 20, 2021, the Company announced that its Board increased the quarterly common stock dividend from $0.05 to $0.06, effective with the dividend to be paid March 16, 2021. The Company's dividends are subject to the Board's approval on a quarterly basis.

Sale of Unregistered Securities

The Company made no unregistered sales of its equity securities during the quarter ended December 31, 2020.

Issuer Purchases of Equity Securities

The following table provides information with respect to all purchases of common stock made by or on behalf of the Company during the fiscal quarter ended December 31, 2020.

Period	Total Number of Shares Purchased	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan (1)	Maximum Number of Shares that May Yet be Purchased Under the Plan
October 1, 2020 to October 31, 2020	4,587,647	$ 32.6965	4,587,647	—
November 1, 2020 to November 30, 2020	—	—	—	—
December 1, 2020 to December 31, 2020	—	—	—	—

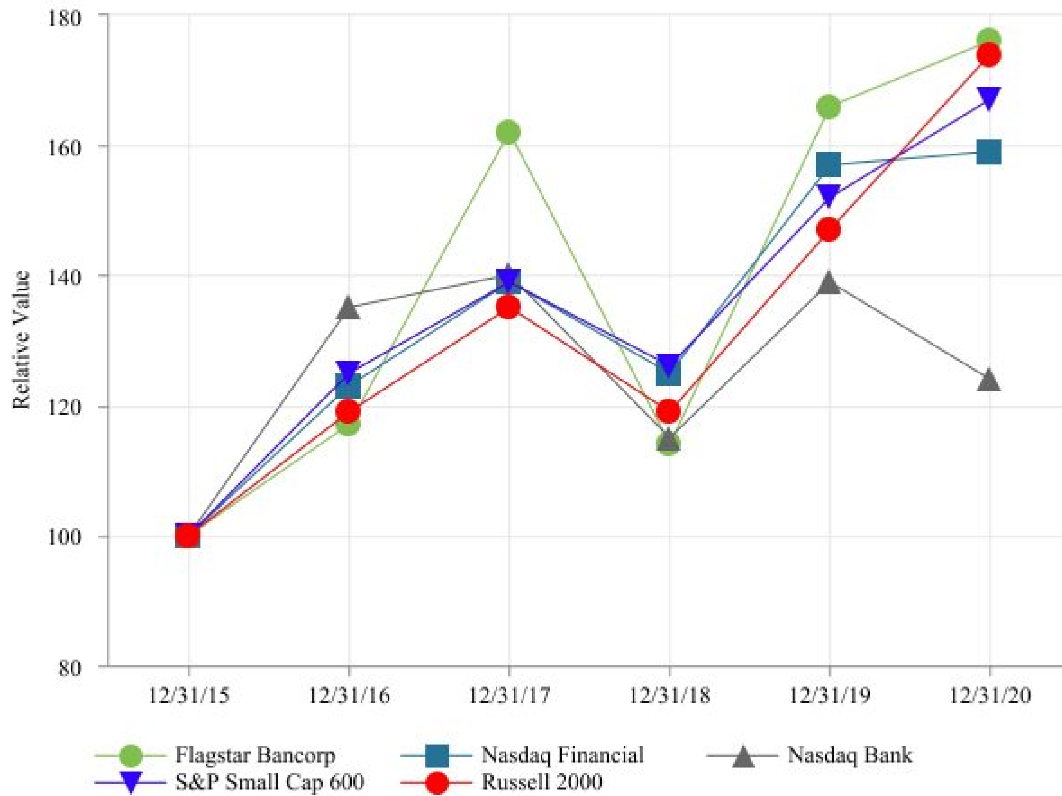
(1) On October 28, 2020, the Company purchased 4,587,647 shares of common stock owned by MP Thrift at a purchase price per share of $32.6965 ($150 million total) which is based on the volume-weighted average price of the Company's common stock for the three trading days up to and including October 22, 2020.

The Company made no purchases of unregistered securities during the quarter ended December 31, 2020.

Equity Compensation Plan Information

For information with respect to securities to be issued under our equity compensation plans, see Part III, Item 12.
Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters, of which certain information is hereby incorporated by reference.

Performance Graph



	Flagstar Bancorp	Nasdaq Financial	Nasdaq Bank	S&P Small Cap 600	Russell 2000
12/31/2015	100	100	100	100	100
12/31/2016	117	123	135	125	119
12/31/2017	162	139	140	139	135
12/31/2018	114	125	115	126	119
12/31/2019	166	157	139	152	147
12/31/2020	176	159	124	167	174

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

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

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The following is Management's Discussion and Analysis of the financial condition and results of operations of Flagstar Bancorp, Inc. for the year ended December 31, 2020. This should be read in conjunction with our Consolidated Financial Statements and related notes filed with this report in Part II, Item 8. Financial Statements and Supplementary Data.

We have omitted discussion of 2018 results where it would be redundant to the discussion previously included in Part II, Item 7 of our 2019 Annual Report on Form 10-K.

Results of Operations

The following table summarizes our results of operations for the periods indicated:

	For the Years Ended December 31,		
	2020	2019	Change 2020 vs. 2019
	(Dollars in millions except share data)		
Net interest income	$ 685	$ 562	$ 123
Provision for loan losses	149	18	131
Total noninterest income	1,325	610	715
Total noninterest expense	1,157	888	269
Provision for income taxes	166	48	118
Net income	$ 538	$ 218	$ 320
Adjusted net income (1)	$ 538	$ 199	$ 339
Income per share:			
Basic	$ 9.59	$ 3.85	$ 5.74
Diluted	$ 9.52	$ 3.80	$ 5.72
Adjusted diluted (1)	$ 9.52	$ 3.46	$ 6.06
Weighted average shares outstanding:			
Basic	56,094,542	56,584,238	(489,696)
Diluted	56,505,813	57,238,978	(733,165)

(1) For further information, see Use of Non-GAAP Financial Measures.

The following table summarizes certain selected ratios and statistics for the periods indicated:

	For the Years Ended December 31,		
	2020	2019	Change 2020 vs. 2019
Selected Ratios:			
Interest rate spread (1)	2.40 %	2.52 %	(0.12)%
Net interest margin	2.80 %	3.05 %	(0.25)%
Return on average assets	2.00 %	1.05 %	0.95 %
Adjusted return on average assets (2)	2.00 %	0.96 %	1.04 %
Return on average common equity	26.21 %	12.84 %	13.37 %
Return on average tangible common equity (2)	29.00 %	15.15 %	13.85 %
Adjusted return on average tangible common equity (2)	29.00 %	13.87 %	15.13 %
Common equity-to-assets ratio	7.09 %	7.68 %	(0.59)%
Common equity-to-assets ratio (average for the period)	7.63 %	8.20 %	(0.57)%
Efficiency ratio	57.6 %	75.8 %	(18.20)%
Selected Statistics:			
Book value per common share	41.79	31.57	10.22
Tangible book value per share (2)	38.80	28.57	10.23
Number of common shares outstanding	52,656,067	56,631,236	(3,975,169)

(1) Interest rate spread is the difference between the yield earned on average interest-earning assets for the period and the rate of interest paid on average interest-bearing liabilities.
(2) See Use of Non-GAAP Financial Measures for further information.

The year 2020 was an unprecedented year in our history. In March 2020, the COVID-19 outbreak in the United States was declared a national emergency. In response to COVID-19, government programs were enacted to delay contractual payments and provide monetary assistance. At the same time, the Federal Reserve reduced the Federal Funds Rate to zero percent and provided liquidity to the market through rapidly executed quantitative easing. These actions drove mortgage rates to historic lows which resulted in the overall mortgage market expanding to $4.0 trillion for the year ended December 31, 2020, an estimated 76 percent increase compared to the prior year. As a result, industry capacity was constrained versus demand which caused margins to rise and our financial results to significantly improve. Additionally, some of our consumer borrowers were experiencing economic hardship and some of our commercial borrowers had their business activities severely curtailed. To alleviate pressure on our borrowers, we granted payment deferrals or loan forbearance when requested reaching peak levels of [X] that were previously disclosed in [X]. Furthermore, in response to the health crisis, our workforce shifted to work from home. These overarching conditions significantly impacted our business and the explanations throughout the MD&A.

The year ended December 31, 2020 resulted in net income of $538 million, or $9.52 per diluted share. These results compare to 2019 net income of $218 million, or $3.80 per diluted share, and adjusted net income of $199 million, or $3.46 per diluted share, when excluding the $25 million DOJ Liability fair value adjustment in the second quarter of 2019. All three of our operating segments reported an improvement in net income in 2020.

On an adjusted basis, 2020 annual net income grew 171 percent due largely to increased mortgage revenues as compared to the prior year. Net gain on sales increased $636 million as a result of a $19.6 billion increase in FOAL along with an 81 percent increase in margin which was supported by our continued focus on price discipline, combined with efforts to optimize profitability.

We grew our net interest income $123 million, or 22 percent compared to the prior year driven by growth in average interest-earning assets of $6.0 billion, or 32 percent, despite margin compression caused by interest rate cuts, which occurred in late 2019 and in March 2020. Asset growth was led by our warehouse lending portfolio, which increased $2.6 billion, or 122 percent, and growth in our loans held-for-sale portfolio of $1.6 billion, or 40 percent. This loan growth was benefited from the robust mortgage market during 2020 and was supported by a $3.8 billion increase in average total deposits, driven by higher custodial deposits and growth in retail deposits as customer balances grew due to changes in customer behavior brought on by COVID-19.

We subserviced 1.1 million accounts as of December 31, 2020, flat to prior year, despite the high levels of refinance activity. The servicing business continues to generate custodial deposits which are used as a low-cost funding source to support loan growth. Custodial deposits increased $2.9 billion for the year ended December 31, 2020 compared to the year ended December 31, 2019 driven by higher loan prepayment activity.

Our provision for credit losses for the year ended December 31, 2020 was $166 million, compared to $48 million in the same period of 2019. We adopted CECL on January 1, 2020. We increased our ACL in 2020 due to changes in the economic forecast as a result of the COVID-19 pandemic, especially as it relates to commercial real estate loans and commercial and industrial loans most impacted by the pandemic.

Net Interest Income

The following table presents details on our net interest margin and net interest income on a consolidated basis:

	For the Years Ended December 31,					
	2020			2019		
	Average Balance	Interest	Average Yield/ Rate	Average Balance	Interest	Average Yield/ Rate
	(Dollars in millions)					
Interest-Earning Assets						
Loans held-for-sale	$ 5,542	$ 184	3.33 %	$ 3,952	$ 170	4.30 %
Loans held-for-investment						
Residential first mortgage	2,704	92	3.36 %	3,173	115	3.61 %
Home equity	965	39	4.01 %	871	46	5.31 %
Other	912	49	5.38 %	566	36	6.33 %
Total consumer loans	4,581	180	3.90 %	4,610	197	4.26 %
Commercial real estate	3,030	116	3.77 %	2,502	136	5.38 %
Commercial and industrial	1,692	63	3.65 %	1,708	88	5.10 %
Warehouse lending	4,694	190	3.98 %	2,112	107	4.99 %
Total commercial loans	9,416	369	3.86 %	6,322	331	5.17 %
Total loans held-for-investment (1)	13,997	549	3.87 %	10,932	528	4.79 %
Loans with government guarantees	1,571	15	1.04 %	553	15	2.66 %
Investment securities	2,943	70	2.37 %	2,845	77	2.71 %
Interest-earning deposits	378	1	0.33 %	171	4	2.35 %
Total interest-earning assets	$ 24,431	$ 819	3.33 %	$ 18,453	$ 794	4.28 %
Other assets	2,477			2,221		
Total assets	$ 26,908			$ 20,674		
Interest-Bearing Liabilities						
Retail deposits						
Demand deposits	$ 1,763	$ 6	0.27 %	$ 1,345	$ 11	0.77 %
Savings deposits	3,597	19	0.52 %	3,220	36	1.13 %
Money market deposits	707	1	0.15 %	736	2	0.32 %
Certificates of deposit	1,831	32	1.83 %	2,536	59	2.31 %
Total retail deposits	7,898	58	0.73 %	7,837	108	1.37 %
Government deposits	1,301	7	0.56 %	1,186	17	1.46 %
Wholesale deposits and other	821	16	1.94 %	554	13	2.36 %
Total interest-bearing deposits	10,020	81	0.81 %	9,577	138	1.44 %
Short-term FHLB advances and other	2,807	16	0.58 %	2,633	59	2.23 %
Long-term FHLB advances	1,066	12	1.10 %	425	7	1.59 %
Other long-term debt	520	25	4.80 %	495	28	5.65 %
Total interest-bearing liabilities	$ 14,413	$ 134	0.93 %	$ 13,130	$ 232	1.76 %
Noninterest-bearing deposits						
Retail deposits and other	1,799			1,291		
Custodial deposits	6,725			3,839		
Total non-interest bearing deposits (2)	8,524			5,130		
Other liabilities	1,919			719		
Stockholders’ equity	2,052			1,695		
Total liabilities and stockholders' equity	$ 26,908			$ 20,674		
Net interest-earning assets	$ 10,018			$ 5,323		
Net interest income		$ 685			$ 562	
Interest rate spread (3)			2.40 %			2.52 %
Net interest margin (4)			2.80 %			3.05 %
Ratio of average interest-earning assets to interest-bearing liabilities			169.5 %			140.5 %
Total average deposits	$ 18,544			$ 14,708		

(1) Includes nonaccrual loans, for further information relating to nonaccrual loans, see Note 1 - Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies.
(2) Includes noninterest-bearing custodial deposits that arise due to the servicing of loans for others.
(3) Interest rate spread is the difference between rates of interest earned on interest earning assets and rates of interest paid on interest-bearing liabilities.
(4) Net interest margin is net interest income divided by average interest earning assets.

The following table presents the dollar amount of changes in interest income and interest expense for the components of interest-earning assets and interest-bearing liabilities. The table distinguishes between the changes related to average outstanding balances (changes in volume while holding the initial rate constant) and the changes related to average interest rates (changes in average rates while holding the initial balance constant). The rate/volume variances are allocated to rate.

	For the Years Ended December 31, 2020 Versus 2019 Increase (Decrease) Due to:		
	Rate	Volume	Total
	(Dollars in millions)		
Interest-Earning Assets			
Loans held-for-sale	$ (54)	$ 68	$ 14
Loans held-for-investment			
Residential first mortgage	(6)	(17)	(23)
Home equity	(12)	5	(7)
Other	(9)	22	13
Total consumer loans	(27)	10	(17)
Commercial real estate	(48)	28	(20)
Commercial and industrial	(24)	(1)	(25)
Warehouse lending	(46)	129	83
Total commercial loans	(118)	156	38
Total loans held-for-investment	(145)	166	21
Loans with government guarantees	(27)	27	—
Investment securities	(10)	3	(7)
Interest-earning deposits	(8)	5	(3)
Total interest-earning assets	$ (244)	$ 269	$ 25
Interest-Bearing Liabilities			
Interest-bearing deposits	$ (63)	$ 6	$ (57)
Short-term FHLB advances and other	(47)	4	(43)
Long-term FHLB advances	(5)	10	5
Other long-term debt	(4)	1	(3)
Total interest-bearing liabilities	(119)	21	(98)
Change in net interest income	$ (125)	$ 248	$ 123

- Net interest income increased $123 million for the year ended December 31, 2020. The increase of 32 percent was driven by growth in average interest-earning assets led by the warehouse and LHFS portfolios. Volume growth was partially offset by a 25 basis point decline in net interest margin to 2.80 percent for the year ended December 31, 2020, as compared to 3.05 percent for the year ended December 31, 2019.
- Net interest margin was 2.80 percent for the year ended December 31, 2020, a 25 basis point decrease compared to the prior year. Excluding the 10 basis point decrease attributable to the impact from the $0.8 billion increase in LGG loans that we have the right to repurchase which do not bear interest, net interest margin decreased only 15 basis points. This remaining decrease was largely driven by the impact from the interest rate cuts executed by the Federal Reserve in the fourth quarter of 2019 and March 2020. The impact of rate cuts on interest earnings asset yields were partially offset by a mix shift to higher yielding warehouse loans, active management of retail deposit costs lower and the successful migration of maturing higher cost CDs to lower cost DDA and savings accounts.
- Average interest-earning assets increased $6.0 billion due primarily to growth in the warehouse portfolio, driven by increased volume from growing market share and the favorable mortgage environment, and the LHFS portfolio which benefited from higher volumes from the favorable mortgage environment driven by the low interest rate environment. Average LGG for the year ended December 31, 2020 increased $1.0 billion, as discussed above. Average CRE portfolio increased $0.5 billion driven by broad-based growth prior to the pandemic.
- Average deposits, including non-interest bearing deposits, increased $3.8 billion primarily driven by $2.9 billion higher average custodial deposits which resulted from subservicing growth and higher refinance activity. Total average retail deposits, including non-interest bearing retail deposits, increased $0.6 billion as average customer balances grew due to the impact of COVID-19 on customer behavior and spending patterns. The overall cost of deposits, including

non-interest bearing deposits, was 0.44 percent, a decline of 0.50 percent from the prior year. This was primarily due to a greater mix of non-interest bearing deposits. Additionally, as overall interest rates declined, we reduced the rates we offered on substantially all deposit products. Further, as CD balances matured, there was a customer preference to re-deposit into lower-cost DDA and savings accounts, which also contributed to the decrease in the cost of total deposits.

Provision for Credit Losses

The provision for credit losses was $149 million for the year ended December 31, 2020, compared to a provision of $18 million for the year ended December 31, 2019. We adopted CECL on January 1, 2020. The $131 million increase is reflective of changes in the economic forecast used in the ACL models and judgment we applied related to those forecasts as a result of the ongoing COVID-19 pandemic.

For further information, see MD&A - Credit Risk.

Noninterest Income

The following tables provide information on our noninterest income and other mortgage metrics:

	For the Years Ended December 31,	
	2020	2019
	(Dollars in millions)	
Net gain on loan sales	$ 971	$ 335
Loan fees and charges	165	100
Net return on mortgage servicing rights	10	6
Loan administration income	84	30
Deposit fees and charges	32	38
Other noninterest income	63	101
Total noninterest income	$ 1,325	$ 610

	For the Years Ended December 31,	
	2020	2019
	(Dollars in millions)	
Mortgage rate lock commitments (fallout-adjusted) (1) (2)	$ 52,000	$ 32,300
Mortgage loans closed (1)	$ 48,300	$ 32,700
Mortgage loans sold and securitized (1)	$ 46,900	$ 30,300
Net margin on mortgage rate lock commitments (fallout-adjusted) (2) (3)	1.86 %	1.03 %
Net margin on loans sold and securitized	2.06 %	1.10 %

(1) Rounded to the nearest hundred million.
(2) Fallout-adjusted refers to mortgage rate lock commitments which are adjusted by estimates of the percentage of mortgage loans in the pipeline that are not expected to close based on our historical experience and the impact of changes in interest rates.
(3) Gain on sale margin is based on net gain on loan sales (excludes net gain on loan sales of $3 million and $2 million from loans transferred from LHFI during the years ended December 31, 2020 and December 31, 2019, respectively) to fallout-adjusted mortgage rate lock commitments.

Total noninterest income increased $715 million during the year ended December 31, 2020 from the year ended December 31, 2019, primarily due to the following:

- Net gain on loan sales increased $636 million, driven by $19.6 billion higher FOAL and an 83 basis point improvement in our gain on sale margin. This was driven by favorable market conditions, which allowed us to grow our direct retail channel and optimize profitability.
- Loan fees and charges increased $65 million, primarily due to an approximately $45 million increase in fees driven by $15.6 billion, or 48 percent, higher mortgage closings and $19 million higher subservicing ancillary fees due to higher loss mitigation and forbearance fee income on subserviced loans.
- Loan administration income increased $54 million, primarily due to a decline in rate credits given to sub-servicing customers on custodial deposits which are LIBOR-based. Subservicing fees also increased driven by an increase in the number of loans in forbearance which are charged a higher servicing rate and an increase in the average number of loans being subserviced.

- Net return on MSRs, including the impact of hedges, increased $4 million, driven by favorable hedge performance and an increase in servicing fees due to an increase in the average number of loans being serviced, partially offset by higher prepayments.

- Other noninterest income decreased $38 million, primarily due to the $25 million DOJ Liability fair value adjustment in 2019 which did not reoccur (see Note 19 - Legal Proceedings, Contingencies and Commitments for additional information) and $7 million of AFS investment security gains recorded in 2019 that did not reoccur in 2020 along with lower FHLB stock dividend income.

- Deposit fees and charges decreased $6 million, primarily driven by a decrease in non-sufficient funds fee income due to higher average customer balances.

Noninterest Expense

The following table sets forth the components of our noninterest expense:

	For the Years Ended December 31,	
	2020	2019
	(Dollars in millions)	
Compensation and benefits	$ 466	$ 377
Occupancy and equipment	176	161
Commissions	232	111
Loan processing expense	98	80
Legal and professional expense	31	27
Federal insurance premiums	24	20
Intangible asset amortization	13	15
Other noninterest expense	117	97
Total noninterest expense	$ 1,157	$ 888

	For the Years Ended December 31,	
	2020	2019
Efficiency ratio	57.6 %	75.8 %
Number of FTE employees	5,214	4,453

Total noninterest expense increased $269 million during the year ended December 31, 2020, compared to the year ended December 31, 2019, primarily due to the following:

- Commission expense increased $121 million primarily driven by a $7.6 billion, or 112 percent, increase in mortgage retail closings consistent with the growth in expense.

- Compensation and benefits expense increased $89 million, primarily driven by a 17 percent increase in FTE, which was impacted by adding mortgage closing capacity in response to the robust mortgage performance, bringing default servicing in-house in late 2019, along with an increase in incentive compensation and the impact of stock-based compensation performance shares, both of which were driven by stronger financial results.

- Loan processing expense increased $18 million primarily driven $15.6 billion, or 48 percent, higher mortgage closings. This was partially offset by lower default servicing third party costs which was an in-house function throughout the full year 2020, which also resulted in an increase in compensation and benefits expense.

- Occupancy and equipment increased $15 million, primarily due to increases in system and software development, to support business growth.

- Other noninterest expense increased $20 million, primarily driven by higher mortgage-related expenses including performance-related earn out adjustment related to our Opes Advisors acquisition which was finalized in the first quarter, a $7 million loss recognized on the early redemption of senior notes and $4 million higher FDIC Assessment due to a higher assessment base from higher average assets.

Provision for Income Taxes

Our provision for income taxes for the year ended December 31, 2020 was $166 million, compared to a provision of $48 million for the year ended December 31, 2019. The Company's effective tax rate for the year ended December 31, 2020 was 23.6 percent, compared to an effective tax rate of 18.1 percent for the year ended December 31, 2019. The higher rate was the result of increased earnings in 2020 taxed at the statutory rate, a change in our state deferred tax asset valuation allowance, and an increase in FDIC premiums.

For further information, see Note 17 - Income Taxes.

Fourth Quarter Results

The following table sets forth selected quarterly data:

	Three Months Ended		
	December 31, 2020	September 30, 2020	December 31, 2019
		(Unaudited)	
		(Dollars in millions)	
Net interest income	$ 189	$ 180	$ 152
Provision for credit losses	2	32	—
Noninterest income	337	452	162
Noninterest expense	319	305	245
Provision for income taxes	51	73	11
Net income	$ 154	$ 222	$ 58
Income per share:			
Basic	$ 2.86	$ 3.90	$ 1.01
Diluted	$ 2.83	$ 3.88	$ 1.00

Fourth Quarter 2020 compared to Third Quarter 2020

Net income for the three months ended December 31, 2020 was $154 million, or $2.83 per diluted share, as compared to $222 million, or $3.88 per diluted share, for the three months ended September 30, 2020. The $68 million decrease in net income was primarily due to the following:

- Net interest income rose $9 million, or 5 percent, reflecting a 5 percent increase in average earning assets, driven by warehouse loan growth and the continued impact of lower rates on deposits, which was partially offset by lower yields on interest earning assets. The net interest margin in the fourth quarter was 2.78 percent, flat to prior quarter. Increases in the net interest margin from higher yielding warehouse loans and lower rates on deposits were offset primarily by the 20 basis point impact of LGG loans that have not been repurchased and do not accrue interest. Retail banking deposit rates decreased 18 basis points driven by the expiration of promotional rates on some of our savings deposits and the maturity of higher cost time deposits. This improvement more than offset the impact of declining interest rates in certain other categories of LHFI.

- The provision for credit losses decreased $30 million to $2 million in the fourth quarter of 2020, as compared to $32 million for the third quarter of 2020. While our forecast improved, our ACL remained flat as compared to the balance as of September 30, 2020, due to continued economic uncertainty caused by COVID-19. We continue to believe the economic recovery will be challenged by the COVID-19 pandemic for an extended period of time and significant uncertainty remains related to distribution of the vaccines and government stimulus, especially as those items may affect consumer loan forbearance and the CRE sector.

- Noninterest income decreased $115 million, or 25 percent, to $337 million in the fourth quarter of 2020, as compared to $452 million for the third quarter of 2020, primarily due to lower net gain on loan sales and a decrease in the net return on mortgage servicing rights. The net gain on loan sale margin decreased 38 basis points to 1.93 percent for the fourth quarter 2020, as compared to 2.31 percent for the third quarter 2020 as we slowed volumes to match internal capacity and as the industry as a whole continued to add more capacity. FOAL decreased 20 percent to $12.0 billion,

reflecting seasonal factors which were partially offset by the continued strength of the mortgage environment due to lower rates.

- Lower mortgage rates continued to drive refinance activity causing prepayment speeds to be elevated, resulting in a $12 million decrease in the net return on mortgage servicing rights in the fourth quarter of 2020, compared to a $12 million net return for the third quarter of 2020. This decrease was partially offset by an $8 million increase in loan fees and charges, primarily due to higher loss mitigation and forbearance fee income on subserviced loans despite a 9 percent decrease in mortgage closings.

- Noninterest expense increased $14 million to $319 million for the fourth quarter of 2020, as compared to $305 million for the third quarter 2020. This increase was primarily due to a $7 million loss recognized on the early redemption of senior notes that were scheduled to mature on July 15, 2021 which settled in January 2021, $3 million additional expense due to hiring in the mortgage and servicing businesses to expand capacity, and an additional $2 million contribution to the Flagstar Foundation during the quarter to further support the community in light of the pandemic and ongoing economic conditions.

Fourth Quarter 2020 compared to Fourth Quarter 2019

Net income for the three months ended December 31, 2020 was $154 million, or $2.83 per diluted share, as compared to net income of $58 million, or $1.00 per diluted share, for the three months ended December 31, 2019. The $96 million increase in net income was primarily due to the following:

- Net interest income rose $37 million, or 24 percent, for the fourth quarter of 2020, compared to the fourth quarter of 2019, which was largely driven by growth in the warehouse loan portfolio due to the favorable mortgage environment and concerted efforts to expand market share. The net interest margin decreased 13 basis points to 2.78 percent for the fourth quarter of 2020, compared to the fourth quarter of 2019. This was primarily attributable to the impact from the interest rate cuts executed by the Federal Reserve in the fourth quarter of 2019 and March 2020 along with the $1.8 billion increase in LGG that we have the right to repurchase, which do not accrue interest.

- Noninterest income increased $175 million, primarily due to $131 million higher net gain on loan sales driven by a $3.8 billion increase in FOAL in the fourth quarter of 2020 compared to the same quarter in 2019, and gain on sale margin expansion of 70 basis points for the same comparable time period. The increase in FOAL and expansion of gain on sale margin was largely supported by the favorable mortgage environment which allowed us to grow our direct retail channel and optimize profitability. The favorable mortgage market also drove a $22 million increase in loan fees and charges as mortgage closings increased $3.8 billion, or 41 percent, in the fourth quarter of 2020 compared to the same quarter in 2019. In addition, we had $16 million higher loan administration income primarily due to a decline in LIBOR-based fees paid to sub-servicing customers on custodial deposits and higher subservice fees due to past due status of loans.

- Noninterest expense increased $74 million. $67 million of this increase was volume and performance related due to an increase of $35 million in commissions, $23 million in compensation and benefits and $9 million in loan processing expense. The remainder was the result of a $7 million loss recognized on the early redemption of senior notes. Commission and loan processing expense increased primarily as a result of the $3.8 billion increase in loans closed. Compensation and benefit expense increased due to higher FTEs resulting from efforts to expand capacity in the mortgage and servicing businesses along with an increase in incentive compensation attributed to stronger financial results.

Operating Segments

Our operations are conducted through three operating segments: Community Banking, Mortgage Originations, and Mortgage Servicing. The Other segment includes the remaining reported activities. The operating segments have been determined based on the products and services offered and reflect the manner in which financial information is currently evaluated by Management. Each of the operating segments is complementary to each other and because of the interrelationships of the segments, the information presented is not indicative of how the segments would perform if they operated as independent entities.

As a result of Management's evaluation of our segments, effective January 1, 2020, certain departments were re-aligned between the Community Banking and Mortgage Originations segments. Specifically, a majority of the residential

mortgage HFI portfolio is now part of the Mortgage Originations segment. The income and expenses relating to these changes are reflected in our financial statements and all prior period segment financial information has been recast to conform to the current presentation.

Before the adoption of CECL on January 1, 2020, we charged the lines of business for the net charge-offs that occurred during the period. The difference between total net charge-offs and the consolidated provision for credit losses was assigned to the “Other” segment. This amount assigned to the “Other” segment was then allocated back to the lines of business through other noninterest expense.

This year, with the adoption of CECL, we have continued to charge the lines of business for the net charge-offs that occur. In addition to this amount, we charge them for the change in loan balances during the period, applied at the budgeted credit loss factor. The difference between the consolidated provision for credit losses and the sum of total net charge-offs and the change in loan balances is still assigned to the “Other” segment, although now that amount includes the changes related to the economic forecasts, model changes, qualitative adjustments and credit downgrades. As in the prior methodology, the amount assigned to the “Other” segment continues to be allocated back to the lines of business through other noninterest expense.

For detail on each segment's objectives, strategies, and priorities, please read this section in conjunction with Note 21 - Segment Information.

Community Banking

Our Community Banking segment serves commercial, governmental and consumer customers in our banking footprint which spans throughout Michigan, Indiana, California, Wisconsin, Ohio and contiguous states. We also serve home builders, correspondents, and commercial customers on a national basis. The Community Banking segment originates and purchases loans, while also providing deposit and fee-based services to consumer, business and mortgage lending customers.

Our commercial customers operate in a diversified range of industries including financial, insurance, service, manufacturing and distribution. We offer financial products to these customers for use in their normal business operations, as well as provide financing of working capital, capital investments and equipment. Additionally, our commercial real estate business supports income producing real estate and home builders. The Community Banking segment also offers warehouse lines of credit to non-bank mortgage lenders.

Our Community Banking segment has seen continued growth driven by our warehouse portfolio which has benefited from the robust mortgage market during 2020. Our relationship-based approach and speed of execution also enabled us to add new customers as well as increase lines for existing customers during the year while gaining market share. In addition, we continue to maintain our disciplined underwriting in this business. Our commercial loan portfolio has grown 49 percent in the last twelve months, to $9.4 billion, at December 31, 2020, while our consumer loan portfolio has remained flat at $4.6 billion. Average deposits for the year ended December 31, 2020 have increased 7 percent to $11.0 billion, compared to $10.3 billion for the year ended December 31, 2019, driven primarily by higher customer balances.

Community Banking	For the Years Ended December 31,	
	2020	2019
	(Dollars in millions)	
Summary of Operations		
Net interest income	$ 570	$ 410
Provision for credit losses	3	20
Net interest income after provision for credit losses	567	390
Net gain (loss) on loan sales	2	(14)
Loan fees and charges	1	1
Loan administration expense	(3)	(3)
Other noninterest income	61	62
Total noninterest income	61	46
Compensation and benefits	108	103
Commissions	2	2
Loan processing expense	5	6
Other noninterest expense	271	165
Total noninterest expense	386	276
Income before indirect overhead allocations and income taxes	242	160
Indirect overhead allocation	(40)	(41)
Provision for income taxes	42	24
Net income	$ 160	$ 95
Key Metrics		
Number of FTE employees	1,264	1,316
Number of bank branches	158	160

The Community Banking segment reported net income of $160 million for the year ended December 31, 2020, compared to net income of $95 million for the year ended December 31, 2019. The $65 million increase was primarily driven by the following:

- Net interest income increased $160 million driven by higher average loan and deposit balances, led by our warehouse business, partially offset by lower margins due to Federal Reserve interest rate cuts that occurred in late 2019 and March 2020.
- The provision for credit losses was $17 million lower primarily due to lower net charge-offs as 2019 included the $29 million charge-off of the Live Well commercial loan.
- Compensation and benefits expense increased $5 million due to an increase in incentive compensation primarily driven by strong performance in our warehouse business.
- Other noninterest expense increased $106 million primarily driven by higher intersegment expense allocations primarily related to the provision for credit losses increases from the impact of the degradation in the economic forecasts used in our ACL models and credit downgrades related to those loans most impacted by the COVID-19 pandemic.

Mortgage Originations

We are a leading national originator of residential first mortgages. Our Mortgage Originations segment utilizes multiple distribution channels to originate or acquire one-to-four family residential mortgage loans on a national scale, primarily to sell. We originate and retain certain mortgage loans in our LHFI portfolio which generate interest income in the Mortgage Originations segment.

Mortgage Originations	For the Years Ended December 31,	
	2020	2019
	(Dollars in millions)	
Summary of Operations		
Net interest income	$ 191	$ 145
(Benefit) provision for credit losses	(11)	2
Net interest income after provision for credit losses	202	143
Net gain on loan sales	969	349
Loan fees and charges	98	67
Loan administration expense	(35)	(24)
Net return on mortgage servicing rights	10	6
Other noninterest income	8	12
Total noninterest income	1,050	410
Compensation and benefits	161	111
Commissions	230	109
Loan processing expense	55	36
Other noninterest expense	136	90
Total noninterest expense	582	346
Income before indirect overhead allocations and income taxes	669	207
Indirect overhead allocation	(60)	(42)
Provision for income taxes	128	35
Net income	$ 481	$ 130
Key Metrics		
Mortgage rate lock commitments (fallout-adjusted) (1)(2)	$ 52,000	$ 32,300
Noninterest expense to closing volume	1.20 %	1.06 %
Number of FTE employees	2,001	1,512

(1) Fallout-adjusted refers to mortgage rate lock commitments which are adjusted by a percentage of mortgage loans in the pipeline that are not expected to close based on previous historical experience and the level of interest rates.
(2) Rounded to the nearest hundred million.

The Mortgage Originations segment reported net income of $481 million for the year ended December 31, 2020, compared to $130 million for the year ended December 31, 2019. The $351 million increase was primarily driven by the following:

- Net gain on loan sales increased $620 million to $969 million, as compared to $349 million for the year ended December 31, 2019. FOAL increased $19.6 billion, or 61 percent, to $52.0 billion, primarily driven by the low interest rate environment that fueled a strong overall mortgage market. The net gain on loan sale margin increased 83 basis points to 1.86 percent for the year ended December 31, 2020, as compared to 1.03 percent for the year ended December 31, 2019, reflecting our management of volume level within our channels and products to fit our fulfillment capacity, made possible by demand due to favorable market conditions. This has led to a higher mix of retail closings (30 percent in 2020 compared to 21 percent in 2019).
- Net interest income increased $46 million primarily due to $1.6 billion higher average LHFS balances resulting from increased mortgage production.
- Loan fees and charges, commissions and loan processing expense all increased due to $15.6 billion higher closings and a volume mix increase in the higher-margin retail channel.
- Other noninterest expense increased $46 million driven by a $33 million increase in the intersegment expense allocations. This primarily related to the provision for credit losses increases from the impact of the degradation of economic forecasts used in our ACL models and credit downgrades related to those loans most impacted by the COVID-19 pandemic. In addition, the final performance-related expense related to our Opes Advisors acquisition was $11 million higher than in the prior year.

Mortgage origination distribution channels

Correspondent. In the correspondent channels, an unaffiliated bank or mortgage company completes the loan paperwork in their name and funds the loan at closing. After the bank or mortgage company has funded the transaction, we purchase the loan at an agreed upon price. Correspondents apply to the Bank and may be approved for delegated underwriting

authority. Delegated correspondents assume the risks associated with the underwriting of the loan and earn more on loans sold compared to non-delegated correspondents. Non-delegated correspondents earn commissions and administrative fees for closing and funding loans which are then underwritten by the Bank. Loans originated through the correspondent lending channel typically result in a lower gain on sale margin but also have lower costs. When purchasing correspondent loans individually or in bulk, we perform a full review of each loan to ensure we only purchase loans originated in accordance with our underwriting guidelines. At December 31, 2020, we had active relationships with more than 520 delegated correspondents and over 530 non-delegated correspondents serving borrowers in all 50 states.

Broker. In a broker transaction, an unaffiliated mortgage broker completes several steps of the loan origination process including the loan paperwork, but the loans are underwritten by us on a loan-level basis to our underwriting standards and we fund and close the loan in the Bank's name, thereby becoming the lender of record. At December 31, 2020, we had active broker relationships with nearly 1,400 mortgage brokers servicing borrowers in all 50 states.

Retail. In our distributed retail channel, loans are originated through our nationwide network of stand-alone home loan centers. At December 31, 2020, we maintained 141 retail locations in 28 states. In a direct-to-consumer lending transaction, loans are originated through our direct-to-consumer team or from one of our two national call centers, both of which may leverage our existing customer relationships. Most aspects of the retail lending process are completed internally, including the origination documentation (inclusive of customer disclosures), and we fund the loan at closing. Loans in the retail channel typically have higher internal costs but also higher gain on sale margins.

The following tables disclose residential first mortgage loan closings by channel, type and mix (rounded to the nearest hundred million):

	At December 31,	
	2020	2019
	(Dollars in millions)	
Correspondent	$ 22,900	$ 21,800
Broker	11,000	4,100
Retail	14,400	6,800
Total	$ 48,300	$ 32,700
Purchase closings	$ 17,500	$ 17,100
Refinance closings	30,800	15,600
Total	$ 48,300	$ 32,700
Conventional	$ 37,900	$ 19,400
Government	3,500	7,200
Jumbo	6,900	6,100
Total	$ 48,300	$ 32,700

Mortgage Servicing

The Mortgage Servicing segment services loans when we hold the MSR asset and subservices mortgage loans for others through a scalable servicing platform on a fee for service basis. The loans we service generate custodial deposits which provide a stable funding source supporting interest-earning asset generation in the Community Banking and Mortgage Originations segments. We earn income from other segments for the use of non-interest bearing escrows. Revenue for serviced and subserviced loans is earned on a contractual fee basis, with the fees varying based on our responsibilities and the delinquency or payment status of the underlying loans. Along with these contractual fees, we may also collect ancillary fees related to these loans. The Mortgage Servicing segment also services residential mortgages for our LHFI portfolio in the Community Banking segment and our own MSR portfolio in the Mortgage Originations segment for which it earns intersegment revenue on a fee per loan basis. Our continued growth in our subservicing business and the strength of our platform has made us the 6th largest subservicer in the nation.

Mortgage Servicing	For the Years Ended December 31, 2020	2019
	(Dollars in millions)	
Summary of Operations		
Net interest income	$ 18	$ 16
Loan fees and charges	66	32
Loan administration income	151	124
Total noninterest income	217	156
Compensation and benefits	46	28
Loan processing expense	36	36
Other noninterest expense	79	59
Total noninterest expense	161	123
Income before indirect overhead allocations and income taxes	74	49
Indirect overhead allocation	(19)	(18)
Provision for income taxes	12	6
Net income	$ 43	$ 25
Key Metrics		
Average number of residential loans serviced	1,088,028	975,851
Number of FTE employees	630	480

The Mortgage Servicing segment reported net income of $43 million for the year ended December 31, 2020, compared to net income of $25 million for the year ended December 31, 2019. The $18 million increase in net income was driven by a $61 million increase in noninterest income. The increase was due to the decline in LIBOR-based fees paid to sub-servicing customers on custodial deposits and higher ancillary income driven by increases in forbearance and loss mitigation activities. In addition, subservicing fee income increased due to an increase in the number of loans in payment deferral which carry a higher servicing charge. This was partially offset by an $18 million increase in compensation and benefits expense primarily due to business growth and bringing default servicing in-house in late 2019. Other noninterest expense increased $20 million driven by an increase in software costs, corporate allocations and a $7 million increase related to a specific project that is nearly complete.

The following table presents residential loans serviced and the number of accounts associated with those loans.

	December 31, 2020		December 31, 2019	
	Unpaid Principal Balance (1)	Number of Accounts	Unpaid Principal Balance (1)	Number of Accounts
	(Dollars in millions)			
Loan Servicing				
Subserviced for others (2)	$ 178,606	867,799	$ 194,638	918,662
Serviced for others (3)	38,026	151,081	24,003	105,469
Serviced for own loan portfolio (4)	10,079	66,519	9,536	66,526
Total residential loans serviced	$ 226,711	1,085,399	$ 228,177	1,090,657

(1) UPB, net of write downs, does not include premiums or discounts.
(2) Loans subserviced for a fee for non-Flagstar owned loans or MSRs. Includes temporary short-term subservicing performed as a result of sales of servicing-released MSRs.
(3) Loans for which Flagstar owns the MSR.
(4) Includes LHFI (residential first mortgage and home equity), LHFS (residential first mortgage), LGG (residential first mortgage), and repossessed assets.

At December 31, 2020, the number of residential loans serviced and the UPB of those loans remained relatively flat to December 31, 2019, despite high levels of refinance activity. We retained subservicing on 85.0 percent of the $12.2 billion UPB of MSRs sold during 2020.

Loans Serviced for Others

The following table presents the characteristics of the mortgage loans serviced for others.

	At December 31,	
	2020	2019
	(Dollars in millions)	
Average UPB per loan	$ 252	$ 228
Weighted average service fee (basis points)	33.6	39.9
Weighted average coupon	3.66 %	4.39 %
Weighted average original maturity (months)	337	350
Weighted average age (months)	16	19
Average updated FICO score	731	701
Average original LTV ratio	78.4 %	86.8 %
Housing Price Index LTV, as recalculated (1)	72.2 %	79.1 %
Payment Status (UPB) (2):		
30-59 days past due	$ 623	$ 727
60-89 days past due	333	225
90 days or greater past due	2,496	134
Total past due	$ 3,452	$ 1,086

(1) The HPI LTV is updated from the original LTV based on Metropolitan Statistical Area-level FHFA data as of December 31, 2020.
(2) Includes loans in forbearance that continue to be aged for payment status purposes.

Loans Subserviced for Others

The following table presents the UPB based on payment status of the mortgage loans subserviced for others.

	At December 31,	
	2020	2019
	(Dollars in millions)	
Payment Status (UPB) (1):		
30-59 days past due	$ 3,052	$ 3,752
60-89 days past due	1,357	1,001
90 days or greater past due	11,530	1,948
Total past due	$ 15,939	$ 6,701

(1) Includes loans in forbearance that continue to be aged for payment status purposes.

Other

The Other segment includes the treasury functions, which include the impact of interest rate risk management, balance sheet funding activities and the investment securities portfolios, as well as other expenses of a corporate nature, including corporate staff, risk management, and legal expenses, which are charged to the line of business segments. The Other segment charges each operating segment a daily funds transfer pricing rate on their average assets which resets more rapidly than the underlying borrowing costs resulting in an asset sensitive position. In addition, the Other segment includes revenue and expenses not directly assigned or allocated to the Community Banking, Mortgage Originations or Mortgage Servicing segments.

Other	For the Years Ended December 31,	
	2020	2019
	(Dollars in millions)	
Summary of Operations		
Net interest income	$ (94)	$ (9)
Provision (benefit) for credit losses	157	(4)
Net interest income after provision (benefit) for credit losses	(251)	(5)
Loan administration income	(29)	(67)
Other noninterest income	26	65
Total noninterest income	(3)	(2)
Compensation and benefits	151	135
Loan processing expense	2	2
Other noninterest expense	(125)	6
Total noninterest expense	28	143
Income before indirect overhead allocations and income taxes	(281)	(150)
Indirect overhead allocation	119	101
Benefit for income taxes	(16)	(17)
Net loss	$ (146)	$ (32)
Key Metrics		
Number of FTE employees	1,319	1,144

The Other segment reported a net loss of $146 million for the year ended December 31, 2020, compared to a net loss of $32 million for the year ended December 31, 2019. The $114 million increase in loss was primarily due to a $85 million decrease in net interest income as a result of our overall asset sensitive position and the lower average rates during the year ended December 31, 2020 as compared to the year ended December 31, 2019. The year ended December 31, 2019 also included a $25 million benefit from the DOJ Liability fair value adjustment. The provision for credit losses increased $149 million primarily due to changes in the forecasts of economic conditions and impacts of COVID-19. With the adoption of CECL on January 1, 2020, the difference between the consolidated provision for credit losses and the sum of total net charge-offs and the change in loan balances continue to be assigned to the Other segment. However, this amount now includes changes related to the economic forecasts, model changes, qualitative adjustments and credit downgrades. The provision for credit losses is then directly allocated to the other applicable segments through other noninterest expense. The majority of all other activity within the Other segment largely offsets and is allocated back to the operating segments, recorded as contra other noninterest expense.

RISK MANAGEMENT

Certain risks are inherent in our business and include, but are not limited to, operational, strategic, credit, regulatory compliance, legal, reputational, liquidity, market and cybersecurity. We continuously invest in our risk management activities which are focused on ensuring we properly identify, measure and manage such risks across the entire enterprise to maintain safety and soundness and maximize profitability. We hold capital to protect us from unexpected loss arising from these risks.

A comprehensive discussion of risks affecting us can be found in the Risk Factors section included in Item 1A. of this Form 10-K.

Credit Risk

Credit risk is the risk of loss to us arising from an obligor’s inability or failure to meet contractual payment or performance terms. We provide loans, extend credit, and enter into financial derivative contracts, all of which have related credit risk. We manage credit risk using a thorough process designed to ensure we make prudent and consistent credit decisions. The process was developed with a focus on utilizing risk-based limits and credit concentrations while emphasizing diversification on a geographic, industry and customer level. The process utilizes documented underwriting guidelines, comprehensive documentation standards, and ongoing portfolio monitoring including the timely review and resolution of credits experiencing deterioration. These activities, along with the management of credit policies and credit officers’ delegated authority, are centrally managed by our credit risk team.

We maintain credit limits, in compliance with regulatory requirements. Under HOLA, 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 the Tier 2 capital. This limit was $396 million as of December 31, 2020. We maintain a more conservative maximum internal Bank credit limit than required by HOLA, of $100 million to any one borrower/obligor relationship, with the exception of warehouse borrower/obligor relationships which have a higher internal Bank limit of $150 million. During 2020, the Board approved the extension of short-term “overlines” to certain warehouse borrowers as all advances are fully collateralized by residential mortgage loans and this asset class has had very low levels of historical loss, resulting in a temporary increase of the warehouse borrower limit to $175 million. We have a tracking and reporting process to monitor lending concentration levels, and all credit exposures to a single or related borrower that exceed $50 million must be approved by the Board of Directors.

Our commercial loan portfolio has been built on our relationship-based lending strategy. We provide financing and banking products to our commercial customers in our core banking footprint and will follow those established customer relationships to meet their financing needs in areas outside of our footprint. We have also formed relationship lending on a national scale through our home builder finance and warehouse lending businesses. At December 31, 2020, we had $12.1 billion in our commercial loan portfolio with our warehouse lending and home builder finance businesses accounting for 70 percent of the total. Of the remaining commercial loans in our portfolio, the majority of CRE and C&I loans were with customers who have established relationships within our core banking footprint.

Credit risk within the commercial loan portfolio is managed using concentration limits based on line of business, industry, geography and product type. This is managed through the use of strict underwriting guidelines detailed in credit policies, ongoing loan level reviews, monitoring of the concentration limits and continuous portfolio risk management reporting. The commercial credit policy outlines the risks and underwriting requirements and provides a framework for all credit and lending activities. Our commercial loan credit policies consider maturity and amortization terms, maximum LTVs, minimum debt service coverage ratios, construction loan monitoring procedures, appraisal requirements, pro-forma analysis requirements and thresholds for product specific advance rates.

We typically originate loans on a recourse basis with full or partial guarantees. On a limited basis, we may approve loans without recourse if sufficient consideration is provided in the loan structure. Non-recourse loans primarily have low LTVs, strong cash flow coverage or other mitigating factors supporting the lack of a guaranty. These guidelines also require an appraisal of pledged collateral prior to closing and on an as-needed basis when market conditions justify. We contract with a variety of independent licensed professional firms to conduct appraisals that are in compliance with our internal commercial credit and appraisal policies and regulatory requirements.

Our commercial loan portfolio includes leveraged lending. The Bank defines a transaction as leveraged when two or more of the following conditions exist: 1) proceeds from the loan are used for buyouts, acquisitions, recapitalization or capital distributions, 2) the borrower's total funded debt to EBITDA ratio is greater than four or Senior Funded Debt to EBITDA ratio is greater than three, 3) the borrower has a high debt to net worth ratio within its industry or sector as defined by internal limits, and 4) debt leverage significantly exceeds industry norms or historical levels for leverage as defined by internal limits. Leveraged lending transactions typically result in leverage ratios that are significantly above industry norms or historical levels. Our leveraged lending portfolio and other loan portfolios with above-average default probabilities tend to behave similarly during a downturn in the general economy or a downturn within a specific sector. Consequently, we take steps to avoid undue concentrations by setting limits consistent with our appetite for risk and our financial capacity. In addition, there are specific underwriting conditions set for our leveraged loan portfolio and there is additional emphasis on certain items beyond the standard underwriting process including synergies, collateral shortfall and projections.

Our commercial loan portfolio also includes loans that are part of the SNC Program. A SNC is defined as any loan or loan commitment totaling at least $100 million that is shared by three or more federally regulated institutions. On an annual basis, a joint regulatory task force performs a risk assessment of all SNCs. When completed, these risk ratings are shared and our risk rating must be no better than the risk rating listed in the SNC assessment. Exposure and credit quality for SNCs are carefully monitored and reported internally.

For our commercial real estate portfolio, including owner and nonowner-occupied properties and home builder finance lending, we obtain independent appraisals as part of our underwriting and monitoring process. These appraisals are reviewed by an internal appraisal group that is independent from our sales and credit teams.

The home builder finance group is a national relationship-based lending platform that focuses on markets with strong housing fundamentals and higher population growth potential. The team primarily originates construction and development loans. We generally lend in metropolitan areas or counties where verifiable market statistics and data are readily available to support underwriting and ongoing monitoring. We also evaluate the jurisdictions and laws, demographic trends (age, population

and income), housing characteristics and economic indicators (unemployment, economic growth, household income trends) for the geographies where our borrowers primarily operate. We engage independent licensed professionals to supply market studies and feasibility reports, environmental assessments and project site inspections to complement the procedures we perform internally. Further, we perform ongoing monitoring of the projects including periodic inspections of collateral and annual portfolio and individual credit reviews.

The consumer loan portfolio has been built on strong underwriting criteria and within concentration limits intended to diversify our risk profile. We have built our consumer loan portfolio by adding high quality first mortgage loans to our balance sheet making up 55 percent of our total consumer loan portfolio at December 31, 2020.

Loans held-for-investment

The following table summarizes the amortized cost of our loans held-for-investment by category:

	At December 31,					
	2020	% of Total	2019	% of Total	2018	% of Total
	(Dollars in millions)					
Consumer loans						
Residential first mortgage	$ 2,266	14.0 %	$ 3,154	26.0 %	$ 2,999	33.0 %
Home equity (1)	856	5.2 %	1,024	8.4 %	731	8.0 %
Other	1,004	6.2 %	729	6.0 %	314	3.5 %
Total consumer loans	4,126	25.4 %	4,907	40.4 %	4,044	44.5 %
Commercial loans						
Commercial real estate	3,061	18.9 %	2,828	23.3 %	2,152	23.6 %
Commercial and industrial	1,382	8.5 %	1,634	13.5 %	1,433	15.8 %
Warehouse lending	7,658	47.2 %	2,760	22.8 %	1,459	16.1 %
Total commercial loans	12,101	74.6 %	7,222	59.6 %	5,044	55.5 %
Total loans held-for-investment	$ 16,227	100.0 %	$ 12,129	100.0 %	$ 9,088	100.0 %

(1) Includes second mortgages, HELOCs, and HELOANs.

Prior to March 2020 we had continued to strengthen our Community Banking segment by growing our consumer and commercial real estate LHFI. Due to the COVID-19 pandemic, subsequent to March 2020 we have focused on managing credit in our CRE and C&I portfolios while growing our lower-risk, higher return warehouse lending portfolio. This drove growth in our commercial portfolio of $4.9 billion, or 68 percent, from December 31, 2019 to December 31, 2020. Our consumer loan portfolio decreased $781 million, or 16 percent, from December 31, 2019 to December 31, 2020, as a $275 million increase in other consumer loans was more than offset by a $888 million decrease in residential first mortgage loans due to higher refinance activity and lower new closings to the HFI portfolio.

The following table provides a comparison of activity in our LHFI portfolio:

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Balance, beginning of year	$ 12,129	$ 9,088	$ 7,713
Loans originated and purchased	1,992	3,268	2,113
Change in lines of credit	9,663	6,381	3,973
Loan amortization / prepayments	(7,001)	(6,480)	(4,425)
All other activity	(556)	(128)	(286)
Balance, end of year	$ 16,227	$ 12,129	$ 9,088

Residential first mortgage loans. We originate or purchase 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 LHFI 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 December 31, 2020, loans in this portfolio had an average current FICO score of 739 and an average LTV of 60 percent.

The following table presents amortized cost our total residential first mortgage LHFI by major category:

	At December 31,	
	2020	2019
	(Dollars in millions)	
Estimated LTVs (1)		
Less than 80% and refreshed current FICO scores (2):		
Equal to or greater than 660	$ 1,408	$ 2,263
Less than 660	65	93
80% and greater and refreshed current FICO scores (2):		
Equal to or greater than 660	685	687
Less than 660	108	111
Total	$ 2,266	$ 3,154
Geographic region		
California	$ 806	$ 1,205
Michigan	435	442
Texas	150	214
Washington	126	205
Florida	108	181
Colorado	57	84
New York	55	68
Illinois	51	95
Arizona	50	79
New Jersey	34	44
Other	394	537
Total	$ 2,266	$ 3,154

(1) LTVs reflect loan balance at the date reported, as a percentage of property values as appraised at loan closing.
(2) FICO scores are updated at least on a quarterly basis or more frequently, if available.

The following table presents amortized cost our total residential first mortgage LHFI as of December 31, 2020, by year of closing:

	2020	2019	2018	2017	2016 and Prior	Total
	(Dollars in millions)					
Residential first mortgage loans	$ 382	$ 586	$ 261	$ 307	$ 730	$ 2,266
Percent of total	16.9 %	25.9 %	11.5 %	13.5 %	32.2 %	100.0 %

Home equity. Our home equity portfolio includes HELOANs, second mortgage loans, and HELOCs. These loans require full documentation and 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 variable-rate loans that contain a 10-year interest only draw period followed by a 20-year amortizing period. At December 31, 2020, HELOCs and HELOANs in a first lien position totaled $192 million. As of December 31, 2020, loans in this portfolio had an average current FICO score of 745 and an average CLTV of 71 percent.

Other consumer loans. Our other consumer loan portfolio consists of secured and unsecured loans originated through our indirect lending business, third-party closings and our Community Banking segment.

The following table presents amortized cost of our other consumer loan portfolio by purchase type:

	December 31, 2020		December 31, 2019	
	Balance	% of Portfolio	Balance	% of Portfolio
	(Dollars in millions)			
Indirect lending	$ 744	74 %	$ 577	79 %
Point of sale	211	21 %	63	9 %
Other	49	5 %	89	12 %
Total other consumer loans	$ 1,004	100 %	$ 729	100 %

At December 31, 2020, other consumer loans increased to $1.0 billion compared to $0.7 billion at December 31, 2019. This increase is primarily due to growth in our non-auto, boat and recreational vehicle indirect lending business of which 67 percent is secured by boats and 33 percent secured by recreational vehicles and our point of sale portfolio. As of December 31, 2020, loans in our indirect portfolio had an average current FICO score of 748. Point of sale loans consist of unsecured consumer installment loans originated for home improvement purposes through a third-party financial technology company who also provides us a level of credit loss protection.

Commercial real estate loans. The commercial real estate portfolio contains loans collateralized by diversified property types which are primarily income producing in the normal course of business. The majority of our retail exposure is to neighborhood centers and single tenant locations, which include pharmacies and hardware stores. Generally, the maximum LTV is 80 percent, or 90 percent for owner-occupied real estate, and the minimum debt service coverage of 1.20. Our CRE loans primarily earn interest at a variable rate.

Our national home builder finance program within our commercial portfolio contained $2.0 billion in commitments with $784 million in outstanding loans as of December 31, 2020. Certain of these loans are collateralized and included in our CRE portfolio while the remaining loans are unsecured and included in our C&I portfolio.

As of December 31, 2020, our CRE portfolio included $210 million of SNCs and one leveraged lending loan of $4 million. The SNC portfolio had fifteen borrowers with an average amortized cost of $14 million and an average commitment of $20 million. There were no nonperforming SNC or leveraged loans as of December 31, 2020, and no SNC or leveraged loans outstanding were rated as special mention or substandard.

The following table presents amortized cost of our total CRE LHFI by collateral location and collateral type:

	MI	TX	CA	OH	FL	Other	Total	% by collateral type
	(Dollars in millions)							
December 31, 2020								
Home builder	$ 29	$ 170	$ 114	$ —	$ 100	$ 309	$ 722	23.6 %
Owner occupied	288	3	27	6	1	46	371	12.1 %
Multi family	220	93	45	45	18	102	523	17.1 %
Retail (1)	162	—	6	55	—	64	287	9.4 %
Office	187	19	—	4	2	70	282	9.2 %
Hotel	143	—	25	22	—	89	279	9.1 %
Senior living facility	78	26	—	35	6	39	184	6.0 %
Industrial	56	—	27	—	8	33	124	4.1 %
Parking garage/lot	48	9	1	—	1	35	94	3.1 %
Land - residential (2)	5	—	7	—	3	6	21	0.7 %
Shopping mall	—	—	15	—	—	—	15	0.5 %
Single family residence (3)	2	—	—	—	—	2	4	0.1 %
All other (4)	14	48	24	—	19	50	155	5.0 %
Total	$ 1,232	$ 368	$ 291	$ 167	$ 158	$ 845	$ 3,061	100.0 %
Percent by state	40.2 %	12.0 %	9.5 %	5.5 %	5.2 %	27.6 %	100.0 %	

(1) Includes multipurpose retail space, neighborhood centers, shopping centers and single-use retail space.
(2) Loans secured by land. Land residential includes development and unimproved vacant land.
(3) Loans secured by 1-4 single family residence properties.
(4) All other primarily includes: mini-storage facilities, data centers, movie theaters, etc.

Commercial and industrial loans. Commercial and industrial LHFI facilities typically include lines of credit and term loans and leases to businesses for use in normal business operations to finance working capital, equipment and capital purchases, acquisitions and expansion projects. We lend to customers with a history of profitability and a long-term business model. Generally, leverage conforms to industry standards and the minimum debt service coverage is 1.20 times. The majority of our C&I loans earn interest at a variable rate.

As of December 31, 2020, our C&I portfolio included $665 million of SNCs. We are the lead bank on 22 percent of the SNCs. The services sector and the financial and insurance sector comprised the majority of the portfolio's amortized cost with 22 and 43 percent of the balance, respectively. The SNC portfolio had forty-six borrowers with an average amortized cost of $15 million and an average commitment of $27 million. There were no NPLs or loans rated as special mention as of December 31, 2020, and loans totaling $26 million of amortized cost were rated as substandard.

As of December 31, 2020, our C&I portfolio included $344 million of leveraged lending, of which $223 million were SNCs. The manufacturing sector comprised 48 percent of the leveraged lending portfolio, and the financial and insurance sector comprised 25 percent. As of December 31, 2020, there were two NPLs totaling $15 million, one special mention loan totaling $9 million and four substandard loans totaling $30 million. Included in the financial and insurance sector within our C&I portfolio are $132 million in loans outstanding to 4 borrowers that are collateralized by MSR assets. Our amounts outstanding to those borrowers range from $6 million to $74 million and the ratio of the loan outstanding to the fair market value of the collateral ranges from 9 percent to 45 percent.

The following table presents amortized cost of our total C&I LHFI by borrower's geographic location and industry type as defined by North American Industry Classification System:

	MI	CA	OH	IN	WI	TX	MN	NY	FL	CT	Other	Total	% by industry
	(Dollars in millions)												
December 31, 2020													
Financial & Insurance	$ 39	$ 19	$ 19	$ 13	$ 1	$ 30	$ 43	$ 82	$ 74	$ 5	$ 136	$ 461	33.5 %
Services	114	11	2	4	—	34	21	—	—	42	67	295	21.3 %
Manufacturing	156	6	30	1	8	12	—	—	—	—	64	277	20.0 %
Home Builder Finance	—	12	—	—	—	47	—	—	1	—	—	60	4.3 %
Rental & Leasing	84	—	—	—	—	—	—	—	—	—	32	116	8.4 %
Distribution	85	13	1	2	—	—	—	—	—	—	14	115	8.3 %
Healthcare	2	14	1	—	—	—	—	—	—	—	3	20	1.4 %
Government & Education	3	2	—	—	—	—	—	—	—	13	—	18	1.3 %
Servicing Advances	—	—	—	—	—	—	—	—	—	—	16	16	1.2 %
Commodities	1	—	—	1	—	—	—	—	—	—	2	4	0.3 %
Total	$ 484	$ 77	$ 53	$ 21	$ 9	$ 123	$ 64	$ 82	$ 75	$ 60	$ 334	1,382	100.0 %
Percent by state	35.0 %	5.6 %	3.8 %	1.5 %	0.7 %	8.9 %	4.6 %	5.9 %	5.4 %	4.3 %	24.3 %	100.0 %	

Warehouse lending. We have a national 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. In response to COVID-19, we have increased credit requirements for government loans and lowered the advance rate for loans that we believe have higher risk, as well as not accepting jumbo or non-qualified mortgage loans as collateral.

Underlying mortgage loans are predominantly originated using the Agencies' underwriting standards. The guideline for debt to tangible net worth is 15 to 1. The aggregate committed amount of adjustable-rate warehouse lines of credit granted to other mortgage lenders at December 31, 2020 was $10.5 billion, of which $7.7 billion was outstanding, compared to $4.8 billion at December 31, 2019, of which $2.8 billion was outstanding.

Loan Principal Payments

The following tables set forth the expected repayment of our LHFI, both as fixed rate and adjustable-rate loans:

	December 31, 2020					
	Within 1 Year	1 Year to 5 Years	5 Years to 15 Years	Over 15 Years		Totals (1)
	(Dollars in millions)					
Fixed Rate Loans						
Residential first mortgage	$ 13	$ 55	$ 147	$ 239		$ 454
Home equity	5	22	56	—		83
Other consumer	43	203	727	—		973
Commercial real estate	32	99	—	—		131
Commercial and industrial	27	124	1	—		152
Commercial lease financing	2	4	—	—		6
Total fixed rate loans	$ 122	$ 507	$ 931	$ 239	$239	$ 1,799
Adjustable Rate Loans						
Residential first mortgage	$ 42	$ 185	$ 604	$ 964		$ 1,795
Home equity	14	62	217	464		757
Commercial real estate	1,158	1,776	—	—		2,934
Commercial and industrial	432	792	—	—		1,224
Warehouse lending	7,931	—	—	—		7,931
Total adjustable rate loans	$ 9,577	$ 2,815	$ 821	$ 1,428		$ 14,641

(1) UPB, net of write downs, does not include premiums or discounts.

Credit Quality

Our focus on effectively managing credit risk through our careful underwriting standards and processes has resulted in strong trends in certain credit quality characteristics in our loan portfolios. The credit quality of our loan portfolios is demonstrated by low delinquency levels, minimal charge-offs and low levels of NPLs.

For all loan categories within the consumer and commercial loan portfolio, loans are placed on nonaccrual status when any portion of principal or interest is 90 days past due (or nonperforming), or earlier when we become aware of information indicating that collection of principal and interest is in doubt. While it is the goal of Management to collect on loans, we attempt to work out a satisfactory repayment schedule or modification with past due borrowers and will undertake foreclosure proceedings if the delinquency is not satisfactorily resolved. Our practices regarding past due loans are designed to both assist borrowers in meeting their contractual obligations and minimize losses incurred by the Bank. When a loan is placed on nonaccrual status, the accrued interest income is reversed. Loans return to accrual status when principal and interest become current and are anticipated to be fully collectible.

Nonperforming assets

The following table sets forth our nonperforming assets:

	At December 31,		
	2020	2019	2018
	(Dollars in millions)		
LHFI			
Residential first mortgages	$ 23	$ 13	$ 11
Home equity	3	2	1
Other consumer	2	1	—
CRE	3	—	—
C&I	15	—	—
Total nonperforming LHFI	46	16	12
TDRs			
Residential first mortgages	8	8	8
Home equity	2	2	2
Total nonperforming TDRs	10	10	10
Total nonperforming LHFI and TDRs (1)	56	26	22
Real estate and other nonperforming assets, net	8	10	7
LHFS	9	5	10
Total nonperforming assets	$ 73	$ 41	$ 39
Nonperforming assets to total assets (2)	0.21 %	0.15 %	0.16 %
Nonperforming LHFI and TDRs to LHFI	%	0.21 %	0.24
Nonperforming assets to LHFI and repossessed assets (2)	0.40 %	0.30 %	%

(1) Includes less than 90 day past due performing loans placed on nonaccrual. Interest is not being accrued on these loans.
(2) Ratio excludes LHFS, which are recorded at fair value.

At December 31, 2020, we had $73 million of nonperforming assets compared to $41 million of nonperforming assets at December 31, 2019.

The following table sets forth activity related to our total nonperforming LHFI and TDRs:

	For the Three Months Ended,		For the Year Ended,	
	December 31, 2020	September 30, 2020	December 31, 2020	December 31, 2019
	(Dollars in millions)			
Beginning balance	$ 45	$ 33	$ 26	$ 22
Additions	15	17	54	88
Reductions	—	1	1	—
Principal payments	(3)	(3)	(14)	(44)
Charge-offs	(1)	(2)	(5)	(36)
Return to performing status	—	(1)	(6)	(2)
Transfers to REO	—	—		(2)
Total nonperforming LHFI and TDRs (1)	$ 56	$ 45	$ 56	$ 26

(1) Includes less than 90 day past due performing loans which are deemed nonaccrual. Interest is not being accrued on these loans.

Delinquencies

The following table sets forth loans 30-89 days past due in our LHFI portfolio:

	As of December 31,		
	2020	2019	2018
	(Dollars in millions)		
Performing loans past due 30-89:			
Consumer loans			
Residential first mortgage	$ 8	$ 9	$ 6
Home equity	2	1	1
Other consumer	5	4	—
Total consumer loans	15	14	7
CRE	20	—	—
C&I	2	—	—
Total commercial loans	22	—	—
Total performing loans past due 30-89 days	$ 37	$ 14	$ 7

Loans 30 to 89 days past due were $37 million and $14 million at December 31, 2020 and December 31, 2019, respectively.

For further information see Note 4 - Loans Held-for-Investment.

Payment Deferrals

Beginning in March 2020, as a response to COVID-19, we offered our consumer borrowers principal and interest payment deferrals, forbearance and/or extensions. Consumer borrowers were not required to provide proof of hardship to be granted forbearance or payment deferral. Typically, payment history is the primary tool used to identify consumer borrowers who are experiencing financial difficulty. Forbearance or payment deferrals make this determination more challenging. In addition, consumer borrowers who have requested forbearance or payment deferrals are not being aged and remain in the aging category they were in prior to forbearance or payment deferral.

The table below summarizes borrowers in our consumer loan portfolios that are in forbearance or were granted a payment deferral:

	As of December 31, 2020			As of September 30, 2020		
	Number of Borrowers	UPB	Percent of Portfolio	Number of Borrowers	UPB	Percent of Portfolio
	(Dollars in millions)					
Loans Held-For-Investment						
Consumer loans						
Residential first mortgage	697	$ 209	9.3 %	819	$ 255	10.4 %
Home equity	315	28	3.4 %	821	62	6.9 %
Other consumer	418	14	1.4 %	887	40	4.2 %
Total consumer loan deferrals/forbearance	1,430	$ 251	6.2 %	2,527	$ 357	8.3 %
Loans Held-For-Sale						
Residential first mortgage	80	$ 39	6.8 %	142	$ 71	1.6 %

As of December 31, 2020, commercial borrowers requested and were granted $22 million of payment deferrals, and, of that amount, $14 million are deferrals of both principal and interest payments and $8 million are deferrals of principal only. Commercial borrowers who have requested payment deferrals are not being aged and remain in the aging category they were in prior to payment deferral.

The table below summarizes borrowers in our commercial loan portfolios that have requested and received payment deferral:

	As of December 31, 2020			As of September 30, 2020		
	Number of Borrowers	UPB	Percent of Portfolio	Number of Borrowers	UPB	Percent of Portfolio
	(Dollars in millions)					
Loans Held-For-Investment						
Automotive	—	$ —	— %	1	$ 1	1.5 %
Leisure & entertainment	—	—	— %	2	—	0.1 %
Other	1	—	— %	11	7	0.6 %
Total C&I deferrals	1	—	— %	14	8	0.6 %
Hotel	1	14	5.0 %	3	28	10.8 %
Land	1	5	21.2 %	—	—	— %
Other	2	3	2.2 %	7	11	0.4 %
Total CRE deferrals	4	22	— %	10	39	1.3 %
Total commercial loan deferrals (1)	5	$ 22	— %	24	$ 47	1.0 %

(1) Percent shown excludes warehouse loans.

The table below summarizes the percent of our residential loan servicing portfolio in forbearance as of December 31, 2020:

	Total Population		Loans in Forbearance				Total Loans in Forbearance	
			Borrowers making October, November and December Payments		Remaining Borrowers			
	Unpaid Principal Balance (1)	Number of accounts	Unpaid Principal Balance (1)	Number of accounts	Unpaid Principal Balance (1)	Number of accounts	Percent of UPB	Percent of Accounts
	(Dollars in millions)							
Loan Servicing								
Subserviced for others (2)	$ 178,614	867,825	$ 1,785	8,851	$ 13,036	59,704	8.3 %	7.9 %
Serviced for others (3) (4)	38,014	151,038	402	1,773	3,023	12,343	9.0 %	9.3 %
Serviced for own loan portfolio (5)	10,083	66,536	69	574	487	2,064	5.5 %	4.0 %
Total loans serviced	$ 226,711	1,085,399	$ 2,256	11,198	$ 16,546	74,111	8.3 %	7.9 %

(1) UPB, net of write downs, does not include premiums or discounts.
(2) Loans subserviced for a fee for non-Flagstar owned loans or MSRs. Includes temporary short-term subservicing performed as a result of sales of servicing-released MSRs.
(3) Loans for which Flagstar owns the MSR.
(4) Of the $1.9 billion of GNMA repurchase options on the balance sheet as of December 31, 2020, $1.8 billion relates to loans in forbearance and are included in remaining borrowers.
(5) Includes LHFI (residential first mortgage, home equity and other consumer), LHFS (residential first mortgage), and LGG (residential first mortgage).

The table below summarizes the percent of our residential loan servicing portfolio in forbearance as of September 30, 2020:

	Total Population		Loans in Forbearance				Total Loans in Forbearance	
			Borrowers making July, August and September Payments		Remaining Borrowers			
	Unpaid Principal Balance (1)	Number of accounts	Unpaid Principal Balance (1)	Number of accounts	Unpaid Principal Balance (1)	Number of accounts	Percent of UPB	Percent of Accounts
	(Dollars in millions)							
Loan Servicing								
Subserviced for others (2)	$ 180,981	893,559	$ 5,654	26,529	$ 15,103	67,192	11.5 %	10.5 %
Serviced for others (3)(4)	37,908	148,868	950	3,908	3,081	12,217	10.6 %	10.8 %
Serviced for own loan portfolio (5)	8,469	62,486	196	1,792	468	1,886	7.8 %	5.9 %
Total loans serviced	$ 227,358	1,104,913	$ 6,800	32,229	$ 18,652	81,295	11.2 %	10.3 %

(1) UPB, net of write downs, does not include premiums or discounts.
(2) Loans subserviced for a fee for non-Flagstar owned loans or MSRs. Includes temporary short-term subservicing performed as a result of sales of servicing-released MSRs.
(3) Loans for which Flagstar owns the MSR.
(4) Of the $1.8 billion of GNMA repurchase options on the balance sheet as of September 30, 2020, $1.7 billion relates to loans in forbearance and are included in remaining borrowers.
(5) Includes LHFI (residential first mortgage, home equity and other consumer), LHFS (residential first mortgage), LGG (residential first mortgage), and repossessed assets.

As the MSR owner for loans serviced for others, the Agencies require us to advance payments on past due loans as follows:

	Principal and Interest	Taxes and Insurance
Fannie Mae and Freddie Mac	4 months	No time limit
GNMA	No time limit	No time limit

We believe that we have ample liquidity to handle servicing advances related to these loans. We initially provide advances on a short-term basis for loans we subservice and are reimbursed by the MSR owner. Our advance receivable for our subserviced loans is therefore insignificant.

Troubled debt restructurings (held-for-investment)

TDRs are modified loans in which a borrower demonstrates financial difficulties and for which a concession has been granted as a result. Nonperforming TDRs are included in nonaccrual loans. TDRs remain in nonperforming status until a borrower has made payments and is current for at least six consecutive months. Performing TDRs are not considered to be nonaccrual so long as we believe that all contractual principal and interest due under the restructured terms will be collected.

Beginning in March 2020, as a response to COVID-19, we offered our consumer and commercial customers principal and interest payment deferrals and extensions. We considered these programs in the context of whether or not the short-term modifications of these loans would constitute a TDR. We considered the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), interagency guidance and related guidance from the FASB, which provided that short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief are not required to be accounted for as TDRs. As a result, we have determined that these loans are not TDRs. We believe our application of the referenced guidance and accounting for these programs is appropriate.

The following table sets forth a summary of TDRs by performing status:

	For the Years Ended December 31,		
	2020	**2019**	**2018**
	(Dollars in millions)		
Performing TDRs			
Consumer Loans			
Residential first mortgage	$ 19	$ 20	$ 22
Home equity	12	18	22
Total consumer loans	31	38	44
Commercial Loans			
Commercial real estate	5	—	—
Total commercial loans	5	—	—
Total performing TDRs	36	38	44
Nonperforming TDRs			
Nonperforming TDRs	4	3	3
Nonperforming TDRs, performing for less than six months	6	7	7
Total nonperforming TDRs	10	10	10
Total TDRs	$ 46	$ 48	$ 54

At December 31, 2020, our total TDR loans decreased to $46 million compared to $48 million at December 31, 2019, primarily due to principal payments and payoffs out-pacing new additions. Of our total TDR loans, 77 percent were in performing status at December 31, 2020. For further information, see Note 4 - Loans Held-for-Investment.

Allowance for Credit Losses

The ACL represents Management's estimate of lifetime losses in our LHFI portfolio but which have not yet been realized. For further information, see Note 1 - Description of Business, Basis of Presentation, and Summary of Significant Accounting Standards and Note 4 - Loans Held-for-Investment.

The following tables present the changes in the ACL balance for the year ended December 31, 2020:

	For the Year Ended December 31, 2020								
	Residential First Mortgage	**Home Equity**	**Other Consumer**	**Commercial Real Estate**	**Commercial and Industrial**	**Warehouse Lending**	**Total LHFI Portfolio (1)**	**Unfunded Commitments**	**Total ACL**
	(Dollars in millions)								
Beginning balance ACL	$ 22	$ 14	$ 6	$ 38	$ 22	$ 5	$ 107	$ 3	$ 110
Impact of adopting ASC 326	25	12	10	(14)	(6)	(4)	23	7	30
Beginning allowance balance	47	26	16	24	16	1	130	10	140
Provision (benefit) for credit losses:									
Loan volume	(10)	(4)	9	3	(3)	1	(4)	7	3
Economic forecast (2)	5	(6)	3	15	(3)	(1)	13	11	24
Credit (3)	(5)	(3)	(2)	23	20	—	33	—	33
Qualitative factor adjustments (4)	12	8	11	19	21	3	74	—	74
Charge-offs	(6)	(3)	(5)	—	(1)	—	(15)	—	(15)
Provision for charge-offs	6	3	5	—	1	—	15	—	15
Recoveries	—	4	2	—	—	—	6	—	6
Ending allowance balance	$ 49	$ 25	$ 39	$ 84	$ 51	$ 4	$ 252	$ 28	$ 280

(1) Excludes loans carried under the fair value option.
(2) Includes changes in the lifetime loss rate based on current economic forecasts as compared to forecasts used in the prior quarter.
(3) Includes changes in the probability of default and severity of default based on current borrower and guarantor characteristics, as well as individually evaluated reserves.
(4) Includes $7 million of unallocated reserve attributed to various portfolios for presentation purposes.

The ACL was $280 million at December 31, 2020 and $110 million at December 31, 2019. We adopted CECL on January 1, 2020. The increase in the allowance during 2020 is primarily reflective of changes in our economic forecast and judgment we applied related to those forecasts and underlying borrower credit as a result of the ongoing COVID-19 pandemic. We utilized the Moody's December scenarios in our forecast: a growth forecast, weighted at 30 percent; a baseline forecast, weighted at 40 percent; and an adverse forecast, weighted at 30 percent. Within our composite forecast, unemployment increases slightly in 2021 and begins recovering in 2022. GDP recovers slightly by the end of the year from current levels and does not return to near pre-COVID level until 2024. Median existing home prices decrease 1 percent in 2021 from their year-end highs as of December 31, 2020. We judgmentally increased the qualitative reserves by $74 million, guided by the model output from Moody's adverse scenario, our judgment relating to industries and borrowers we believe could be more exposed to the stressful conditions in our forecast, uncertainty related to loans in forbearance and our judgment regarding economic uncertainty including the impact additional government stimulus.

The ACL as a percentage of LHFI was 1.7 percent as of December 31, 2020 compared to 0.9 percent as of December 31, 2019. Excluding warehouse, the allowance as a percentage of LHFI was 3.2 percent at December 31, 2020 compared to 1.1 percent at December 31, 2019. The increase in the allowance, as a percentage of LHFI is reflective of the additional increases to the allowance to reflect the change in economic and credit forecast used during that period. At December 31, 2020, we had a 2.8 percent and 1.4 percent allowance coverage on our consumer loan portfolio and our commercial loan portfolio, respectively.

The following tables set forth certain information regarding the allocation of our allowance to each loan category, including the allowance amount as a percentage of amortized cost and average loan life:

	December 31, 2020				
	LHFI Portfolio (1)	Percent of Portfolio	Allowance Amount (2)	Allowance as a Percent of LHFI Loan Portfolio	Weighted Average Loan Life
Consumer loans					
Residential first mortgage	$ 2,251	13.9 %	$ 49	2.2 %	4
Home equity	854	5.3 %	25	2.9 %	3
Other consumer	1,004	6.2 %	40	4.0 %	3
Total consumer loans	4,109	25.4 %	114	2.8 %	
Commercial loans					
Commercial real estate	3,060	18.9 %	103	3.4 %	2
Commercial and industrial	1,382	8.5 %	57	4.1 %	2
Warehouse lending	7,658	47.2 %	6	0.1 %	—
Total commercial loans	12,100	74.6 %	166	1.4 %	
Total consumer and commercial loans	$ 16,209	100.0 %	$ 280	1.7 %	
Total consumer and commercial loans excluding warehouse	$ 8,551	52.8 %	$ 274	3.2 %	

(1) Excludes loans carried under the fair value option.
(2) Includes allowance for loan losses and reserve for unfunded commitments.

	December 31, 2019				
	LHFI Portfolio (1)	Percent of Portfolio	Allowance Amount (2)	Allowance as a Percent of LHFI Loan Portfolio	Weighted Average Loan Life
Consumer loans					
Residential first mortgage	$ 3,145	26.0 %	$ 22	0.7 %	5
Home equity	1,021	8.4 %	14	1.4 %	3
Other consumer	729	6.0 %	6	0.8 %	2
Total consumer loans	4,895	40.4 %	42	0.9 %	
Commercial loans					
Commercial real estate	2,828	23.3 %	40	1.4 %	2
Commercial and industrial	1,634	13.5 %	23	1.4 %	1
Warehouse lending	2,760	22.8 %	5	0.2 %	—
Total commercial loans	7,222	59.6 %	68	0.9 %	
Total consumer and commercial loans	$ 12,117	100.0 %	$ 110	0.9 %	
Total consumer and commercial loans excluding warehouse	$ 9,357	77.2 %	$ 105	1.1 %	

(1) Excludes loans carried under the fair value option.
(2) Includes allowance for loan losses and reserve for unfunded commitments.

The following tables set forth certain information regarding nonaccrual loans, including the allowance amount as a percentage of nonaccruals:

	December 31, 2020			December 31, 2019		
	Nonaccrual Loans (3)	Nonaccruals as Percent of LHFI Loan Portfolio (1)	Allowance as a Percent of Nonaccruals (2)	Nonaccrual Loans (3)	Nonaccruals as Percent of LHFI Loan Portfolio (1)	Allowance as a Percent of Nonaccruals (2)
Consumer loans						
Residential first mortgage	$ 31	1.4 %	N/M	$ 21	0.7 %	N/M
Home equity	5	0.6 %	N/M	4	0.4 %	N/M
Other consumer	2	0.2 %	N/M	1	0.1 %	N/M
Total consumer loans	38	0.9 %	N/M	26	0.5 %	N/M
Commercial loans						
Commercial real estate	3	0.1 %	N/M	—	— %	N/M
Commercial and industrial	15	1.1 %	N/M	—	— %	N/M
Total commercial loans	18	0.1 %	N/M	—	— %	N/M
Total consumer and commercial loans	$ 56	0.3 %	N/M	$ 26	0.2 %	N/M

(1) Loan portfolio excludes loans carried under the fair value option.
(2) Allowance includes allowance for loan losses and reserve for unfunded commitments.
(3) The delinquency status for loans in forbearance are frozen for loans at inception of the forbearance period and will resume when the borrower's forbearance period ends.

Nonaccrual loans as a percentage of LHFI was 0.3 percent as of December 31, 2020 compared to 0.2 percent as of December 31, 2019. The increase in nonaccrual loan percentage is consistent with the increase in nonaccrual loans related to worsening economic conditions, offset by growth in the LHFI portfolio.

The following tables set forth certain information regarding net charge-offs and net charge-offs as a percentage of amortized cost:

	December 31, 2020		December 31, 2019	
	Net (charge-offs) recoveries	Net charge-offs as a Percent of Average LHFI Loan Portfolio	Net (charge-offs) recoveries	Net charge-offs as a Percent of Average LHFI Loan Portfolio
Consumer loans				
Residential first mortgage	$ (6)	0.2 %	$ (2)	0.1 %
Home equity	1	N/M	—	— %
Other consumer	(3)	0.3 %	(7)	1.2 %
Total consumer loans	(8)	0.2 %	(9)	0.2 %
Commercial loans				
Commercial real estate	—	— %	—	— %
Commercial and industrial	(1)	0.1 %	(30)	1.8 %
Total commercial loans	(1)	— %	(30)	0.5 %
Total consumer and commercial loans	$ (9)	0.1 %	$ (39)	0.4 %

Net charge-offs as a percentage of LHFI was 0.1 percent as of December 31, 2020, compared to 0.4 percent as of December 31, 2019. The decrease in net charge-offs is primarily the result of the Live Well commercial loan charge-off in the second quarter of 2019 along with growth in the average LHFI portfolio.

Market Risk

Market risk is the risk of reduced earnings and/or declines in the net market value of the balance sheet due to changes in market rates. Our primary market risk is interest rate risk which impacts our net interest income, fee income related to interest sensitive activities such as mortgage closing and servicing income, and loan and deposit demand.

We are subject to interest rate risk due to:

- The maturity or repricing of assets and liabilities at different times or for different amounts
- Differences in short-term and long-term market interest rate changes
- The remaining maturity of various assets or liabilities may shorten or lengthen as interest rates change

Our ALCO, which is composed of our executive officers and certain members of other management, monitors interest rate risk on an ongoing basis in accordance with policies approved by our Board of Directors. The ALCO reviews interest rate positions and considers the impact projected interest rate scenarios have on earnings, capital, liquidity, business strategies, and other factors. However, Management has the latitude to change interest rate positions within certain limits if, in Management's judgment, the change will enhance profitability or minimize risk.

To assess and manage interest rate risk, sensitivity analysis is used to determine the impact on earnings and the net market value of the balance sheet across various interest rate scenarios, balance sheet trends, and strategies.

Net interest income sensitivity

Management uses a simulation model to analyze the sensitivity of net interest income to changes in interest rates across various interest rate scenarios which demonstrates the level of interest rate risk inherent in the existing balance sheet. The analysis holds the current balance sheet values constant and does not take into account management intervention. In addition, we assume certain correlation rates, often referred to as a "deposit beta", for interest-bearing deposits, wherein the rates paid to customers change relative to changes in benchmark interest rates. The effect on net interest income over a 12-month time horizon due to hypothetical changes in market interest rates is presented in the table below. In this interest rate shock simulation, as of the periods presented, interest rates have been adjusted by instantaneous parallel changes rather than in a ramp simulation which applies interest rate changes over time. All rates, short-term and long-term, are changed by the same amount (e.g. plus or minus 100 basis points) resulting in the shape of the yield curve remaining unchanged.

December 31, 2020			
Scenario	**Net Interest Income**	**$ Change**	**% Change**
	(Dollars in millions)		
100	$791	$94	13.5%
Constant	697	—	—%
(100)	N/M	N/M	N/M

December 31, 2019			
Scenario	**Net Interest Income**	**$ Change**	**% Change**
	(Dollars in millions)		
100	$592	$34	6.0%
Constant	559	—	—%
(100)	520	(39)	(6.9)%

In the net interest income simulations, our balance sheet exhibits asset sensitivity. When interest rates rise our net interest income increases. Conversely, when interest rates fall our net interest income decreases. At December 31, 2020, the $138 million increase in net interest income in the constant scenario as compared to that at December 31, 2019, was primarily driven by the growth in our interest earning assets partially offset by lower short-term market rates.

The net interest income sensitivity analysis has certain limitations and makes various assumptions. Key elements of this interest rate risk exposure assessment include maintaining a static balance sheet and parallel rate shocks. Future interest rates not moving in a parallel manner across the yield curve, how the balance sheet will respond and shift based on a change in future interest rates and how the Company will respond are not included in this analysis and limit the predictive value of these scenarios.

Economic value of equity

Management also utilizes EVE, a point in time analysis of the economic value of our current balance sheet position, which measures interest rate risk over a longer term. The EVE calculation represents a hypothetical valuation of equity, and is defined as the market value of assets, less the market value of liabilities, adjusted for the market value of off-balance sheet instruments. The assessment of both the short-term earnings (Net Interest Income Sensitivity) and long-term valuation (EVE) approaches, rather than Net Interest Income Sensitivity alone provides a more comprehensive analysis of interest rate risk exposure.

There are assumptions and inherent limitations in any methodology used to estimate the exposure to changes in market interest rates and as such, sensitivity calculations used in this analysis are hypothetical and should not be considered to be predictive of future results. This analysis evaluates risks to the current balance sheet only and does not incorporate future growth assumptions. Additionally, the analysis assumes interest rate changes are instantaneous and the new rate environment is constant but does not include actions Management may undertake to manage risk in response to interest rate changes. Each rate scenario reflects unique prepayment and repricing assumptions. Management derives these assumptions by considering published market prepayment expectations, repricing characteristics, our historical experience, and our asset and liability management strategy. This analysis assumes that changes in interest rates may not affect or could partially affect certain instruments based on their characteristics.

The following table is a summary of the changes in our EVE that are projected to result from hypothetical changes in market interest rates as well as our internal policy limits for changes in our EVE based on the different scenarios. The interest rates, as of the dates presented, are adjusted by instantaneous parallel rate increases and decreases as indicated in the scenarios shown in the table below.

December 31, 2020					December 31, 2019					
Scenario	EVE	EVE%	$ Change	% Change	Scenario	EVE	EVE%	$ Change	% Change	Policy Limits
(Dollars in millions)										
300	$ 3,948	12.7 %	$ 890	29.1 %	300	$ 3,147	13.6 %	$ 150	5.0 %	(22.5)%
200	3,755	12.1 %	697	22.8 %	200	3,152	13.7 %	155	5.2 %	(15.0)%
100	3,474	11.2 %	416	13.6 %	100	3,103	13.5 %	106	3.5 %	(7.5)%
Current	3,058	9.9 %	—	— %	Current	2,997	13.0 %	—	— %	— %
(100)	N/M	N/M	N/M	N/M	(100)	2,832	12.3 %	(165)	(5.5) %	7.5 %

Our balance sheet exhibits asset sensitivity in various interest rate scenarios. The increase in EVE as rates raise is the result of the amount of assets that would be expected to reprice exceeding the amount of liabilities repriced. This increased as of December 31, 2020 compared to December 31, 2019 due to the addition of pay fixed interest rate swaps. At December 31, 2020 and December 31, 2019, for each scenario shown, the percentage change in our EVE is within our Board policy limits.

Derivative financial instruments

As a part of our risk management strategy, we use derivative financial instruments to minimize fluctuation in earnings caused by market risk. We use forward sales commitments to hedge our unclosed mortgage closing pipeline and funded mortgage LHFS. All of our derivatives and mortgage loan production originated for sale are accounted for at fair market value. Changes to our unclosed mortgage closing pipeline are based on changes in fair value of the underlying loan, which is impacted most significantly by changes in interest rates and changes in the probability that the loan will not fund within the terms of the commitment, referred to as a fallout factor or, inversely, a pull-through rate. Market risk on interest rate lock commitments and mortgage LHFS is managed using corresponding forward sale commitments. The adequacy of these hedging strategies, and the ability to fully or partially hedge market risk, rely on various assumptions or projections, including a fallout factor, which is based on a statistical analysis of our actual rate lock fallout history. For further information, see Note 11 - Derivative Financial Instruments and Note 20 - Fair Value Measurements.

Mortgage Servicing Rights (MSRs)

Our MSRs are sensitive to interest rate volatility and are highly susceptible to prepayment risk, basis risk, market volatility and changes in the shape of the yield curve. We utilize derivatives, including interest rate swaps and swaptions, as part of our overall hedging strategy to manage the impact of changes in the fair value of the MSRs, however these risk management strategies do not completely eliminate repricing risk. Our hedging strategies rely on assumptions and projections regarding assets and general market factors, many of which are outside of our control. For further information, see Note 10 - Mortgage Servicing Rights and Note 11 - Derivative Financial Instruments.

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Net return (loss) on mortgage servicing rights			
Servicing fees, ancillary income and late fees (1)	$ 107	$ 96	$ 65
Decrease in MSR fair value due to pay-offs, pay-downs, run-off, model changes, and other	(109)	(89)	(20)
Changes in fair value	(50)	(76)	2
Gain (loss) on MSR derivatives (2)	65	76	(5)
Net transaction costs	(3)	(1)	(6)
Total return included in net return on mortgage servicing rights	$ 10	$ 6	$ 36

(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.

Liquidity Risk

Liquidity risk is the risk that we will not have sufficient funds, at a reasonable cost, to meet current and future cash flow needs as they become due. The liquidity of a financial institution reflects the ability to, at a reasonable cost, meet loan demand, to accommodate possible outflows in deposits and to take advantage of interest rate and market opportunities. The ability of a financial institution to meet current financial obligations is a function of the balance sheet structure, the ability to liquidate assets, and access to various sources of funds.

Parent Company Liquidity

The Company currently obtains its liquidity primarily from dividends from the Bank. The primary uses of the Company's liquidity are debt service, operating expenses and the payment of cash dividends to shareholders, which were increased to $0.06 per share in the first quarter 2021. The Company held $250 million of senior notes at December 31, 2020 for which we provided notice that we would be redeeming these outstanding notes on December 23, 2020 and settled on January 22, 2021. The Company holds $150 million of subordinated debt which is scheduled to mature on November 1, 2030. At December 31, 2020, the Company held $305 million of cash on deposit at the Bank, for approximately 1.4 years of future cash outflows for an amount sufficient to service the senior notes, repay the senior notes at maturity, pay dividends and cover the operating expenses of the Company.

The OCC and the FRB regulate all capital distributions made by the Bank, directly or indirectly, to the holding company, including dividend payments. Whether an application or notice is required is based on a number of factors including whether the institution qualifies for expedited treatment under the OCC rules and regulations or if the total amount of all capital distributions (including each proposed capital distribution) for the applicable calendar year exceeds net income for that year to date plus the retained net income for the preceding two years, or the Bank would not be at least adequately capitalized following the dividend. Additional restrictions on dividends apply if the Bank fails the QTL test. As of December 31, 2020, the Bank is in compliance with the QTL test. As of December 31, 2020, the Bank is able to pay dividends to the holding company of approximately $387 million without submitting an application to the OCC and remain well capitalized.

Bank Liquidity

Our primary sources of funding are deposits from retail and government customers, custodial deposits related to loans we service and FHLB borrowings. We use the FHLB of Indianapolis as a significant source for funding our residential mortgage origination business due to the flexibility in terms which allows us to borrow or repay borrowings as daily cash needs require. The amount we can borrow, or the value we receive for the assets pledged to our liquidity providers, varies based on the amount and type of pledged collateral, as well as the perceived market value of the assets and the "haircut" of the market

value of the assets. That value is sensitive to the pricing and policies of our liquidity providers and can change with little or no notice.

Further, other sources of liquidity include our LHFS portfolio and unencumbered investment securities. We primarily originate agency-eligible LHFS and therefore the majority of new residential first mortgage loan closings are readily convertible to cash, either by selling them as part of our monthly agency sales, RMBS, private party whole loan sales, or by pledging them to the FHLB and borrowing against them. In addition, we have the ability to sell unencumbered investment securities or use them as collateral. At December 31, 2020, we had $2.2 billion available in unencumbered investment securities.

Our primary measure of liquidity is a ratio of ready liquidity to volatile funding, the volatile funds coverage ratio ("VFCR"). The VFCR is a liquidity coverage ratio that is customized to our business and ensures we have adequate coverage to meet our liquidity needs during times of liquidity stress. Volatile funds are the portion of the Bank's funding identified as being at a higher risk of runoff in times of stress. Ready liquidity consists of cash on reserve at the Federal Reserve and unused borrowing capacity provided by the loan and investments portfolios. The VFCR is calculated, reported, and forecasted daily as part of our liquidity management framework and was within internal policy compliance at 90 percent as of December 31, 2020.

Our liquidity position is continuously monitored and adjustments are made to the balance between sources and uses of funds as deemed appropriate. We balance the liquidity of our loan assets to our available funding sources. Our LHFI portfolio is funded with stable core deposits whereas our warehouse loans and LHFS may be funded with FHLB borrowings and custodial deposits. Warehouse loans are typically more liquid than other loan assets, as loans are paid within a short amount of time, when the lender sells the loan to an outside investor or, in some instances, to the Bank. As not all asset categories require the same level of liquidity, our loan-to-deposit ratio shows how we manage our liquidity position, how much liquidity we have and the agility of our balance sheet. The Company's average HFI loan-to-deposit ratio was 74.5 percent for the three months ended December 31, 2020. Excluding warehouse loans, which have draws that typically pay off within a few weeks, and custodial deposits, which represent mortgage escrow accounts on deposit with the Bank, the average HFI loan-to-deposit ratio was 69.8 percent for the three months ended December 31, 2020.

As governed and defined by our policy, we maintain adequate excess liquidity levels appropriate to cover unanticipated liquidity needs. In addition to this liquidity, we also maintain targeted minimum levels of unused borrowing capacity as another cushion against unexpected liquidity needs. Each business day, we forecast 90 days of daily cash needs. This allows us to determine our projected near-term daily cash fluctuations and also to plan and adjust, if necessary, future activities. As a result, in an adverse environment, we believe we would be able to make adjustments to operations as required to meet the liquidity needs of our business, including adjusting deposit rates to increase deposits, planning for additional FHLB borrowings, accelerating sales of LHFS (agencies and/or private), selling LHFI or investment securities, borrowing through the use of repurchase agreements, reducing closings, making changes to warehouse funding facilities, or borrowing from the discount window.

The following table presents primary sources of funding as of the dates indicated:

	December 31, 2020	December 31, 2019	Change
		(Dollars in millions)	
Retail deposits	$ 9,971	$ 9,164	$ 807
Government deposits	1,765	1,213	552
Wholesale deposits	1,031	633	398
Custodial deposits	7,206	4,136	3,070
Total deposits	19,973	15,146	4,827
FHLB advances and other short-term debt	5,100	4,815	285
Other long-term debt	641	496	145
Total borrowed funds	5,741	5,311	430
Total funding	$ 25,714	$ 20,457	$ 5,257

The following table presents certain liquidity sources and borrowing capacity as of the dates indicated:

	December 31, 2020	December 31, 2019	Change
		(Dollars in millions)	
Federal Home Loan Bank advances			
Outstanding advances	$ 4,615	$ 4,345	$ 270
Borrowing capacity:			
Line of credit	30	30	—
Collateralized borrowing capacity	2,360	2,345	15
Total unused borrowing capacity	2,390	2,375	15
FRB discount window			
Collateralized borrowing capacity	1,374	758	616
Unencumbered investment securities			
Agency - Commercial (1)	1,263	1,257	6
Agency - Residential (1)	815	1,180	(365)
Municipal obligations	23	26	(3)
Corporate debt obligations	62	77	(15)
Other	1	1	—
Total unencumbered investment securities	2,164	2,541	(377)
Total liquidity sources and borrowing capacity	$ 10,543	$ 10,019	$ 10,543

(1) These are not currently pledged to the FHLB but are eligible to be pledged, at our discretion.

Deposits

The following table presents the composition of our deposits:

	At December 31,							
	2020		2019		2018		Change	
	Balance	% of Deposits	Balance	% of Deposits	Balance	% of Deposits	2020 vs. 2019	2019 vs. 2018
	(Dollars in millions)							
Retail deposits								
Branch retail deposits								
Savings accounts	$ 3,437	17.2 %	$ 3,030	20.0 %	$ 2,812	22.7 %	$ 407	$ 218
Certificates of deposit/CDARS (1)	1,355	6.8 %	2,353	15.5 %	2,387	19.3 %	$ (998)	(34)
Demand deposit accounts	1,726	8.6 %	1,318	8.7 %	1,297	10.5 %	$ 408	21
Money market demand accounts	490	2.5 %	495	3.3 %	628	5.1 %	$ (5)	(133)
Total branch retail deposits	7,008	35.1 %	7,196	47.5 %	7,124	57.5 %	(188)	72
Commercial deposits (2)								
Demand deposit accounts	2,294	11.5 %	1,438	9.5 %	1,243	10.0 %	856	195
Savings accounts	461	2.3 %	342	2.3 %	314	2.5 %	119	28
Money market demand accounts	208	1.0 %	188	1.2 %	173	1.4 %	20	15
Total commercial deposits	2,963	14.8 %	1,968	13.0 %	1,730	13.9 %	995	238
Total retail deposits	$ 9,971	49.9 %	$ 9,164	60.5 %	$ 8,854	71.5 %	$ 807	$ 310
Government deposits								
Savings accounts	$ 778	3.9 %	$ 495	3.3 %	$ 567	4.6 %	$ 283	$ (72)
Demand deposit accounts	529	2.6 %	360	2.4 %	326	2.6 %	169	34
Certificates of deposit/CDARS (1)	458	2.3 %	358	2.4 %	309	2.5 %	100	49
Total government deposits	1,765	8.8 %	1,213	8.0 %	1,202	9.7 %	552	11
Custodial deposits (3)	7,206	36.1 %	4,136	27.3 %	1,741	14.1 %	3,070	2,395
Wholesale deposits	1,031	5.2 %	633	4.2 %	583	4.7 %	398	50
Total deposits (4)	$ 19,973	100.0 %	$ 15,146	100.0 %	$ 12,380	100.0 %	$ 4,827	$ 2,766

(1) The aggregate amount of certificates of deposit with a minimum denomination of $100,000 was approximately $1.3 billion, $1.7 billion, and $1.9 billion at December 31, 2020, December 31, 2019, and December 31, 2018 respectively.
(2) Contains deposits from commercial and business banking customers.
(3) Represents investor custodial accounts and escrows controlled by us in connection with loans serviced or subserviced for others and that have been placed on deposit with the Bank.
(4) Total exposure related to uninsured deposits over $250,000 was approximately $5.9 billion and $2.8 billion at December 31, 2020 and December 31, 2019, respectively.

Total deposits increased $4.8 billion, or 32 percent, at December 31, 2020, compared to December 31, 2019, primarily driven by growth in our servicing business which resulted in a $3.1 billion increase in custodial deposits.

We utilize local governmental agencies and other public units as an additional source for deposit funding. At December 31, 2020, we were required to hold collateral for certain Michigan, California, Indiana, Wisconsin and Ohio government deposits based on a variety of factors including, but not limited to, the size of individual deposits, FDIC limits and external bank ratings. At December 31, 2020, required collateral held on government deposits was $0.1 billion. At December 31, 2020, government deposit accounts included $0.5 billion of certificates of deposit with maturities typically less than one year and $1.3 billion of checking and savings accounts.

Custodial deposits arise due to our servicing or subservicing of loans for others and represent the portion of the investor custodial accounts on deposit with the Bank. For certain subservice agreements, these deposits require us to credit the MSR owner interest against subservicing income. This cost is a component of net loan administration income.

We participate in the CDARS program, through which certain customer CDs are exchanged for CDs of similar amounts from other participating banks and customers may receive FDIC insurance up to $50 million. This program helps the Bank secure larger deposits and attract and retain customers. At December 31, 2020, we had $124 million of total CDs enrolled in the CDARS program, a decrease of $9 million from December 31, 2019.

FHLB Advances

The FHLB provides loans, also referred to as advances, on a fully collateralized basis, to savings banks and other member financial institutions. We are required to maintain a minimum amount of qualifying collateral securing FHLB advances. In the event of default, the FHLB advance is similar to a secured borrowing, whereby the FHLB has the right to sell the pledged collateral to settle the fair value of the outstanding advances.

We rely upon advances from the FHLB as a source of funding for the closing or purchase of loans for sale in the secondary market and for providing duration specific short-term and long-term financing. The outstanding balance of FHLB advances fluctuates from time to time depending on our current inventory of mortgage LHFS and the availability of lower cost funding sources. Our portfolio includes short-term fixed rate advances and long-term fixed rate advances.

We are currently authorized through a resolution of our Board of Directors to apply for advances from the FHLB using approved loan types as collateral, which includes residential first mortgage loans, home equity lines of credit, and commercial real estate loans. As of December 31, 2020, our Board of Directors authorized and approved a line of credit with the FHLB of up to $10.0 billion, which is further limited based on our total assets and qualified collateral, as determined by the FHLB. At December 31, 2020, we had $4.6 billion of advances outstanding and an additional $2.4 billion of collateralized borrowing capacity available at the FHLB.

Federal Reserve Discount Window

We have arrangements with the FRB of Chicago to borrow from its discount window. The discount window is a borrowing facility that we may utilize for short-term liquidity needs arising from special or unusual circumstances. The amount we are allowed to borrow is based on the lendable value of the collateral that we provide. To collateralize the line, we pledge investment securities and loans that are eligible based on FRB of Chicago guidelines.

At December 31, 2020, we pledged collateral, which included commercial loans, municipal bonds, and agency bonds, to the FRB of Chicago amounting to $1.9 billion with a lendable value of $1.4 billion. At December 31, 2019, we pledged collateral to the FRB of Chicago amounting to $788 million with a lendable value of $758 million. We do not typically utilize this available funding source, and at December 31, 2020 and December 31, 2019, we had no borrowings outstanding against this line of credit.

Other Unsecured Borrowings

We have access to overnight federal funds purchased lines with other Federal Reserve member institutions. We utilize this source of funding for short-term liquidity needs, depending on the availability and cost of our other funding sources. At December 31, 2020, we had $485 million of borrowings outstanding under this source of funding. Additional borrowing capacity under this and other sources of funding can vary depending on market conditions.

Debt

As part of our overall capital strategy, we previously raised capital through the issuance of junior subordinated notes to our special purpose trusts formed for the offerings, which issued Tier 1 qualifying preferred stock ("trust preferred securities"). The trust preferred securities are callable by us at any time. Interest is payable on a quarterly basis; however, we may defer interest payments for up to 20 quarters without default or penalty. At December 31, 2020, we are current on all interest payments. Additionally, we have $246 million of senior debt outstanding at December 31, 2020 (“Senior Notes”) for which we provided notice of redemption on December 23, 2020 and settled on January 22, 2021, and $150 million of subordinated debt (the "Notes"), which matures on November 1, 2030.

For further information, see Note 13 - Borrowings.

Contractual Obligations

We have various financial obligations, some of which are contractual obligations, which require future cash payments. For further information on each item, see Note 1 - Description of Business, Basis of Presentation, and Summary of Significant Accounting Standards, Note 9 - Premises and Equipment, Note 12 - Deposit Accounts and Note 13 - Borrowings.

The following table summarizes contractual obligations at December 31, 2020, and the future periods in which the obligations are expected to be settled in cash:

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
	(Dollars in millions)				
Deposits without stated maturities	$ 9,924	$ —	$ —	$ —	$ 9,924
Short-term FHLB advances and other borrowings	1,935	537	366	7	2,845
Certificates of deposits	3,415	—	—	—	3,415
Long-term FHLB advances	—	700	100	400	1,200
Senior notes (2)	246	—	—	—	246
Subordinated debt	—	—	—	148	148
Trust preferred securities	—	—	—	247	247
Operating leases	9	12	5	1	27
DOJ Liability	—	—	—	118	118
Other (1)	17	35	7	2	61
Total	$ 15,546	$ 1,284	$ 478	$ 923	$ 18,231

(1) Includes contracts with vendors and commitments to various limited partnerships that invest in housing projects qualifying for the low income housing tax credit.
(2) We provided notice that we would be redeeming the senior notes in December 2020 and settled the senior notes in January 2021.

Operational Risk

Operational risk is the risk to current or projected financial condition and resilience arising from inadequate or failed internal processes or systems, human errors or misconduct, or adverse external events which may include vendor failures, fraudulent activities, disasters, and security risks. We continuously strive to adapt our system of internal controls to ensure compliance with laws, rules, and regulations, and to improve the oversight of our operational risk.

We evaluate internal systems, processes and controls to mitigate loss from cyber-attacks and, to date, have not experienced any material losses. The goal of this framework is to implement effective operational risk techniques and strategies, minimize operational and fraud losses, and enhance our overall performance.

Loans with Government Guarantees

Substantially all of our LGG continue to be insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs ("VA"). In the event of a government guaranteed loan borrower default, the Bank has a unilateral option to repurchase loans sold to GNMA that are 90 days past due and recover losses through a claims process from the insurer. 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 delinquent, which is not paid by the FHA until claimed. Additionally, if the Bank cures the loan, it can be re-sold to GNMA. If not, the Bank can begin the process of collecting the government guarantee by filing a claim in accordance with established guidelines. Certain loans within our portfolio may be subject to indemnifications and insurance limits which expose us to limited credit risk.

During the year ended December 31, 2020, we had less than $2.8 million in net charge-offs related to LGG and have reserved for the remaining risks within other assets and as a component of our allowance for loan losses on residential first mortgages. These additional expenses or charges arise due to insurance limits on VA insured loans and FHA property foreclosure and preservation requirements that may result in a loss in excess of all, or part of, the guarantee.

Our LGG portfolio totaled $2.5 billion at December 31, 2020, as compared to $0.7 billion at December 31, 2019. GNMA has granted borrowers with an option to seek forbearances on their mortgage repayments. $2.5 billion of GNMA loans are in forbearance as of December 31, 2020. When a GNMA loan is due, but unpaid, for three consecutive months (typically referred to as 90 days past due) the loan is required to be re-recognized on the balance sheet by the MSR owner. These loans are recorded in loans with government guarantees, and the liability to repurchase the loans is recorded in loans with government guarantees repurchase options on the Consolidated Statements of Financial Condition. This resulted in $1.9 billion of repurchase options as of December 31, 2020, a $1.8 billion increase from December 31, 2019. We have elected not to exercise these repurchase options as of December 31, 2020 because loans are not able to be modified and re-sold during the forbearance period. Our right to repurchase these loans continues as long as they remain unpaid for three consecutive months. At the

prudent time, we intend to repurchase the loans which we believe will be accretive to net income by modifying and re-selling the loans or utilizing the partial claims process.

For further information, see Note 5 - Loans with Government Guarantees and the Credit Risk - Payment Deferrals section of the MD&A.

Regulatory Risks

Department of Justice Settlement Agreement

On February 24, 2012, the Bank entered into a Settlement Agreement with the DOJ under which we made an initial payment of $15 million and agreed to make future payments totaling $118 million in annual increments of up to $25 million upon meeting all of the following conditions which are evaluated quarterly and include: (a) the reversal of the DTA valuation allowance, which occurred at the end of 2013; (b) the repayment of the Fixed Rate Cumulative Perpetual Preferred Stock, Series C (the "TARP Preferred"), which occurred in July 2016; and (c) the Bank having a Tier 1 Leverage Capital Ratio of 11 percent or greater as filed in the Call Report with the OCC. At December 31, 2020, the Company had a Tier 1 Leverage Capital Ratio of 8.12 percent and the fair value of this liability was $35 million.

No payment would be required until six months after the Bank files its Call Report first reporting that its Tier 1 Leverage Capital Ratio was 11 percent or greater. If all other conditions were then satisfied, an initial annual payment of $25 million would be due at that time. The next annual payment is only made if all conditions continue to be satisfied, otherwise payments are delayed until all such conditions are again met. Further, making such a payment must not violate any material banking regulatory requirement, and the OCC must not object in writing.

The combination of (a) future dividends from the Bank to Bancorp and (b) continued growth in earning assets at the Bank are expected to continue to limit the growth rate of the Bank’s Tier 1 Leverage Capital Ratio, which could have an impact on the timing of expected cash flows under the Settlement Agreement.

Consistent with most mid-size banks, we expect our Tier 1 Leverage Capital Ratio to be impacted by (a) future dividends from the Bank to Bancorp and (b) continued growth in earning assets at the Bank which could have an impact on the timing of expected cash flows under the Settlement Agreement.

Consistent with our business and regulatory requirements, Flagstar shall seek in good faith to fulfill the conditions, and will not undertake any conduct or fail to take any action the purpose of which is to frustrate or delay our ability to fulfill any of the conditions.

Additionally, if the Bank or Bancorp become party to a business combination in which the Bank and Bancorp represent less than 33.3 percent of the resulting company’s assets, annual payments would commence twelve months after the date of that business combination.

The Settlement Agreement meets the definition of a financial instrument for which we elected the fair value option. We consider the assumptions a market participant would make to transfer the liability and evaluate the potential ways we might satisfy the Settlement Agreement and our estimates of the likelihood of these outcomes, which may change over time. The fair value of the liability is subject to significant uncertainty and is impacted by forecasted estimates of the timing of potential payments, which are impacted by estimates of equity, earnings, timing and amount of dividends and growth of the balance sheet and their related impacts on forecasted Tier 1 Leverage Capital Ratio, the likelihood of the Bank or Bancorp being a party to a business combination resulting in terms which would require payments to commence, or any other means by which a payment could be made. While the Settlement Agreement remains outstanding we are exposed to the risk of further litigation, reputational risk and operational risk related to our ongoing business relationships and discussions from time to time to resolve the Settlement Agreement. For further information on the fair value to the liability, see Note 20 - Fair Value Measurements.

Representation and Warranty Reserve

When we sell mortgage loans, we make customary representations and warranties to the purchasers, including sponsored securitization trusts and their insurers (primarily Fannie Mae and Freddie Mac). An estimate of the fair value of the guarantee associated with the mortgage loans is recorded in other liabilities in the Consolidated Statements of Financial Condition, which was $7 million and $5 million at December 31, 2020 and December 31, 2019, respectively.

Capital

Management actively reviews and manages our capital position and strategy. We conduct quarterly capital stress tests and capital adequacy assessments which utilize internally defined scenarios. These analyses are designed to help Management and the Board better understand the integrated sensitivity of various risk exposures through quantifying the potential financial and capital impacts of hypothetical stressful events and scenarios. We make adjustments to our balance sheet composition taking into consideration potential business risks, regulatory requirements and the flexibility to support future growth. We prudently manage our capital position and work with our regulators to ensure that our capital levels are appropriate considering our risk profile.

The capital standards we are subject to include requirements contemplated by the Dodd-Frank Act as well as guidelines reached by Basel III. These risk-based capital adequacy guidelines are intended to measure capital adequacy with regard to a banking organization's balance sheet, including off-balance sheet exposures such as unused portions of loan commitments, letters of credit, and recourse arrangements. Our capital ratios are maintained at levels in excess of those considered to be "well-capitalized" by regulators. Tier 1 leverage was 7.71 percent at December 31, 2020, providing a 271 basis point stress buffer above the minimum level needed to be considered "well-capitalized." Additionally, total risk-based capital to RWA was 11.89 percent at December 31, 2020, providing a 189 basis point buffer above the minimum level needed to be considered "well-capitalized".

Dodd-Frank Act Section 171, commonly known as the Collins Amendment, established minimum Tier 1 leverage and risk-based capital requirements for insured depository institutions, depository institution holding companies, and non-bank financial companies that are supervised under the Federal Reserve. Under the amendment, certain hybrid securities, such as trust preferred securities, may be included in Tier 1 capital for bank holding companies that had total assets below $15 billion as of December 31, 2009. As we were below $15 billion in assets as of December 31, 2009, the trust preferred securities classified as long-term debt on our balance sheet will be included as Tier 1 capital, unless we complete an acquisition of a depository institution holding company or a depository institution and we report total assets greater than $15 billion in the quarter in which the acquisition occurs. Should that event occur, our trust preferred securities would be included in Tier 2 capital.

Regulatory Capital

The Bank and Flagstar are subject to the Basel III-based U.S. rules, including capital simplification in 2020.

On March 27, 2020, in response to COVID-19, U.S. banking regulators issued an interim final rule that allows banking organizations the option to delay the initial adoption impact of CECL on regulatory capital for two years followed by a three-year transition period. During the two-year delay we will add back to CET1 capital 100 percent of the initial adoption impact of CECL plus 25 percent of the cumulative quarterly changes in the ACL (i.e., quarterly transitional amounts). After two years, starting on January 1, 2022, the quarterly transitional amounts along with the initial adoption impact of CECL will be phased out of CET1 capital over the three-year period.

For the period presented, the following table sets forth our capital ratios, as well as our excess capital over well-capitalized minimums.

Flagstar Bancorp	**Actual**		**Well-Capitalized Under Prompt Corrective Action Provisions**		**Excess Capital Over Well-Capitalized Minimum**	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
	(Dollars in millions)					
December 31, 2020						
Tier 1 leverage capital (to adjusted avg. total assets)	$ 2,270	7.71 %	$ 1,472	5.0 %	$ 798	2.7 %
Common equity Tier 1 capital (to RWA)	2,030	9.15 %	1,442	6.5 %	588	2.6 %
Tier 1 capital (to RWA)	2,270	10.23 %	1,775	8.0 %	495	2.2 %
Total capital (to RWA)	2,638	11.89 %	2,219	10.0 %	419	1.9 %

As presented in the table above, our constraining capital ratio is our total capital to risk weighted assets at 11.89 percent. It would take a $419 million after-tax loss, with the balance sheet remaining constant, for our total risk-based capital ratio to fall below the level considered to be "well-capitalized".

As of December 31, 2020, we had $329 million in MSRs, $92 million in DTAs arising from temporary differences and no material investments in unconsolidated financial institutions or minority interest which drive differences between our current capital ratios. For additional information on our capital requirements, see Note 18 - Regulatory Capital.

Use of Non-GAAP Financial Measures

In addition to results presented in accordance with GAAP, this report includes certain non-GAAP financial measures. We believe these non-GAAP financial measures provide additional information that is useful to investors in helping to understand the underlying performance and trends of the Company.

Non-GAAP financial measures have inherent limitations, which are not required to be uniformly applied and are not audited. Readers should be aware of these limitations and should be cautious with respect to the use of such measures. To mitigate these limitations, we have practices in place to ensure that these measures are calculated using the appropriate GAAP or regulatory components in their entirety and to ensure that our performance is properly reflected to facilitate consistent period-to-period comparisons. Our method of calculating these non-GAAP measures may differ from methods used by other companies. Although we believe the non-GAAP financial measures disclosed in this report enhance investors' understanding of our business and performance, these non-GAAP measures should not be considered in isolation, or as a substitute for those financial measures prepared in accordance with GAAP. Where non-GAAP financial measures are used, the most directly comparable GAAP or regulatory financial measure, as well as the reconciliation to the most directly comparable GAAP or regulatory financial measure, can be found in this report.

Tangible book value per share, adjusted net income, adjusted diluted earnings per share, adjusted net interest income, adjusted net interest margin, adjusted average interest-bearing liability, adjusted interest rate spread, adjusted noninterest expense, adjusted return on average assets, and adjusted return on average tangible common equity. The Company believes that these non-GAAP financial measures provide a meaningful representation of its operating performance on an ongoing basis for investors, securities analysts, and others. Management uses these measures to assess performance of the Company against its peers and evaluate overall performance.

The following tables provide a reconciliation of non-GAAP financial measures.

	At December 31,		
	2020	2019	2018
		(Dollars in millions)	
Total stockholders' equity	$ 2,201	$ 1,788	$ 1,570
Less: Goodwill and intangibles	157	170	190
Tangible book value	$ 2,044	$ 1,618	$ 1,380
Number of common shares outstanding	52,656,067	56,631,236	57,749,464
Tangible book value per share	$ 38.80	$ 28.57	$ 23.90
Net income	$ 538	$ 218	$ 187
DOJ adjustment	—	(25)	—
Tax impact of DOJ adjustment	—	5	—
Recognition of hedging gains	—	—	(29)
Tax impact of hedging gains	—	—	5
Wells Fargo acquisition costs	—	1	15
Tax impact of Wells Fargo acquisition costs	—	—	(2)
Adjusted net income	$ 538	$ 199	$ 176
Weighted average diluted common shares	56,505,813	57,238,978	58,322,950
Diluted earnings per share	$ 9.52	$ 3.80	$ 3.21
Adjusted diluted earnings per share	$ 9.52	$ 3.46	$ 3.02
Net interest income	$ 685	$ 562	$ 497
Hedging gains	—	—	(29)
Adjusted net interest income	$ 685	$ 562	$ 468
Average interest-earning assets	$ 24,431	$ 18,453	$ 16,136
Net interest margin	2.80 %	3.05 %	3.07 %
Adjusted net interest margin	2.80 %	3.05 %	2.89 %

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Average interest-earning asset yield	3.33 %	4.28 %	4.21 %
Average interest-bearing liability cost	0.93 %	1.76 %	1.40 %
Impact from hedging gains	— %	— %	0.23 %
Adjusted average interest-bearing liability	0.93 %	1.76 %	1.63 %
Interest rate spread	2.40 %	2.52 %	2.81 %
Adjusted interest rate spread	2.40 %	2.52 %	2.58 %
Noninterest expense	$ 1,157	$ 888	$ 712
Wells Fargo acquisition costs	—	—	15
Adjusted noninterest expense	$ 1,157	$ 888	$ 697
Return on average assets	2.00 %	1.05 %	1.04 %
Adjustment to remove hedging gains	— %	— %	(0.13)%
Adjustment to remove DOJ adjustment	— %	(0.09)%	— %
Adjustment to remove Wells Fargo acquisition costs	— %	— %	0.07 %
Adjusted return on average assets	2.00 %	0.96 %	0.98 %
Return on average tangible common equity	29.00 %	15.15 %	13.46 %
Adjustment to remove hedging gains	— %	— %	(1.70)%
Adjustment to remove DOJ adjustment	— %	(1.34)%	— %
Adjustment to remove Wells Fargo acquisition costs	— %	0.06 %	0.91 %
Adjusted return on average tangible common equity	29.00 %	13.87 %	12.67 %

Accounting and Reporting Developments

Adoption of New Accounting Standards - *Credit Losses*

For further information of recently issued accounting pronouncements and their expected impact on our Consolidated Financial Statements, see Note 1 - Description of Business, Basis of Presentation, and Summary of Significant Accounting Standards.

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 and (b) fair value measurements. 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.

Allowance for Credit Losses

On January 1, 2020, we adopted ASU 2016-13, Financial Instruments - Credit Losses (Topic 326), which required financial assets to be presented at the net amount expected to be collected (i.e. net of expected lifetime credit losses). In addition, the standard requires a reserve to be recorded for expected lifetime credit losses on our unfunded commitments. Therefore, we record ALLL on relevant financial assets and a reserve for unfunded commitments on our Consolidated Statements of Financial Condition, collectively referred to as the ACL.

The ACL is impacted by changes in asset quality of the portfolio, including but not limited to increases in risk rating changes in our commercial portfolio, borrower delinquencies, changes in FICO scores or changes in LTVs in our consumer portfolio. In addition, while we have incorporated our forecasted impact of COVID-19 into our ACL, the ultimate impact of

COVID-19 is still uncertain, including how long economic activity will be impacted and what effect the unprecedented levels of government fiscal and monetary actions will have on the economy and our credit losses.

Specifically identified component

The specifically identified component of the ACL related to performing TDR loans is generally measured as the difference between the recorded investment in the specific loan and the present value of the cash flows expected to be collected, discounted at the loan’s original effective interest rate. Estimating the timing and amounts of future cash flow projections is highly judgmental and based upon assumptions including default rates, prepayment probability and loss severities. All of these estimates and assumptions require significant management judgment and certain assumptions are highly subjective.

Specifically identified collateral dependent NPL loans are generally measured as the difference between the recorded investment in the impaired loan and the underlying collateral value less estimated costs to sell. These estimates are dependent on third-party property valuations which may be influenced by factors such as the current and future level of home prices, the duration of current overall economic conditions, and other macroeconomic and portfolio-specific factors.

Model-based component

The model-based component of the ACL (the "General Allowance") is calculated on our non-impaired consumer and commercial LHFI portfolio by segmenting the portfolio based upon common risk characteristics. The general allowance is determined using dual risk rating models which use probability of default, loss given default and exposure at default. These models incorporate macroeconomic forecast scenarios applied over a reasonable and supportable forecast period. After this forecast period, we revert on a straight-line basis over a 1-year period to historical averages which are utilized for the remaining contractual life, adjusted for expected prepayments and borrower controlled extension options. The macroeconomic scenarios include variables that, based on historical analysis, have been key drivers of increases and decreases in credit losses. These variables include, but are not limited to, unemployment rates, real estate prices, and gross domestic product levels. The scenarios that are chosen each quarter and the amount of weighting given to each scenario may be adjusted based on our judgment when considering a variety of factors including the stability of the current economy and recent economic events.

Qualitative adjustments

The specifically identified component analysis and the output of the model provide a reasonable starting point for our analysis, but do not, by themselves, form a sufficient basis to determine the appropriate level for the ACL. We therefore consider the qualitative factors that are likely to cause the ACL associated with our existing portfolio to differ from the output of the model. The most significant qualitative factors considered include changes in economic and business conditions, changes in nature and volume of portfolio and changes in the volume and severity of past due loans. The application of different inputs into the model calculation and the assumptions used by Management to adjust the model calculation are subject to significant management judgment and may result in actual credit losses that differ from the originally estimated amounts.

As described above, the process to determine the ACL requires numerous estimates and assumptions, some of which require a high degree of judgment and are often interrelated. Changes in the estimates and assumptions can result in significant changes in the ACL. Our process for determining the ACL is further discussed in the Credit Risk section of the MD&A and Note 4 - Loans Held for Investment.

Fair Value Measurements

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. Fair value is based on quoted market prices in an active market, or if market prices are not available, is estimated using models employing techniques such as matrix pricing or discounting expected cash flows.

The significant assumptions used in the models are independently verified against observable market data where possible. Where observable market data is not available, the estimate of fair value becomes more subjective and involves a high degree of judgment. In this circumstance, fair value is estimated based on our judgment regarding the value that market participants would assign to the asset or liability. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there are inherent limitations to any valuation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future values.

A portion of our assets and liabilities are carried at fair value on the Consolidated Statements of Financial Condition. The majority of these assets and liabilities are measured at fair value on a recurring basis, however, certain assets are measured at fair value on a nonrecurring basis based on the fair value of the underlying collateral.

For further information regarding the valuation of our financial instruments, including those that utilize unobservable inputs, see the Notes to the Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A discussion regarding our management of market risk is included in "Market Risk" in this report in Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Flagstar Bancorp, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial condition of Flagstar Bancorp, Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations, of comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for credit losses in 2020.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the

company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses on Loans - General Allowance for Credit Losses for the Residential First Mortgage, Home Equity and Commercial Portfolios

As described in Notes 1 and 4 to the consolidated financial statements, the allowance for credit losses represents management's estimate of expected lifetime losses in the Loans Held-for-Investment (LHFI) portfolio, excluding loans carried under the fair value option. The allowance for credit losses totaled $280 million as of December 31, 2020, which consists of $252 million related to the allowance for credit losses on funded loans in the LHFI portfolio and $28 million related to the reserve for unfunded commitments. The allowance for credit losses on loans for the residential first mortgage, home equity and commercial portfolios totaled $49 million, $25 million, and $135 million, respectively. Management establishes the general allowance for expected lifetime losses on non-impaired loans by segmenting the portfolio based upon common risk characteristics. The general allowance is determined through a model-based estimate by applying probability of default and loss given default assumptions to the expected exposure at default. Management considers the qualitative factors that are likely to cause the allowance associated with their existing portfolio to differ from the output of the models. The most significant qualitative factors include changes in economic and business conditions, changes in nature and volume of the portfolio and changes in the volume and severity of past due loans.

The principal considerations for our determination that performing procedures relating to the general allowance for credit losses for the residential first mortgage, home equity and commercial portfolios is a critical audit matter are (i) the significant judgment by management in determining the estimate of the general allowance for credit losses for the residential first mortgage, home equity and commercial portfolios which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the probability of default and loss given default assumptions and management's judgment regarding qualitative factors related to changes in economic and business conditions, and (ii) the audit effort involved the use of professionals with specialized skill or knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's estimation of the general allowance for credit losses for the residential first mortgage, home equity and commercial portfolios. These procedures also included, among others, testing management's process for estimating the general allowance for credit losses for the residential first mortgage, home equity and commercial portfolios. This included (i) evaluating the appropriateness of the models used to estimate the allowance, (ii) evaluating the reasonableness of the probability of default and loss given default assumptions, (iii) testing the completeness and accuracy of data used in the models, and (iv) evaluating the reasonableness of management's judgments regarding qualitative factors related to changes in economic and business conditions. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the models and the reasonableness of management judgments regarding qualitative factors related to changes in economic and business conditions.

Valuation of Mortgage Servicing Rights

As described in Notes 1 and 20 to the consolidated financial statements, the Company purchases and originates mortgage loans for sale to the secondary market. If the Company retains the right to service the loan at the time of sale, a mortgage servicing right (MSR) is created and recorded at fair value, where fair value represents the price that would be received to sell an asset through an orderly transaction between market participants at the measurement date. MSRs represented $329 million or 61% of the Company's total level 3 assets at fair value as of December 31, 2020. Management uses an internal valuation model that utilizes an option-adjusted spread, constant prepayment rates, costs to service, and other assumptions to determine the fair value

of MSRs. Management obtains third-party valuations of the MSR portfolio on a quarterly basis from independent valuation services to assess the reasonableness of the fair value calculated by the internal valuation model.

The principal considerations for our determination that performing procedures relating to the valuation of mortgage servicing rights is a critical audit matter are (i) the significant judgment by management in determining the fair value of the MSRs, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence relating to the valuation model and significant unobservable inputs, related to option adjusted spreads, constant prepayment rates and cost to service used in the valuation of MSRs, and (ii) the audit effort involved the use of professionals with specialized skill or knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of the MSRs, including controls over the aforementioned significant unobservable inputs. These procedures also included, among others, testing management's process for determining the fair value of the MSRs. This included (i) evaluating the appropriateness of the valuation model, (ii) testing the completeness and accuracy of the data used in the model, and (iii) evaluating the reasonableness of the aforementioned significant unobservable inputs by considering the consistency with external market and industry data. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the valuations provided by third party valuation services used by management.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan
February 26, 2021

We have served as the Company's auditor since 2015.

Flagstar Bancorp, Inc.
Consolidated Statements of Financial Condition
(In millions, except share data)

	December 31,	
	2020	2019
Assets		
Cash	$ 251	$ 220
Interest-earning deposits	372	206
Total cash and cash equivalents	623	426
Investment securities available-for-sale	1,944	2,116
Investment securities held-to-maturity	377	598
Loans held-for-sale ($7,009 and $5,219 measured at fair value, respectively)	7,098	5,258
Loans held-for-investment ($13 and $12 measured at fair value, respectively)	16,227	12,129
Loans with government guarantees	2,516	736
Less: allowance for loan losses	(252)	(107)
Total loans held-for-investment and loans with government guarantees, net	18,491	12,758
Mortgage servicing rights	329	291
Federal Home Loan Bank stock	377	303
Premises and equipment, net	392	416
Goodwill and intangible assets	157	170
Other assets	1,250	930
Total assets	$ 31,038	$ 23,266
Liabilities and Stockholders' Equity		
Non-interest bearing deposits	$ 9,458	$ 5,467
Interest bearing deposits	10,515	9,679
Total deposits	19,973	15,146
Short-term Federal Home Loan Bank advances and other	3,900	4,165
Long-term Federal Home Loan Bank advances	1,200	650
Other long-term debt	641	496
Loans with government guarantees repurchase options	1,851	70
Other liabilities ($35 and $35 measured at fair value, respectively)	1,272	951
Total liabilities	28,837	21,478
Stockholders' Equity		
Common stock $0.01 par value, 80,000,000 and 80,000,000 shares authorized; 52,656,067 and 56,631,236 shares issued and outstanding, respectively	1	1
Additional paid in capital	1,346	1,483
Accumulated other comprehensive income	47	1
Retained earnings	807	303
Total stockholders' equity	2,201	1,788
Total liabilities and stockholders' equity	$ 31,038	$ 23,266

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

Flagstar Bancorp, Inc.
Consolidated Statements of Operations
(In millions, except per share data)

	For the Years Ended December 31,		
	2020	2019	2018
Interest Income			
Loans	$ 748	$ 713	$ 595
Investment securities	70	77	86
Interest-earning deposits and other	1	4	2
Total interest income	819	794	683
Interest Expense			
Deposits	81	138	94
Short-term Federal Home Loan Bank advances and other	16	59	68
Long-term Federal Home Loan Bank advances	12	7	(4)
Other long-term debt	25	28	28
Total interest expense	134	232	186
Net interest income	685	562	497
Provision (benefit) for credit losses	149	18	(8)
Net interest income after provision (benefit) for credit losses	536	544	505
Noninterest Income			
Net gain on loan sales	971	335	200
Loan fees and charges	165	100	87
Net return on mortgage servicing rights	10	6	36
Loan administration income	84	30	23
Deposit fees and charges	32	38	21
Other noninterest income	63	101	72
Total noninterest income	1,325	610	439
Noninterest Expense			
Compensation and benefits	466	377	318
Occupancy and equipment	176	161	127
Commissions	232	111	80
Loan processing expense	98	80	59
Legal and professional expense	31	27	28
Federal insurance premiums	24	20	22
Intangible asset amortization	13	15	5
Other noninterest expense	117	97	73
Total noninterest expense	1,157	888	712
Income before income taxes	704	266	232
Provision for income taxes	166	48	45
Net income	$ 538	$ 218	$ 187
Net income per share			
Basic	$ 9.59	$ 3.85	$ 3.26
Diluted	$ 9.52	$ 3.80	$ 3.21
Weighted average shares outstanding			
Basic	56,094,542	56,584,238	57,520,289
Diluted	56,505,813	57,238,978	58,322,950

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

Flagstar Bancorp, Inc.
Consolidated Statements of Comprehensive Income
(In millions)

	For the Years Ended December 31,		
	2020	2019	2018
Net income	$ 538	$ 218	$ 187
Other comprehensive income (loss), net of tax			
Investment securities	51	48	(29)
Derivatives and hedging activities	(5)	—	(2)
Other comprehensive income (loss), net of tax	46	48	(31)
Comprehensive income	$ 584	$ 266	$ 156

Flagstar Bancorp, Inc.
Consolidated Statements of Stockholders' Equity
(In millions, except share data)

	Common Stock					
	Number of Shares Outstanding	Amount of Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
Balance at December 31, 2017	57,321,228	$ 1	$ 1,512	$ (16)	$ (98)	$ 1,399
Net income	—	—	—	—	187	187
Total other comprehensive loss	—	—	—	(26)	—	(26)
Shares issued from the Employee Stock Purchase Plan	114,385	—	10	—	—	10
Stock-based compensation	318,560	—	—	—	—	—
Reclassification of certain income tax effects (1)	—	—	—	(5)	5	—
Repurchase of common shares (2)	(4,709)	—	—	—	—	—
Balance at December 31, 2018	57,749,464	$ 1	$ 1,522	$ (47)	$ 94	$ 1,570
Net income	—	—	—	—	218	218
Total other comprehensive income	—	—	—	48	—	48
Shares issued from the Employee Stock Purchase Plan	106,881	—	—	—	—	—
Dividends declared and paid	376	—	—	—	(9)	(9)
Stock-based compensation	292,220	—	11	—	—	11
Repurchase of common shares (2)	(1,517,705)	—	(50)	—	—	(50)
Balance at December 31, 2019	56,631,236	$ 1	$ 1,483	$ 1	$ 303	$ 1,788
Net income	—	—	—	—	538	538
Total other comprehensive income	—	—	—	46	—	46
Shares issued from the Employee Stock Purchase Plan	181,875	—	—	—	—	—
Dividends declared and paid	729	—	—	—	(11)	(11)
Stock-based compensation	429,874	—	13	—	—	13
CECL ASU Adjustment to RE	—	—	—	—	(23)	(23)
Repurchase of common shares (2)	(4,587,647)	—	(150)	—	—	(150)
Balance at December 31, 2020	52,656,067	$ 1	$ 1,346	$ 47	$ 807	$ 2,201

(1) Income tax effects of the Tax Cuts and Jobs Act are reclassified from AOCI to retained earnings due to the adoption of ASU 2018-02.
(2) Includes dividend reinvestment shares.

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

Flagstar Bancorp, Inc.
Consolidated Statements of Cash Flows
(In millions)

	For the Years Ended December 31,		
	2020	2019	2018
Operating Activities			
Net income	$ 538	$ 218	$ 187
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation and amortization	76	70	56
Provision (benefit) for credit losses	149	18	(8)
Net gain on loan and asset sales	(971)	(335)	(200)
Proceeds from sales of HFS	41,799	15,866	8,935
Origination, premium paid and purchase of loans, net of principal repayments	(48,857)	(32,715)	(32,261)
Net change in:			
Other	(763)	(205)	(87)
Net cash used in operating activities	$ (8,029)	$ (17,083)	$ (23,378)
Investing Activities			
Proceeds from sale of AFS securities including loans that have been securitized	$ 6,756	$ 15,873	$ 23,721
Collection of principal on investment securities AFS	610	184	199
Purchase of investment securities AFS and other	(360)	(500)	(340)
Collection of principal on investment securities HTM	221	106	92
Proceeds received from the sale of LHFI	488	219	161
Net origination, purchase, and principal repayments of LHFI	(4,650)	(3,179)	(978)
Acquisition of premises and equipment, net of proceeds	(54)	(61)	(71)
Net purchase of FHLB stock	(74)	—	—
Proceeds from the sale of MSRs	65	62	334
Assets acquired in business combinations	—	—	1,499
Other, net	(16)	(16)	(10)
Net cash provided by investing activities	$ 2,986	$ 12,688	$ 24,607
Financing Activities			
Net change in deposit accounts	$ 4,826	$ 2,766	$ 1,072
Net change in short-term FHLB borrowings and other short-term debt	(265)	923	(1,016)
Proceeds from increases in FHLB long-term advances and other debt	550	550	200
Repayment of long-term FHLB advances	—	(50)	(1,455)
Repayment of long-term debt	(3)	—	—
Proceeds from issuance of subordinated debt	150	—	—
Subordinated debt issuance costs	(2)	—	—
Net receipt of payments of loans serviced for others	165	284	181
Dividends declared and paid	(11)	(9)	—
Stock repurchase	(150)	(50)	—
Other	(19)	5	(2)
Net cash provided by (used in) by financing activities	$ 5,241	$ 4,419	$ (1,020)
Net increase in cash, cash equivalents and restricted cash (1)	198	24	209
Beginning cash, cash equivalents and restricted cash (1)	456	432	223
Ending cash, cash equivalents and restricted cash (1)	$ 654	$ 456	$ 432
Supplemental disclosure of cash flow information			
Interest paid on deposits and other borrowings	$ 133	$ 230	$ 185
Income tax payments	$ 161	$ 4	$ —
Non-cash reclassification of investment securities HTM to AFS	$ —	$ —	$ 144
Non-cash reclassification of loans originated LHFI to LHFS	$ 549	$ 120	$ 279
Non-cash reclassification of LHFS to AFS securities	$ 6,761	$ 15,458	$ 23,718
MSRs resulting from sale or securitization of loans	$ 268	$ 223	$ 356

(1) For further information on restricted cash, see Note 11 - Derivatives.

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

Note 1 - Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies

Description of Business

Flagstar Bancorp, Inc., is a savings and loan holding company founded in 1993. The Company's business is primarily conducted through its principal subsidiary, Flagstar Bank, FSB (the "Bank"), a federally chartered stock savings bank founded in 1987. We are one of the largest banks headquartered in Michigan. When we refer to "Flagstar", "the Company", "we", "our", or "us," we mean Flagstar Bancorp, Inc. and our consolidated subsidiaries.

The Company is subject to regulation, examination and supervision by the Federal Reserve. The Bank is subject to regulation, examination and supervision by the OCC of the U.S. Department of the Treasury, the CFPB and the FDIC. The Bank is a member of the FHLB of Indianapolis and its deposits are insured by the FDIC through the Deposit Insurance Fund.

Consolidation and Basis of Presentation

Our accounting and financial reporting policies conform to accounting principles generally accepted in the United States. Additionally, where applicable the policies conform to the accounting and reporting guidelines prescribed by regulatory authorities. Certain prior period amounts have been reclassified to conform to the current period presentation. The preparation of the Consolidated Financial Statements, requires Management to make estimates and assumptions that affect reported amounts of assets and liabilities, revenues and expenses and disclosures of contingent assets and liabilities. Actual results could be materially different from these estimates.

Subsequent Events

We have evaluated all subsequent events for potential recognition and disclosure through the filing date of this Form 10-K.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash on hand, amounts due from correspondent banks and the FRB, and short-term investments that have a maturity at the date of acquisition of three months or less and are readily convertible to cash. Restricted cash includes cash that the Bank pledges as maintenance margin on centrally cleared derivatives and is included in other assets on the Consolidated Statements of Financial Condition.

Investment Securities

We measure securities classified as AFS at fair value, with unrealized gains and losses, net of tax, included in other comprehensive income (loss) in stockholders’ equity. We recognize realized gains and losses on AFS securities when securities are sold. The cost of securities sold is based on the specific identification method. Any gains or losses realized upon the sale of a security are reported in other noninterest income in the Consolidated Statements of Operations. The fair value of investment securities is based on observable market prices, when available. If observable market prices are not available, our valuations are based on alternative methods, including: quotes for similar fixed-income securities, matrix pricing, or discounted cash flow methods. The fair values, obtained through an independent third party utilizing a pricing service, are compared to independent pricing sources on a quarterly basis. For further information, see Note 2 - Investment Securities and Note 20 - Fair Value Measurements.

Investment securities HTM are carried at amortized cost and are adjusted for amortization of premiums and accretion of discounts using the interest method. Transfers of investment securities into the HTM category from the AFS category are accounted for at fair value at the date of transfer. Any related unrealized holding gain (loss), net of tax, that was included in the transfer is retained in other comprehensive income (loss) and is amortized as an adjustment to interest income over the remaining life of the securities.

We separately evaluate our HTM debt securities for any credit losses. For each of the three years ended December 31, 2020, all investment securities HTM held by us were issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses; therefore, we apply a zero credit loss assumption to this portfolio and did not record any credit allowance for each of the three years ended December 31, 2020.

We evaluate AFS debt securities where the value has declined below amortized cost for impairment. If we intend to sell or believe it is more likely than not that we will be required to sell the debt security, it is written down to fair value through earnings. For AFS debt securities we intend to hold, we evaluate the debt securities for expected credit losses, except for debt securities that are guaranteed by the U.S. Treasury, U.S. government agencies or sovereign entities of high credit quality for which we apply a zero loss assumption, comprised 94 percent of our AFS portfolio at December 31, 2020. For the remaining AFS securities, credit losses are recognized as an increase to the ACL through the credit loss provision. If any of the decline in fair value is related to market factors, that amount is recognized in OCI. For the three years ended December 31, 2020, we had no unrealized credit losses

Investment securities transactions are recorded on the trade date for purchases and sales. Interest earned on investment securities, including the amortization of premiums and the accretion of discounts, are determined using the effective interest method over the period of maturity and recorded in interest income in the Consolidated Statements of Operations. Accrued interest receivable on investment securities totaled $5 million at December 31, 2020 and was reported in Other assets on the Consolidated Statements of Financial Condition.

Loans Held-for-Sale

We classify loans as LHFS when we originate or purchase loans that we intend to sell. We have elected the fair value option for the majority of our LHFS. 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. LHFS that are recorded at lower of cost or fair value may be carried at fair value on a nonrecurring basis when the fair value is less than cost. For further information, see Note 20 - Fair Value Measurements.

Loans that are transferred into the LHFS portfolio from the LHFI portfolio, due to a change in intent, are recorded at the lower of cost or fair value. Gains or losses recognized upon the sale of loans are determined using the specific identification method.

Loans Held-for-Investment

We classify loans that we have the intent and ability to hold for the foreseeable future or until maturity as LHFI. Loans held-for-investment are reported at their amortized cost, which includes the outstanding principal balance adjusted for any unamortized premiums, discounts, deferred fees and costs. Accrued interest receivable on loans held-for-for investment totaled $43 million at December 31, 2020 and was reported in Other assets on the Consolidated Statements of Financial Condition. Premiums and discounts on purchased loans and non-refundable loan origination and commitment fees, net of direct costs of originating or acquiring loans, are deferred and recognized over the life of the related loans as an adjustment to the loans' effective yield, which is included in interest income on loans in the Consolidated Statements of Operations.

Loans originally classified as LHFS, for which we have elected the fair value option, and subsequently transferred to LHFI continue to be measured and reported at fair value on a recurring basis. Changes in fair value are recorded to other noninterest income on the Consolidated Statements of Operations. The fair value of these loans is determined using the same methods described above for LHFS. For further information, see Note 20 - Fair Value Measurements.

When loans originally classified as LHFS or as LHFI are reclassified due to a change in intent or ability to hold, cash flows associated with the loans are classified in the Consolidated Statements of Cash Flows as operating or investing, in accordance with the initial classification of the loans.

Past Due, Impaired and Modified (Troubled Debt Restructuring) Loans

Loans are considered to be past due when any payment of principal or interest is 30 days past the scheduled payment date. While it is the goal of Management to collect on loans, we attempt to work out a satisfactory repayment schedule or modification with past due borrowers and will undertake foreclosure proceedings if the delinquency is not satisfactorily resolved. Our practices regarding past due loans are designed to both assist borrowers in meeting their contractual obligations and minimize losses incurred by the bank.

We cease the accrual of interest on all classes of consumer and commercial loans upon the earlier of, becoming 90 days past due, or when doubt exists as to the ultimate collection of principal or interest (classified as nonaccrual or NPLs). When a loan is placed on nonaccrual status, the accrued interest income is reversed against interest income and the loan may only return to accrual status when principal and interest become current and are anticipated to be fully collectible. We do not measure an ACL for accrued interest receivables as accrued interest is written off in a timely manner.

Loans are considered impaired if it is probable that payment of all interest and principal will not be made in accordance with the original contractual terms of the loan agreement or when any portion of principal or interest is 90 days past due. This classification includes both performing and nonperforming modified loans. For further information, see Note 4 - Loans Held-for-Investment.

When a loan is considered impaired, the accrual of interest income is discontinued until the receipt of principal and interest is no longer in doubt. Interest income is recognized on impaired loans using a cost recovery method unless amounts contractually due are not in doubt. Cash received on nonperforming impaired loans is applied entirely against principal until the loan has been collected in full, after which time any additional cash receipts are recognized as interest income.

Loan Modifications (Troubled Debt Restructurings)

We may modify certain loans in both our consumer and commercial loan portfolios to retain customers or to maximize collection of the outstanding loan balance. We have programs designed to assist borrowers by extending payment dates or reducing the borrower's contractual payments. All loan modifications are made on a case-by-case basis. Our standards relating to loan modifications consider, among other factors, minimum verified income requirements, cash flow analysis and collateral valuations. TDRs result in those instances in which a borrower demonstrates financial difficulty and for which a concession has been granted, including reductions of interest rates, extensions of amortization periods, principal and/or interest forgiveness and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of collateral. These loans are classified as nonperforming TDRs if the loan was nonperforming prior to the restructuring, or based upon the results of a contemporaneous credit evaluation. Such loans will continue on nonaccrual status until the borrower has established a willingness and ability to make the restructured payments for at least six months, after which they will be classified as performing TDRs and will begin to accrue interest. Performing and nonperforming TDRs remain impaired as interest and principal will not be received in accordance with the original contractual terms of the loan agreement.

Some loan modifications classified as TDRs may not ultimately result in the full collection of principal and interest, as modified, but may give rise to potential incremental losses. We measure impairments using a discounted cash flow method for performing TDRs and measure impairment based on collateral values for collateral-dependent nonperforming TDRs.

Allowance for Credit Losses on Loans

The ACL represents Management's estimate of expected lifetime losses in our LHFI portfolio, excluding loans carried under the fair value option. In addition, we record a reserve for expected lifetime losses on our unfunded commitments - see Reserve for Unfunded Commitments section below. Therefore, we record ALLL on relevant financial assets and a reserve for unfunded commitments on our Consolidated Statements of Financial Condition, collectively referred to as the ACL.

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual terms excludes expected extensions, renewals, and modifications unless either of the following applies: Management has a reasonable expectation at the reporting date that a troubled debt restructuring will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by us.

The ACL is impacted by changes in asset quality of the portfolio, including but not limited to increases in risk rating changes in our commercial portfolio, borrower delinquencies, changes in FICO scores or changes in LTVs in our consumer portfolio. In addition, while we have incorporated our forecasted impact of COVID-19 into our ACL, the ultimate impact of COVID-19 is still uncertain, including how long economic activity will be impacted by the pandemic and what effect the unprecedented levels of government fiscal and monetary actions will have on the economy and our credit losses.

Specifically identified component. The specifically identified component of the ACL related to performing TDR loans is generally measured as the difference between the recorded investment in the specific loan and the present value of the cash flows expected to be collected, discounted at the loan’s original effective interest rate. Estimating the timing and amounts of future cash flow projections is highly judgmental and based upon assumptions including default rates, prepayment probability

and loss severities. All of these estimates and assumptions require significant management judgment and certain assumptions are highly subjective.

Specifically identified collateral dependent NPL loans are generally measured as the difference between the recorded investment in the impaired loan and the underlying collateral value less estimated costs to sell. These estimates are dependent on third-party property valuations which may be influenced by factors such as the current and future level of home prices, the duration of current overall economic conditions, and other macroeconomic and portfolio-specific factors.

Model-based component. A general allowance is established for expected lifetime losses on non-impaired loans by segmenting the portfolio based upon common risk characteristics. Our consumer loan portfolio is broadly segmented into Residential First Mortgage, Home Equity and Other Consumer. Risks for these segments include lien position, credit quality, and loan structure. Our commercial loans are broadly segmented into Commercial Real Estate, Commercial and Industrial, and Warehouse Lending. Risks for these segments include credit quality and loan structure.

The general allowance is determined using dual risk rating models which use probability of default, loss given default and exposure at default. These models incorporate macroeconomic forecast scenarios applied over a 2-year reasonable and supportable forecast period. After this forecast period, we revert on a straight-line basis over a 1-year period to historical averages which are utilized for the remaining contractual life, adjusted for expected prepayments and borrower controlled extension options. The macroeconomic scenarios include variables that, based on historical analysis, have been key drivers of increases and decreases in credit losses. These variables include unemployment rates, real estate prices, and gross domestic product levels.

Qualitative adjustments. The specifically identified component analysis and the output of the model provide a reasonable starting point for our analysis, but do not, by themselves, form a sufficient basis to determine the appropriate level for the ACL. We therefore consider the qualitative factors that are likely to cause the ACL associated with our existing portfolio to differ from the output of the model. The most significant qualitative factors considered include changes in economic and business conditions, changes in nature and volume of portfolio and changes in the volume and severity of past due loans. The application of different inputs into the model calculation and the assumptions used by Management to adjust the model calculation are subject to significant management judgment and may result in actual credit losses that differ from the originally estimated amounts.

Credit Losses

Consumer loans secured by real estate are charged-off to the estimated fair value of the collateral when a loss is confirmed or at 180 days past due, whichever is sooner. Loss confirming events include, but are not limited to, bankruptcy (unsecured), continued delinquency, foreclosure or receipt of an asset valuation indicating a collateral deficiency and the asset is the sole source of repayment. For consumer loans not secured by real estate, the charge-off is taken upon the earlier of the confirmation of a loss or 120 days past due.

Commercial loans are evaluated on a loan level basis and either charged-off or written down to net realizable value if a loss confirming event has occurred. Loss confirming events include, but are not limited to, bankruptcy (unsecured), continued delinquency, foreclosure, or receipt of an asset valuation indicating a collateral deficiency and that asset is the sole source of repayment.

Recoveries of past charge-offs are credited to the allowance for previously charged-off principal, interest and expenses after principal, interest, and fees of the loan are collected.

Reserve for Unfunded Commitments

We estimate expected credit losses over the contractual period in which we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. The ACL on unfunded commitments is adjusted as a provision for credit loss expense within the provision (benefit) for credit losses on the Consolidated Statements of Operations and is recorded in other liabilities on the Consolidated Statements of Financial Condition. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The reserve for unfunded commitments is included in other liabilities on the Consolidated Statements of Financial Condition.

These credit exposures include unfunded loans with available balances, new commitments to lend that are not yet funded, and standby and commercial letters of credit. For further information, see Note 19 – Legal Proceedings, Contingencies and Commitments.

Transfers of Financial Assets

Our recognition of gain or loss on the sale of loans for which we surrender control is accounted for as a sale to the extent that 1) the transferred assets are legally isolated from us or our consolidated affiliates, even in bankruptcy or other receivership, 2) the transferee has the right to pledge or exchange the assets with no conditions that constrain the transferee and provide more than a trivial benefit to the Company and 3) we do not maintain the obligation or unilateral ability to reclaim or repurchase the assets. If the sale criteria are met, the transferred financial assets are removed from the Consolidated Statements of Financial Condition and a gain or loss on sale is recognized.

Variable Interest Entities

An entity that has a controlling financial interest in a VIE is referred to as the primary beneficiary and consolidates the VIE. An entity is deemed to have a controlling financial interest and is the primary beneficiary of a VIE if it has both the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. For further information, see Note 7 - Variable Interest Entities.

Repossessed Assets

Repossessed assets include one-to-four family residential property, commercial property and one-to-four family homes under construction that were acquired through foreclosure or acceptance of a deed-in-lieu of foreclosure. Repossessed assets are initially recorded in other assets at the estimated fair value of the collateral less estimated costs to sell. Losses arising from the initial acquisition of such properties are charged against the allowance for loan losses at the time of transfer. Subsequent valuation adjustments to reflect fair value, as well as gains and losses on disposal of these properties, are charged to other noninterest expense within noninterest expense in the Consolidated Statements of Operations as incurred. For further information, see Note 6 - Repossessed Assets and Note 20 - Fair Value Measurements.

Loans with Government Guarantees

We originate government guaranteed loans which are pooled and sold as Ginnie Mae MBS. Pursuant to Ginnie Mae servicing guidelines, we have the unilateral right to repurchase loans securitized in Ginnie Mae pools that are due, but unpaid, for three consecutive months. As a result, once the delinquency criteria have been met, and regardless of whether the repurchase option has been exercised, we account for the loans as if they had been repurchased. We recognize the loans and corresponding liability as loans with government guarantees and loans with government guarantees repurchase options, respectively, in the Consolidated Statements of Financial Condition. If the loan is repurchased, the liability is cash settled and the loan with government guarantee remains. Once repurchased, we may recover losses through a claims process with the government agency, as an approved lender.

Federal Home Loan Bank Stock

We own stock in the FHLB of Indianapolis, as required to permit us to obtain membership in and to borrow from the FHLB. The stock is redeemable at par and is carried at cost as no market quotes exist for the stock.

Premises and Equipment

Premises and equipment are carried at cost less accumulated depreciation. Land is carried at cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which generally ranges from three to thirty years. Capitalized software is amortized on a straight-line basis over its useful life, which generally ranges from three years to seven years. Software expenditures and repair and maintenance costs that are considered general, administrative, or of a maintenance nature are expensed as incurred.

Goodwill and Intangible Assets

The excess of the cost of an acquisition over the fair value of the net assets acquired consists primarily of goodwill, core deposit intangibles and other identifiable intangible assets.

Goodwill is not amortized, but rather tested annually for impairment, or more frequently as events occur or circumstances change that would indicate the fair value is below the carrying amount. The Company may assess qualitative factors to determine whether it is more-likely-than-not the fair value is less than its carrying amount. If the Company concludes based on the qualitative assessment that goodwill may be impaired, a quantitative one-step impairment test would then be applied. An impairment loss would be recognized for any excess of carrying value over the fair value of the goodwill.

Intangible assets subject to amortization are amortized over the estimated life, using a method that approximates the time the economic benefits are realized by the Company. Intangible assets are reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

Amortization expense on intangible assets was $13 million and $15 million for the years ended December 31, 2020 and December 31, 2019, respectively. The estimated future aggregate amortization expense on intangible assets for the years ended 2021, 2022, and 2023 is $11 million, $9 million and $7 million, respectively.

Mortgage Servicing Rights

We purchase and originate mortgage loans for sale to the secondary market and sell the loans on either a servicing-retained or servicing-released basis. If we retain the right to service the loan, an MSR is created at the time of sale which is recorded at fair value. We use an internal valuation model that utilizes an option-adjusted spread, constant prepayment speeds, costs to service and other assumptions to determine the fair value of MSRs.

Management obtains third-party valuations of the MSR portfolio on a quarterly basis from independent valuation services to assess the reasonableness of the fair value calculated by our internal valuation model. Changes in the fair value of our MSRs are reported on the Consolidated Statements of Operations in net return on mortgage servicing. For further information, see Note 10 - Mortgage Servicing Rights and Note 20 - Fair Value Measurements.

We periodically enter into agreements to sell certain of our MSRs, which qualify as sales transactions. A transfer of servicing rights related to loans previously sold qualifies as a sale at the date on which title passes if substantially all risks and rewards of ownership have irrevocably passed to the transferee and any protection provisions retained by the transferor are minor and can be reasonably estimated. In addition, if a sale is recognized and only minor protection provisions exist, a liability is accrued for the estimated obligation associated with those provisions.

Leases

Effective January 1, 2019, we adopted the requirements of ASU 2016-02, Leases (Topic 842) and all related amendments. The Company elected to apply the practical expedient of forgoing the restatement of comparative periods. In addition, we elected the practical expedients permitted under transition guidance to not reassess leases entered into prior to adoption. As permitted under ASC 842, the Company made an accounting policy election to exempt leases with an initial term of twelve months or less from balance sheet recognition. Instead, short-term leases are expensed over the lease term with no impact to the balance sheet.

At December 31, 2019, our inventory of leases included various bank branches, ATM locations and retail home lending offices. Many of our leases contain options to extend or terminate early and we consider these options when evaluating the lease term to determine if they are reasonably certain to be exercised based on all relevant economic and financial factors. Lease rental expense totaled approximately $13 million, $12 million and $11 million for the years ended December 31, 2020, 2019 and 2018, respectively. All leases are classified as operating leases based on their terms.

The following table reflects information relating to our operating leases:

	December 31, 2020
	(Dollars in millions)
Operating Leases (1)	
Weighted-average remaining lease term (years)	3.64
Weighted-average discount rate	1.85 %
Right-of-use asset (2)	$ 23
Lease liability (3)	$ 23

(1) Lease expense on operating leases includes a de-minimis amount of short-term lease expense and variable lease expense.
(2) Recorded in premises and equipment on the Consolidated Statements of Financial Condition.
(3) Recorded in other liabilities on the Consolidated Statements of Financial Condition.

The following table presents our undiscounted cash flows on our operating lease liabilities as of December 31, 2020 and our minimum contractual obligations on our operating leases as of December 31, 2019:

	December 31, 2020	December 31, 2019
	(Dollars in millions)	
Within one year	$ 9	$ 9
After one year and within two years	8	7
After two years and within three years	5	5
After three years and within four years	3	3
After four years and within five years	2	1
After five years	1	2
Total (1)	$ 28	$ 27

(1) The difference between the total undiscounted cash payments on operating leases and the lease liability is solely the effect of discounting.

Servicing Fee Income

Servicing fee income, late fees and ancillary fees received on loans for which we own the MSR are included in net return on mortgage servicing rights on the Consolidated Statements of Operations. The fees are based on the outstanding principal and are recorded as income when earned. Subservicing fees, which are included in loan administration income on the Consolidated Statements of Operations, are based on a contractual monthly amount per loan including late fees and other ancillary income.

Revenue from Contracts with Customers

Under the guidance of the Revenue from Contracts with Customers (Topic 606), an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration received in exchange for those goods or services.

Revenue is recognized when obligations, under the terms of a contract with our customer, are satisfied, which generally occurs when services are performed. Revenue is measured as the amount of consideration we expect to receive in exchange for providing services.

The disaggregation of our revenue from contracts with customers is provided below:

		For the Years Ended December 31,	
	Location of Revenue (1)	2020	2019
		(Dollars in millions)	
Deposit account and other banking income	Deposit fees and charges	$ 21	$ 27
Debit card interchange fees	Deposit fees and charges	11	11
Credit card interchange fees	Other noninterest income	1	2
Wealth management	Other noninterest income	8	6
Total		$ 41	$ 46

(1) Recognized within the Community Banking segment.

Deposit account and other banking income - We charge depositors various deposit account service fees including those for outgoing wires, overdrafts, stop payments, and ATM fees. These fees are generated from a depositor’s option to purchase services offered under the contract and are only considered a contract when the depositor exercises their option to purchase these account services. Therefore, we deem the term of our contracts with depositors to be day-to-day and do not extend beyond the services already provided. Deposit account and other banking fees are recorded at the point in time we perform the requested service.

Interchange income - We collect interchange fee income when debit cards that we have issued to our customers, are used in merchant transactions. Our performance obligation is satisfied and revenue is recognized at the point we initiate the payment of funds from a customer’s account to a merchant account.

Merchant fee income - We receive a percentage of merchant fees based upon card transactions processed through point-of-sale terminals at referred merchant locations. Our performance obligation is satisfied when our referral of a merchant to a payment processing vendor results in an executed agreement between the merchant and the vendor. Merchant fee revenue is recognized as received.

Wealth management revenue - We earn commission income through a revenue share program based on a tiered percentage of total gross commissions generated from the sales of investment and insurance services to Flagstar customers. Commissions are earned and our performance obligation has been satisfied at the point of sale or trade execution. Our portion of earned commissions is calculated, paid and recognized as revenue on a monthly basis.

We also earn revenue from portfolio management services. We receive payment in advance for portfolio management services at the beginning of each quarter for services to be performed over the quarter which results an insignificant revenue liability. We recognize this revenue over the quarter on a straight-line basis, as we believe this is the most appropriate method to measure progress towards satisfaction of the performance obligation.

Derivatives

We utilize derivative instruments to manage the fair value changes in our MSRs, interest rate lock commitments and LHFS portfolio which are exposed to price and interest rate risk; facilitate asset/liability management; minimize the variability of future cash flows on long-term debt; and to meet the needs of our customers. All derivatives are recognized on the Consolidated Statements of Financial Condition as other assets and liabilities, as applicable, at their estimated fair value.

For those derivatives designated as qualified cash flow hedges, changes in the fair value of the derivatives, to the extent effective as a hedge, are recorded in accumulated other comprehensive income, net of income taxes, and reclassified into earnings concurrently with the earnings of the hedged item. For derivative instruments designated as qualified fair value hedges, which are used to hedge the exposure of fair value changes of an asset or liability attributable to a particular risk, the gain or loss on the derivative instrument, as well as the offsetting gain or loss on the hedged item attributable to the hedged risk, are recognized in current earnings during the period. For all other derivatives, changes in the fair value of the derivative are recognized immediately in earnings. A majority of these derivatives are subject to master netting agreements and cleared through a Central Counterparty Clearing House, which mitigates non-performance risk with counterparties and enables us to settle activity on a net basis.

We use interest rate swaps, swaptions, futures and forward loan sale commitments to mitigate the impact of fluctuations in interest rates and interest rate volatility on the fair value of the MSRs. Changes in their fair value are reflected in current period earnings under the net return on mortgage servicing asset. These derivatives are valued based on quoted prices for similar assets in an active market with inputs that are observable.

We also enter into various derivative agreements with customers and correspondents in the form of interest rate lock commitments and forward purchase contracts which are commitments to originate or purchase mortgage loans whereby the interest rate on the loan is determined prior to funding and the customers have locked into that interest rate. The derivatives are valued using internal models that utilize market interest rates and other unobservable inputs. Changes in the fair value of these commitments due to fluctuations in interest rates are economically hedged through the use of forward loan sale commitments of MBS. The gains and losses arising from this derivative activity are reflected in current period earnings under the net gain on loan sales.

We may utilize interest rate swaps to hedge the forecasted cash flows from our underlying variable-rate FHLB advances and forecasted FHLB advances in qualifying cash flow hedge accounting relationships. Changes in the fair value of

derivatives designated as cash flow hedges are recorded in other comprehensive income on the Consolidated Statement of Financial Condition and reclassified into interest expense concurrently with the interest expense on the debt. Interest rate swaps are valued based on quoted prices for similar assets in an active market with inputs that are observable. These hedges are evaluated for effectiveness using regression analysis at the time they are designated and then qualitatively throughout the remaining hedge period unless a change in facts and circumstances is identified. For forecasted FHLB advances being hedged, we evaluate the likelihood of the transaction occurring based on the current facts and circumstances each reporting period to ensure the hedge relationship still qualifies for hedge accounting. If we de-designate a hedge relationship or determine that an interest rate swap no longer qualifies for hedge accounting, changes in fair value are no longer recorded in other comprehensive income. The effective amounts previously recorded in other comprehensive income are recognized in earnings over the remaining life of the hedged item as an adjustment to yield, unless the point it is determined that the underlying transaction is probable to not occur, at which point it is reclassified immediately into earnings.

We utilize interest rate swaps to manage fair value changes of our fixed-rate FHLB advances, certain HFI residential first mortgages and certain AFS securities in qualifying fair value hedge accounting relationships. Interest rate swaps are valued based on quoted prices for similar assets in an active market with inputs that are observable. Changes in the fair value of derivatives designated as fair value hedges, and changes in value attributable to the benchmark interest rate of the hedged item, are recognized in current period earnings and as a basis adjustment to the hedged item and hedging instrument. These hedges are evaluated for effectiveness using regression analysis at the time they are designated and then qualitatively throughout the hedge period unless a change in facts and circumstances is identified. If the Company determines an interest rate swap no longer qualifies for fair value hedge accounting or is de-designated, the hedged item will no longer be adjusted for changes in fair value and the amounts previously recorded as a basis adjustment are recognized in earnings over the remaining life of the hedged item as an adjustment to yield. If a previously hedged item is extinguished or sold, the remaining basis adjustment of the hedged item for prior fair value hedges will be reclassified to current period earnings.

To assist our customers in meeting their needs to manage interest rate risk, we enter into interest rate swap derivative contracts. To economically hedge this risk, we enter into offsetting derivative contracts to effectively eliminate the interest rate risk associated with these contracts.

For additional information regarding the accounting for derivatives, see Note 11 - Derivative Financial Instruments and for additional information on recurring fair value disclosures, see Note 20 - Fair Value Measurements.

Income Taxes

Current income tax expense represents our estimated taxes to be paid or refunded for the current period. Deferred taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. DTAs and liabilities are measured using enacted tax rates that will apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on DTAs and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date. We evaluate our DTAs to determine if, based on all available evidence, it is more likely than not that they will be realized. If it is determined that it is more likely than not that the deferred taxes will not be realized, we establish a valuation allowance. For further information, see Note 17 - Income Taxes.

Representation and Warranty Reserve

When we sell mortgage loans into the secondary mortgage market, we make customary representations and warranties to the purchasers about various characteristics of each loan. Upon the sale of a loan, we recognize a liability for that guarantee at its fair value as a reduction of our net gain on loan sales. Subsequent to the sale, the liability is re-measured on an ongoing basis based upon an estimate of probable future losses. An estimate of the fair value of the guarantee associated with the mortgage loans is recorded in other liabilities in the Consolidated Statements of Financial Condition, and was $7 million at December 31, 2020, as compared to $5 million at December 31, 2019.

Advertising Costs

Advertising costs are expensed in the period they are incurred and are included as part of other noninterest expense in the Consolidated Statements of Operations. Advertising expenses totaled $22 million, $25 million, and $26 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Stock-Based Compensation

All share-based payments to employees, including restricted stock units, are classified as equity with expenses being recognized in compensation and benefits in the Consolidated Statements of Operations based on their fair values. The amount of compensation is measured at the grant date and is expensed over the requisite service period, which is normally the vesting period with forfeitures being recognized as they occur. In addition to share-based payments to employees, the discount provided to employees through the Employee Stock Purchase Plan is also recognized as stock-based compensation. For further information, see Note 16 - Stock-Based Compensation.

Recently Issued Accounting Pronouncements

Adoption of New Accounting Standards

The following ASUs have been adopted which impact our accounting policies and/or have a financial impact:

Credit Losses - In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), which alters the current method for recognizing credit losses within the reserve account. The new guidance requires financial assets recorded at amortized cost to be presented at the net amount expected to be collected (i.e. net of expected credit losses). The measurement of current expected credit losses should be based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

Effective January 1, 2020, we have adopted the requirements of ASU 2016-13, Financial Instruments – Credit Losses (Topic 326) and all related amendments using the modified retrospective method for all financial assets measured at amortized cost, net investments in leases and unfunded commitments. Results for reporting periods beginning after January 1, 2020 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. We recorded a net decrease to retained earnings of $23 million as of January 1, 2020 for the cumulative effect of adopting ASC 326.

The following table illustrates the impact of adopting ASC 326:

	January 1, 2020		
	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption	As Reported Under ASC 326
	(Dollars in millions)		
Assets:			
Allowance for loan losses	$ 107	$ 23	$ 130
Liabilities:			
Reserve for unfunded commitments	$ 3	$ 7	$ 10

We adopted the following ASUs during 2020, none of which had a material impact to our financial statements:

Standard	Description	Effective Date
ASU 2020-10	Codification Improvements	December 15, 2020
ASU 2020-08	Codification Improvements to Subtopic 310-20, Receivables-Nonrefundable Fees and Other Costs	December 15, 2020
ASU 2020-06	Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity	September 1, 2020
ASU 2020-04	Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting	March 12, 2020
ASU 2020-03	Codification Improvements to Financial Instruments	January 1, 2020
ASU 2020-02	Financial Instruments-Credit Losses (Topic 326) and Leases (Topic 842)-Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842) (SEC Update)	February 6, 2020
ASU 2018-15	Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)	January 1, 2020
ASU 2018-13	Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement	January 1, 2020
ASU 2017-04	Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment	January 1, 2020

Accounting Standards Issued But Not Yet Adopted

The following ASUs have been issued and are not expected to have a material impact on our Consolidated Financial Statements and/or significant accounting policies upon implementation:

Standard	Description	Effective Date
ASU 2019-12	Simplifying the Accounting for Income Taxes	January 1, 2021

Note 2 - Investment Securities

The following table presents our investment securities:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in millions)			
December 31, 2020				
Available-for-sale securities				
Agency - Commercial	$ 1,018	$ 43	$ —	$ 1,061
Agency - Residential	707	28	—	735
Corporate debt obligations	75	2	—	77
Municipal obligations	27	1	—	28
Other MBS	42	—	—	42
Certificate of deposit	1	—	—	1
Total available-for-sale securities (1)	$ 1,870	$ 74	$ —	$ 1,944
Held-to-maturity securities				
Agency - Commercial	$ 193	$ 7	$ —	$ 200
Agency - Residential	184	9	—	193
Total held-to-maturity securities (1)	$ 377	$ 16	$ —	$ 393
December 31, 2019				
Available-for-sale securities				
Agency - Commercial	$ 948	$ 2	$ (3)	$ 947
Agency - Residential	1,015	4	(4)	1,015
Corporate debt obligations	76	1	—	77
Municipal obligations	31	—	—	31
Other MBS	44	1	—	45
Certificate of deposit	1	—	—	1
Total available-for-sale securities (1)	$ 2,115	$ 8	$ (7)	$ 2,116
Held-to-maturity securities				
Agency - Commercial	$ 306	$ —	$ (1)	$ 305
Agency - Residential	292	3	(1)	294
Total held-to-maturity securities (1)	$ 598	$ 3	$ (2)	$ 599

(1) There were no securities of a single issuer, which are not governmental or government-sponsored, that exceeded 10 percent of stockholders' equity at December 31, 2020 or December 31, 2019.

We evaluate our securities portfolio each quarter to determine if any security's value has declined below amortized cost for impairment (for further information on our policy for assessing impairment on our security portfolio, see Note 1 - Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies). We had no unrealized credit losses during the years ended December 31, 2020, 2019 and 2018.

Available-for-sale securities

We purchased $360 million of AFS securities, which were comprised of U.S. government sponsored agency MBS, certificates of deposit, and corporate debt obligations during the year ended December 31, 2020. We purchased $500 million of AFS securities, which included U.S. government sponsored agency MBS, corporate debt obligations and municipal obligations during the year ended December 31, 2019.

We had no sales of AFS securities during the year ended December 31, 2020. During the year ended December 31, 2019, we sold $432 million of AFS securities, which resulted in a gain of $7 million. We had no sales of U.S. government sponsored agency securities during the year ended December 31, 2018.

Held-to-maturity securities

There were no purchases or sales of HTM securities during the years ended December 31, 2020, December 31, 2019 and December 31, 2018.

The following table summarizes the unrealized loss positions on available-for-sale and held-to-maturity investment securities, by duration of the unrealized loss:

	Unrealized Loss Position with Duration 12 Months and Over			Unrealized Loss Position with Duration Under 12 Months		
	Fair Value	Number of Securities	Unrealized Loss	Fair Value	Number of Securities	Unrealized Loss
	(Dollars in millions)					
December 31, 2020						
Available-for-sale securities						
Agency - Commercial	$ 3	1	$ —	$ 7	2	$ —
Agency - Residential	—	—	—	—	1	—
Corporate debt obligations	—	—	—	10	3	—
Other mortgage-backed securities	—	—	—	—	1	—
Held-to-maturity securities						
Agency - Residential	—	—	—	2	3	—
December 31, 2019						
Available-for-sale securities						
Agency - Commercial	$ 148	17	$ (3)	$ 303	19	$ —
Agency - Residential	266	26	(3)	148	14	(1)
Municipal obligations	8	3	—	—	—	—
Held-to-maturity securities						
Agency - Commercial	$ 148	13	$ (1)	$ 85	6	$ —
Agency - Residential	35	7	(1)	38	10	—

Unrealized losses on available-for-sale securities have not been recognized into income because almost all of the portfolio held by us are issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. The remaining unrealized losses on available-for-sale securities are municipal securities and corporate debt obligations, all of which are considered investment grade or are de minimis. The fair value is expected to recover as the bonds approach maturity.

The following table shows the amortized cost and estimated fair value of securities by contractual maturity:

	Investment Securities Available-for-Sale			Investment Securities Held-to-Maturity		
	Amortized Cost	Fair Value	Weighted-Average Yield (1)	Amortized Cost	Fair Value	Weighted-Average Yield (1)
	(Dollars in millions)					
December 31, 2020						
Due in one year or less	$ 5	$ 5	2.22 %	$ —	$ —	— %
Due after one year through five years	9	10	2.83 %	7	8	2.44 %
Due after five years through 10 years	123	127	3.95 %	7	8	2.37 %
Due after 10 years	1,733	1,802	2.34 %	363	377	2.41 %
Total	$ 1,870	$ 1,944		$ 377	$ 393	

(1) Weighted-average yields are based on amortized cost weighted for the contractual maturity of each security.

We pledge investment securities, primarily agency collateralized and municipal taxable mortgage obligations, to collateralize lines of credit and/or borrowings. We had pledged investment securities of $202 million and, $874 million, at December 31, 2020 and 2019 respectively.

Note 3 - Loans Held-for-Sale

The majority of our mortgage loans originated as LHFS are ultimately sold into the secondary market on a whole loan basis or by securitizing the loans into agency, government, or private label mortgage-backed securities. At December 31, 2020 and 2019, LHFS totaled $7.1 billion and $5.3 billion, respectively. For the years ended December 31, 2020, 2019 and 2018, we had net gains on loan sales associated with LHFS of $969 million, $333 million, and $197 million, respectively.

At December 31, 2020 and 2019, $31 million and $39 million, respectively, of LHFS were recorded at lower of cost or fair value. We elected the fair value option for the remainder of the loans in the portfolio.

Note 4 - Loans Held-for-Investment

The following table presents our LHFI:

	December 31, 2020	December 31, 2019
	(Dollars in millions)	
Consumer loans		
Residential first mortgage	$ 2,266	$ 3,154
Home equity	856	1,024
Other	1,004	729
Total consumer loans	4,126	4,907
Commercial loans		
Commercial real estate	3,061	2,828
Commercial and industrial	1,382	1,634
Warehouse lending	7,658	2,760
Total commercial loans	12,101	7,222
Total loans held-for-investment	$ 16,227	$ 12,129

The following table presents the UPB of our loan sales and purchases in the LHFI portfolio:

	For the Year Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Loans Sold (1)			
Performing loans	$ 492	$ 217	$ 158
Total loans sold	$ 492	$ 217	$ 158
Net gain associated with loan sales (2)	$ 3	$ 2	$ 2
Loans Purchased			
Residential	$ —	$ —	$ 3
Home equity	—	249	—
Other consumer (3)	63	51	34
Total loans purchased	$ 63	$ 300	$ 37
Premium associated with loans purchased	$ —	$ 11	$ —

(1) Upon a change in our intent, the loans were transferred to LHFS and subsequently sold.
(2) Recorded in net gain on loan sales on the Consolidated Statement of Operations.
(3) Does not include point of sale flow consumer loans.

We have pledged certain LHFI, LHFS, and LGG to collateralize lines of credit and/or borrowings with the FRB of Chicago and the FHLB of Indianapolis. At December 31, 2020 and 2019, we pledged loans of $11.6 billion and $9.1 billion, respectively.

As of December 31, 2020, we estimated losses over a two-year reasonable and supportable forecast period using macroeconomic scenarios before reverting economic variances over a one-year period to their long-term historical averages on a straight-line basis. As of December 31, 2020, we utilized the Moody's December scenarios in our forecast: a growth forecast, weighted at 30 percent; a baseline forecast, weighted at 40 percent; and an adverse forecast, weighted at 30 percent. The resulting composite forecast for the fourth quarter 2020 was slightly better than the composite forecast used in the third quarter 2020. Unemployment increases slightly in 2021 and begins recovering in 2022. GDP recovers slightly by the end of the year from current levels and does not return to near pre-COVID level until 2024. HPI decreases 1 percent from late 2020 through 2021.

The following table presents changes in the allowance for loan losses, by class of loan:

	Residential First Mortgage (1)	Home Equity	Other Consumer	Commercial Real Estate	Commercial and Industrial	Warehouse Lending	Total
				(Dollars in millions)			
Year Ended December 31, 2020							
Beginning balance, prior to adoption of ASC 326	$ 22	$ 14	$ 6	$ 38	$ 22	$ 5	$ 107
Impact of adopting ASC 326	25	12	10	(14)	(6)	(4)	23
Provision (benefit)	8	(2)	26	60	36	3	131
Charge-offs	(6)	(3)	(5)	—	(1)	—	(15)
Recoveries	—	4	2	—	—	—	6
Ending allowance balance	$ 49	$ 25	$ 39	$ 84	$ 51	$ 4	$ 252
Year Ended December 31, 2019							
Beginning balance	$ 38	$ 15	$ 3	$ 48	$ 18	$ 6	$ 128
Provision (benefit)	(14)	(1)	10	(10)	34	(1)	18
Charge-offs	(3)	(2)	(7)	—	(31)	—	(43)
Recoveries	1	2	—	—	1	—	4
Ending allowance balance	$ 22	$ 14	$ 6	$ 38	$ 22	$ 5	$ 107
Year Ended December 31, 2018							
Beginning balance	$ 47	$ 22	$ 1	$ 45	$ 19	$ 6	$ 140
Provision (benefit)	(7)	(6)	3	3	(1)	—	(8)
Charge-offs	(4)	(2)	(2)	—	—	—	(8)
Recoveries	2	1	1	—	—	—	4
Ending allowance balance	$ 38	$ 15	$ 3	$ 48	$ 18	$ 6	$ 128

(1) Includes LGG.

The following table sets forth the LHFI aging analysis of past due and current loans (for further information on our policy for past due and impaired loans, see Note 1 - Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies):

	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due (1)	Total Past Due	Current	Total LHFI (3)(4)(5)
	(Dollars in millions)					
December 31, 2020						
Consumer loans						
Residential first mortgage	$ 4	$ 4	$ 31	$ 39	$ 2,227	$ 2,266
Home equity	1	1	5	7	849	856
Other	4	1	2	7	997	1,004
Total consumer loans	9	6	38	53	4,073	4,126
Commercial loans						
Commercial real estate	20	—	3	23	3,038	3,061
Commercial and industrial	1	—	15	16	1,366	1,382
Warehouse lending	—	—	—	—	7,658	7,658
Total commercial loans	21	—	18	39	12,062	12,101
Total loans (2)	$ 30	$ 6	$ 56	$ 92	$ 16,135	$ 16,227
December 31, 2019						
Consumer loans						
Residential first mortgage	$ 5	$ 4	$ 21	$ 30	$ 3,124	$ 3,154
Home equity	1	—	4	5	1,019	1,024
Other	3	1	1	5	724	729
Total consumer loans	9	5	26	40	4,867	4,907
Commercial loans						
Commercial real estate	—	—	—	—	2,828	2,828
Commercial and industrial	—	—	—	—	1,634	1,634
Warehouse lending	—	—	—	—	2,760	2,760
Total commercial loans	—	—	—	—	7,222	7,222
Total loans (2)	$ 9	$ 5	$ 26	$ 40	$ 12,089	$ 12,129

(1) Includes less than 90 days past due performing loans which are placed in nonaccrual. Interest is not being accrued on these loans.
(2) Includes $8 million and $4 million of past due loans accounted for under the fair value option at December 31, 2020 and 2019, respectively.
(3) Collateral dependent loans totaled $80 million at December 31, 2020 and $54 million at December 31, 2019, respectively. The majority of these loans are secured by real estate.
(4) The interest income recognized on impaired loans was $2 million and less than $1 million at December 31, 2020 and December 31, 2019, respectively.
(5) The delinquency status for loans in forbearance is frozen for loans at inception of the forbearance period and will resume when the borrower's forbearance period ends.

Interest income is recognized on nonaccrual loans using a cash basis method. Interest that would have been accrued was $1 million in each of the years ended December 31, 2020, 2019 and 2018, respectively. At December 31, 2020 and 2019, we had no loans 90 days or greater past due and still accruing interest.

Troubled Debt Restructurings

We may modify certain loans in both our consumer and commercial loan portfolios to retain customers or to maximize collection of the outstanding loan balance. Troubled debt restructurings ("TDRs") are modified loans in which a borrower demonstrates financial difficulties and for which a concession has been granted as a result. Nonperforming TDRs are included in nonaccrual loans. TDRs remain in nonperforming status until a borrower has made payments and is current for at least six consecutive months. Performing TDRs are not considered to be nonaccrual so long as we believe that all contractual principal and interest due under the restructured terms will be collected. Performing and nonperforming TDRs remain impaired as interest and principal will not be received in accordance with the original contractual terms of the loan agreement. Refer to Note 1- Description of Business, Basis of Presentation, and Summary of Significant Accounting Standards for a description of the methodology used to determine TDRs.

Some loan modifications classified as TDRs may not ultimately result in the full collection of principal and interest, as modified, but may give rise to potential incremental losses. We measure impairments using a discounted cash flow method for performing TDRs and measure impairment based on collateral values for nonperforming TDRs.

Beginning in March 2020, as a response to COVID-19, we offered our consumer and commercial customers principal and interest payment deferrals and extensions. We considered these programs in the context of whether or not the short-term modifications of these loans would constitute a TDR. We considered the CARES Act, interagency guidance and related guidance from the FASB, which provided that short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief are not required to be accounted for as TDRs. As a result, we have determined that loan forbearance, modifications, deferrals and extensions made under these COVID-19 programs are not TDRs.

The following table provides a summary of TDRs by type and performing status:

	TDRs		
	Performing	Nonperforming	Total
	(Dollars in millions)		
December 31, 2020			
Consumer loans			
Residential first mortgage	$ 19	$ 8	$ 27
Home equity	12	2	14
Total consumer TDR loans	31	10	41
Commercial Loans			
Commercial real estate	5	—	5
Commercial and industrial	—	—	—
Total commercial TDR loans	5	—	5
Total TDRs (1)(2)	$ 36	$ 10	$ 46
December 31, 2019			
Consumer loans			
Residential first mortgage	$ 20	$ 8	$ 28
Home equity	18	2	20
Total TDRs (1)(2)	$ 38	$ 10	$ 48

(1) The ALLL on TDR loans totaled $5 million and $8 million at December 31, 2020 and 2019, respectively.
(2) Includes $3 million and $2 million of TDR loans accounted for under the fair value option at December 31, 2020 and 2019, respectively.

The following table provides a summary of newly modified TDRs:

	New TDRs			
	Number of Accounts	Pre-Modification Unpaid Principal Balance	Post-Modification Unpaid Principal Balance (1)	Increase (Decrease) in Allowance at Modification
	(Dollars in millions)			
Year Ended December 31, 2020				
Residential first mortgages	9	$ 2	$ 2	$ —
Home equity (2)(3)	3	—	—	—
Other consumer	1	—	—	$ —
Commercial real estate	1	5	5	$ —
Total TDR loans	14	$ 7	$ 7	$ —
Year Ended December 31, 2019				
Residential first mortgages	8	$ 1	$ 1	$ —
Home equity (2)(3)	6	—	—	—
Total TDR loans	14	$ 1	$ 1	$ —
Year Ended December 31, 2018				
Residential first mortgages	14	$ 3	$ 3	$ —
Home equity (2)(3)	17	1	1	—
Total TDR loans	31	$ 4	$ 4	$ —

(1) Post-modification balances include past due amounts that are capitalized at modification date.
(2) Home equity post-modification UPB reflects write downs.
(3) Includes loans carried at fair value option.

There were no loans modified in the previous 12 months that subsequently defaulted during the years ended December 31, 2020, 2019, and 2018. All TDR classes within the consumer and commercial loan portfolios are considered subsequently defaulted when they are greater than 90 days past due within 12 months of the restructuring date.

Credit Quality

We utilize a combination of internal and external risk rating systems which are applied to all consumer and commercial loans which are used as loan-level inputs to our ACL models. Descriptions of our risk ratings as they relate to credit quality follow the ratings used by the U.S. bank regulatory agencies as listed below.

Pass. Pass assets are not impaired nor do they have any known deficiencies that could impact the quality of the asset.

Watch. Watch assets are defined as pass-rated assets that exhibit elevated risk characteristics or other factors that deserve Management’s close attention and increased monitoring. However, the asset does not exhibit a potential or well-defined weakness that would warrant a downgrade to criticized or adverse classification.

Special mention. Assets identified as special mention possess credit deficiencies or potential weaknesses deserving Management's close attention. Special mention assets have a potential weakness or pose an unwarranted financial risk that, if not corrected, could weaken the assets and increase risk in the future. Special mention assets are criticized, but do not expose an institution to sufficient risk to warrant adverse classification.

Substandard. Assets identified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified must have a well-defined weakness or weaknesses that jeopardize the full collection or liquidation of the debt. Substandard assets are characterized by the distinct possibility that we will sustain some loss if the deficiencies are not corrected. For home equity loans and other consumer loans, we evaluate credit quality based on the aging and status of payment activity and any other known credit characteristics that call into question full repayment of the asset. Substandard loans may be placed on either accrual or nonaccrual status.

Doubtful. An asset classified as doubtful has all the weaknesses inherent in one classified substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. A doubtful asset has a high probability of total or substantial loss, but because of specific pending events that may strengthen the asset, its classification as loss is deferred. Doubtful borrowers are usually in default, lack adequate liquidity or capital and lack the resources necessary to remain an operating entity. Pending events can

include mergers, acquisitions, liquidations, capital injections, the perfection of liens on additional collateral, the valuation of collateral and refinancing. Generally, pending events should be resolved within a relatively short period and the ratings will be adjusted based on the new information. Due to the high probability of loss, doubtful assets are placed on nonaccrual.

Loss. An asset classified as loss is considered uncollectible and of such little value that the continuance as a bankable asset is not warranted. This classification does not mean that an asset has absolutely no recovery or salvage value, rather that it is not practical or desirable to defer writing off the asset even though partial recovery may be affected in the future.

Consumer Loans

Consumer loans consist of open and closed-end loans extended to individuals for household, family, and other personal expenditures. Consumer loans includes other consumer product loans and loans to individuals secured by their personal residence, including first mortgage, home equity, and home improvement loans. Because consumer loans are usually relatively small-balance, homogeneous exposures, consumer loans are rated based primarily on payment performance. Payment performance is a proxy for the strength of repayment capacity and loans are generally classified based on their payment status rather than by an individual review of each loan.

In accordance with regulatory guidance, we assign risk ratings to consumer loans in the following manner:

- Consumer loans are classified as Watch once the loan becomes 60 days past due.
- Open and closed-end consumer loans 90 days or more past due are classified as Substandard.

Payment activity, credit rating and loan-to-value ratios have the most significant impact on the ACL for consumer loans. The following table presents the amortized cost in residential and consumer loans based on payment activity:

	Term Loans Amortized Cost Basis by Closing Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total	December 31, 2019
As of December 31, 2020	2020	2019	2018	2017	2016	Prior				
Consumer Loans	(Dollars in millions)									
Residential First Mortgage										
Pass	$ 362	$ 544	$ 231	$ 289	$ 252	$ 420	$ 92	$ 15	$ 2,205	$ 3,107
Watch	—	1	1	1	—	17	1	—	21	23
Substandard	—	3	5	2	—	15	—	—	25	15
Home Equity										
Pass	7	31	13	6	2	11	720	48	838	1,002
Watch	—	—	—	—	—	11	2	—	13	16
Substandard	—	—	—	—	—	1	1	1	3	3
Other Consumer										
Pass	292	321	145	3	1	6	227	5	1,000	727
Watch	—	—	—	—	—	—	—	1	1	1
Substandard	1	1	1	—	—	—	—	—	3	1
Total Consumer Loans (1)(2)	$ 662	$ 901	$ 396	$ 301	$ 255	$ 481	$ 1,043	$ 70	$ 4,109	$ 4,895

(1) Excludes loans carried under the fair value option.
(2) The delinquency status for loans in forbearance are frozen for loans at inception of the forbearance period and will resume when the borrower's forbearance period ends.

The following table presents the amortized cost in residential and consumer loans based on credit scores:

As of December 31, 2020	FICO Band Amortized Cost Basis by Closing Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
	2020	2019	2018	2017	2016	Prior			
Consumer Loans	(Dollars in millions)								
Residential First Mortgage									
>750	$ 195	$ 272	$ 118	$ 193	$ 181	$ 231	$ 55	$ 6	$ 1,251
700-750	119	180	90	85	64	130	25	7	700
<700	48	96	29	14	7	91	13	2	300
Home Equity									
>750	2	9	6	2	1	7	324	13	364
700-750	3	12	4	3	1	8	289	20	340
<700	2	10	3	1	—	8	110	16	150
Other Consumer									
>750	209	205	80	2	1	5	213	6	721
700-750	79	107	55	1	—	1	9	—	252
<700	5	10	11	—	—	—	5	—	31
Total Consumer Loans (1)	$ 662	$ 901	$ 396	$ 301	$ 255	$ 481	$ 1,043	$ 70	$ 4,109

(1) Excludes loans carried under the fair value option.

Loan-to-value ratios primarily impact the allowance on mortgages within the consumer loan portfolio. The following table presents the amortized cost in residential first mortgages and home equity based on loan-to-value ratios:

As of December 31, 2020	LTV Band Amortized Cost Basis by Closing Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
	2020	2019	2018	2017	2016	Prior			
Consumer Loans	(Dollars in millions)								
Residential first mortgage									
>90	$ 84	$ 260	$ 123	$ 35	$ 3	$ 19	$ —	$ —	$ 524
71-90	169	180	66	99	72	238	—	—	824
55-70	83	60	22	82	96	122	—	—	465
<55	26	48	26	76	81	73	93	15	438
Home Equity									
>90	—	—	—	1	1	10	—	—	12
71-90	5	24	10	4	1	9	548	33	634
<=70	2	7	3	1	—	4	175	16	208
Total (1)	$ 369	$ 579	$ 250	$ 298	$ 254	$ 475	$ 816	$ 64	$ 3,105

(1) Excludes loans carried under the fair value option.

Commercial Loans

Risk rating and the average loan duration have the most significant impact on the ACL for commercial loans. Additional factors which impact the ACL are debt-service-coverage ratio, loan-to-value ratio, interest-coverage ratio and leverage ratio.

Internal audit conducts periodic examinations which serve as an independent verification of the accuracy of the ratings assigned. All loans are examined on at least an annual basis. Loan grades are based on different factors within the borrowing relationship: entity sales, debt service coverage, debt/total net worth, liquidity, balance sheet and income statement trends, management experience, business stability, financing structure and financial reporting requirements. The underlying collateral is also rated based on the specific type of collateral and corresponding LTV. The combination of the borrower and collateral risk ratings results in the final risk rating for the borrowing relationship.

Based on the most recent credit analysis performed, the amortized cost basis, by risk category for each class of loans within the commercial portfolio, is as follows:

	Term Loans Amortized Cost Basis by Closing Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis		
As of December 31, 2020	**2020**	**2019**	**2018**	**2017**	**2016**	**Prior**			**Total**	**December 31, 2019**
Commercial Loans	(Dollars in million)									
Commercial real estate										
Pass	$ 347	$ 993	$ 439	$ 438	$ 308	$ 280	$ —	$ —	$ 2,805	$ 2,794
Watch	21	19	35	51	21	19	—	—	166	24
Special mention	5	1	16	—	17	14	—	—	53	5
Substandard	—	11	1	25	—	—	—	—	37	5
Commercial and industrial										
Pass	319	425	163	149	54	71	19	—	1,200	1,533
Watch	3	48	28	25	—	2	—	—	106	72
Special mention	1	—	14	9	—	—	—	—	24	24
Substandard	22	11	15	4	—	—	—	—	52	5
Warehouse										
Pass	7,398	—	—	—	—	—	—	—	7,398	2,556
Watch	260	—	—	—	—	—	—	—	260	189
Special mention	—	—	—	—	—	—	—	—	—	15
Substandard	—	—	—	—	—	—	—	—	—	—
Total commercial loans	$ 8,376	$ 1,508	$ 711	$ 701	$ 400	$ 386	$ 19	$ —	$ 12,101	$ 7,222

Note 5 - Loans with Government Guarantees

Substantially all LGG are insured or guaranteed by the FHA or U.S. Department of Veterans Affairs. FHA loans earn interest at a rate based upon the 10-year U.S. Treasury note rate at the time the underlying loan becomes delinquent, which is not paid by the FHA or the U.S. Department of Veterans Affairs until claimed. 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. At December 31, 2020 and December 31, 2019, respectively, LGG totaled $2.5 billion and $736 million.

We originate government guaranteed loans which are pooled and sold as Ginnie Mae MBS. Pursuant to Ginnie Mae servicing guidelines, we have the unilateral right to repurchase loans securitized in Ginnie Mae pools that are due, but unpaid, for three consecutive months (typically referred to as 90 days past due). As a result, once the delinquency criteria have been met, regardless of whether the repurchase option has been exercised, the loan is required to be re-recognized on the balance sheet by the MSR owner. These loans are recorded in loans with government guarantees and the liability to repurchase the loans is recorded as loans with government guarantees repurchase options on the Consolidated Statements of Financial Condition. This resulted in $1.9 billion of repurchase options as of December 31, 2020, a $1.8 billion increase from December 31, 2019.

Repossessed assets and the associated claims related to government guaranteed loans are recorded in other assets and totaled $17 million and $45 million at December 31, 2020 and December 31, 2019, respectively.

Note 6 - Repossessed Assets

Repossessed assets include the following:

	December 31,	
	2020	**2019**
	(Dollars in millions)	
One-to-four family properties	$ 4	$ 6
Commercial properties	4	4
Total repossessed assets	$ 8	$ 10

The following schedule provides the activity for repossessed assets:

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Beginning balance	$ 10	$ 7	$ 8
Additions, net	8	12	10
Disposals	(7)	(4)	(8)
Net write down on disposal	(3)	(5)	(3)
Ending balance	$ 8	$ 10	$ 7

Note 7 - Variable Interest Entities

We have no consolidated VIEs as of December 31, 2020 and December 31, 2019.

In connection with our securitization activities, we have retained a five percent interest in the investment securities of certain trusts ("other MBS") and are contracted as the subservicer 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 Financial Condition. The Bank's maximum exposure to loss is limited to our investment in the VIE as well as the standard representations and warranties made in conjunction with the loan transfer. For additional information, see Note 2 - Investment Securities and Note 20 - Fair Value Measurements.

Note 8 - Federal Home Loan Bank Stock

Our investment in FHLB stock was $377 million and $303 million at December 31, 2020 and December 31, 2019, respectively. As a member of the FHLB, we are required to hold shares of FHLB stock in an amount equal to at least one percent of the aggregate UPB of our mortgage loans, home purchase contracts and similar obligations at the beginning of each year or 4.5 percent of our total FHLB advances, whichever is greater. We had $74 million of required purchases and no redemptions of FHLB stock during the years ended December 31, 2020. There were no required purchases or redemptions of FHLB stock during the year ended December 31, 2019. Dividends received on the stock equaled $12 million, $16 million and $15 million for the years ended December 31, 2020, 2019 and 2018, respectively. These dividends were recorded in the Consolidated Statements of Operations as other noninterest income.

Note 9 - Premises and Equipment

The following presents our premises and equipment balances and estimated useful lives:

	Estimated Useful Lives	December 31,	
		2020	2019
		(Dollars in millions)	
Land	N/A	$ 68	$ 73
Computer hardware and software	3 - 7 years	410	372
Office buildings and improvements	15 - 31.5 years	195	191
Furniture, fixtures and equipment	5 - 10 years	66	68
Leased equipment	3 - 10 years	19	36
Leasehold improvements	5 - 10 years	10	9
Fixed assets in progress (1)	N/A	43	40
Right-of-use asset	N/A	23	22
Total		834	811
Less: accumulated depreciation		(442)	(395)
Premises and equipment, net		$ 392	$ 416

(1) Consists primarily of internally developed software and software upgrades which have not yet been placed in service.

Depreciation expense was $64 million, $59 million and $50 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Note 10 - Mortgage Servicing Rights

We have investments in MSRs that result from the sale of loans to the secondary market for which we retain the servicing. We account 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. We utilize 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 11 - Derivative Financial Instruments.

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

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Balance at beginning of period	$ 291	$ 290	$ 291
Additions from loans sold with servicing retained	268	223	356
Reductions from sales	(71)	(57)	(339)
Decrease in MSR fair value due to pay-offs, pay-downs, run-off, model changes, and other (1)	(109)	(89)	(20)
Changes in estimates of fair value due to interest rate risk (1) (2)	(50)	(76)	2
Fair value of MSRs at end of period	$ 329	$ 291	$ 290

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

	December 31, 2020			December 31, 2019		
		Fair value			Fair value	
	Actual	10% adverse change	20% adverse change	Actual	10% adverse change	20% adverse change
	(Dollars in millions)					
Option adjusted spread	7.98 %	$ 321	$ 313	5.34 %	$ 284	$ 280
Constant prepayment rate	10.53 %	305	283	10.59 %	271	257
Weighted average cost to service per loan	$ 81.24	325	321	$ 84.41	285	282

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, see Note 1 - Description of Business, Basis of Presentation, and Summary of Significant Accounting Standards and Note 20 - Fair Value Measurements.

Contractual servicing and subservicing fees. 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 Operations. Contractual subservicing fees including late fees and other ancillary income are included within loan administration income on the Consolidated Statements of Operations. 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:

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Net return on mortgage servicing rights			
Servicing fees, ancillary income and late fees (1)	$ 107	$ 96	$ 65
Decrease in MSR fair value due to pay-offs, pay-downs, run-off, model changes and other	(109)	(89)	(20)
Changes in fair value due to interest rate risk	(50)	(76)	2
Gain (loss) on MSR derivatives (2)	65	76	(5)
Net transaction costs	(3)	(1)	(6)
Total return (loss) included in net return on mortgage servicing rights	$ 10	$ 6	$ 36

(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:

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Loan administration income on mortgage loans subserviced			
Servicing fees, ancillary income and late fees (1)	$ 126	$ 106	$ 54
Charges on subserviced custodial balances (2)	(29)	(67)	(29)
Other servicing charges	(13)	(9)	(2)
Total income on mortgage loans subserviced, included in loan administration	$ 84	$ 30	$ 23

(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 11 - Derivative Financial Instruments

Derivative financial instruments are recorded at fair value in other assets and other liabilities on the Consolidated Statements of Financial Condition. Our policy is to present our derivative assets and derivative liabilities on the Consolidated Statement of Financial 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. We maintain a derivative portfolio of interest rate 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. We also enter 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. Changes in the fair value of derivatives not designated as hedging instruments are recognized on the Consolidated Statements of Operations.

Derivatives designated as hedging instruments. We have designated certain interest rate swaps as fair value hedges of investment securities available for sale and residential first mortgage loans held for investment using the last-of-layer method. Cash flows and the profit impact associated with designated hedges are reported in the same category as the underlying hedged item.

We have also designated certain interest rate swaps as cash flow hedges on LIBOR-based variable interest payments on certain custodial deposits. Changes in the fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income on the Consolidated Statement of Financial Condition and reclassified into interest expense in the same period in which the hedge transaction is recognized in earnings. At December 31, 2020, we had $5 million (net-of-tax) of unrealized losses on derivatives classified as cash flow hedges recorded in accumulated other comprehensive income. We had

no designated cash flow hedges at December 31, 2019. The estimated amount to be reclassified from other comprehensive income into earnings during the next 12 months represents $3 million of losses (net-of-tax).

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 December 31, 2020.

The following tables present the notional amount, estimated fair value and maturity of our derivative financial instruments:

	December 31, 2020 (1)		
	Notional Amount	**Fair Value (2)**	**Expiration Dates**
	(Dollars in millions)		
Derivatives in cash flow hedge relationships			
Liabilities			
Interest rate swaps on custodial deposits	$ 800	$ 1	2026-2027
Derivatives in fair value hedge relationships			
Liabilities			
Interest rate swaps on HFI residential first mortgages	100	—	2024
Interest rate swaps on AFS securities	450	—	2022-2025
Total hedge accounting swaps	$ 1,350	$ 1	
Derivatives not designated as hedging instruments			
Assets			
Futures	$ 1,346	$ —	2021-2023
Mortgage-backed securities forwards	749	14	2021
Rate lock commitments	10,587	208	2021
Interest rate swaps and swaptions	1,481	59	2021-2051
Total derivative assets	$ 14,163	$ 281	
Liabilities			
Mortgage-backed securities forwards	$ 11,194	$ 98	2021
Rate lock commitments	115	—	2021
Interest rate swaps and swaptions	1,305	4	2021-2030
Total derivative liabilities	$ 12,614	$ 102	

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

(2) Derivative assets and liabilities are included in other assets and other liabilities on the Consolidated Statements of Financial Condition, respectively.

	December 31, 2019 (1)		
	Notional Amount	Fair Value (2)	Expiration Dates
	(Dollars in millions)		
Derivatives in fair value hedge relationships			
Assets			
Interest rate swaps on FHLB advances	$ 200	$ —	2020
Interest rate swaps on AFS securities	100	—	2022
Total derivative assets	$ 300	$ —	
Derivatives not designated as hedging instruments			
Assets			
Futures	$ 550	$ —	2020-2023
Mortgage-backed securities forwards	1,918	2	2020
Rate lock commitments	3,870	34	2020
Interest rate swaps	799	26	2020-2029
Total derivative assets	$ 7,137	$ 62	
Liabilities			
Mortgage-backed securities forwards	$ 5,749	$ 9	2020
Rate lock commitments	229	1	2020
Interest rate swaps and swaptions	1,662	8	2020-2050
Total derivative liabilities	$ 7,640	$ 18	

(1) Variation margin pledged to, or received from, a Central Counterparty Clearing House to cover the prior day's fair value of open positions is considered settlement of the derivative position for accounting purposes.
(2) Derivative assets and liabilities are included in other assets and other liabilities on the Consolidated Statements of Financial Condition, respectively.

The following tables present the derivatives subject to a master netting arrangement, including the cash pledged as collateral:

	Gross Amount	Gross Amounts Netted in the Statements of Financial Position	Net Amount Presented in the Statements of Financial Position	Gross Amounts Not Offset in the Statements of Financial Position	
				Financial Instruments	Cash Collateral
			(Dollars in millions)		
December 31, 2020					
Derivatives designated as hedging instruments					
Liabilities					
Interest rate swaps on AFS securities	$ —	$ —	$ —	$ —	$ 5
Interest rate swaps on HFI residential first mortgages	—	—	—	—	1
Interest rate swaps on custodial deposits	1	—	1	—	8
Total derivative liabilities	$ 1	$ —	$ 1	$ —	$ 14
Derivatives not designated as hedging instruments					
Assets					
Mortgage-backed securities forwards	$ 14	$ —	$ 14	$ —	$ —
Interest rate swaps	59	—	59	—	6
Total derivative assets	$ 73	$ —	$ 73	$ —	$ 6
Liabilities					
Mortgage-backed securities forwards	$ 98	$ —	$ 98	$ —	$ 68
Interest rate swaps and swaptions (1)	4	—	4	—	26
Total derivative liabilities	$ 102	$ —	$ 102	$ —	$ 94
December 31, 2019					
Derivatives not designated as hedging instruments					
Assets					
Mortgage-backed securities forwards	$ 2	$ —	$ 2	$ —	$ —
Interest rate swaps	26	—	26	—	—
Total derivative assets	$ 28	$ —	$ 28	$ —	$ —
Liabilities					
Mortgage-backed securities forwards	$ 9	$ —	$ 9	$ —	$ 24
Interest rate swaps and swaptions (1)	8	—	8	—	39
Total derivative liabilities	$ 17	$ —	$ 17	$ —	$ 63

(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.

Losses of $2 million on fair value hedging relationships of AFS securities were recorded in interest income for the year ended December 31, 2020. The income impact for fair value hedging relationships of AFS securities for the year ended December 31, 2019 was de-minimis.

Losses of $2 million on cash flow hedging relationships of custodial deposits were reclassified from AOCI into loan administration income during the year ended December 31, 2020. There were no gains or losses on cash flow hedging relationships of custodial deposits for the year ended December 31, 2019.

Gains and losses on fair value hedging relationships of HFI residential first mortgages for the year ended December 31, 2020 were de-minimis.

The fair value basis adjustment on our hedged AFS securities is included in investment securities available for sale on our Consolidated Statements of Financial Condition. The carrying amount of our hedged securities was $1,680 million at December 31, 2020 and $287 million at December 31, 2019, of which $6 million and $1 million, respectively, were due to the fair value hedge relationship. The closed portfolio of AFS securities designated in this last layer method hedge was $1,615 million par (amortized cost of $1,612 million) at December 31, 2020 and $291 million par (amortized cost of $289 million) at

December 31, 2019, of which we have designated $450 million and $100 million at December 31, 2020 and December 31, 2019, respectively.

The carrying amount of hedged FHLB advances was $200 million at December 31, 2019. There were no hedged FHLB advances as of December 31, 2020. The fair value hedge relationship had a de minimis impact at December 31, 2020 and December 31, 2019.

The fair value basis adjustment on our hedged fair HFI residential first mortgages is included in LHFI on our Consolidated Statements of Financial Condition. The carrying amount of our hedged loans was $240 million at December 31, 2020, of which $1 million was due to the fair value hedge relationship. We have designated $100 million of this closed portfolio of loans in a hedging relationship as of December 31, 2020. There were no hedged HFI residential first mortgages at December 31, 2019.

At December 31, 2020, we pledged a total of $114 million related to derivative financial instruments, consisting of $84 million of cash collateral on derivative liabilities and $30 million of maintenance margin on centrally cleared derivatives and had a de minimis obligation to return cash on derivative assets. We pledged a total of $63 million related to derivative financial instruments, consisting of $34 million of cash collateral on derivatives and $29 million of maintenance margin on centrally cleared derivatives and had a de minimis obligation to return cash on derivative assets at December 31, 2019. Within the Consolidated Statements of Financial Condition, the collateral related to derivative activity is included in other assets and other liabilities and the cash pledged as maintenance margin is restricted and included in other assets.

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

		For the Years Ended December 31,		
		2020	2019	2018
		(Dollars in millions)		
Derivatives not designated as hedging instruments	**Location of Gain (Loss)**			
Futures	Net return on mortgage servicing rights	$ 1	$ (2)	$ (4)
Interest rate swaps and swaptions	Net return on mortgage servicing rights	28	57	1
Mortgage-backed securities forwards	Net return on mortgage servicing rights	36	21	(2)
Rate lock commitments and MSR forwards	Net gain on loan sales	86	35	(31)
Forward commitments	Other noninterest income	—	2	—
Interest rate swaps (1)	Other noninterest income	3	5	3
Total derivative (loss) gain		$ 154	$ 118	$ (33)

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

Note 12 - Deposit Accounts

The deposit accounts are as follows:

	December 31,	
	2020	2019
	(Dollars in millions)	
Retail deposits		
Branch retail deposits		
Savings accounts	$ 3,437	$ 3,030
Demand deposit accounts	1,726	1,318
Certificates of deposit/CDARS	1,355	2,353
Money market demand accounts	490	495
Total branch retail deposits	7,008	7,196
Commercial deposits (1)		
Demand deposit accounts	2,294	1,438
Savings accounts	461	342
Money market demand accounts	208	188
Total commercial retail deposits	2,963	1,968
Total retail deposits	9,971	9,164
Government deposits		
Savings accounts	778	495
Demand deposit accounts	529	360
Certificates of deposit/CDARS	458	358
Total government deposits (2)	1,765	1,213
Wholesale deposits	1,031	633
Custodial deposits (3)	7,206	4,136
Total deposits	$ 19,973	$ 15,146

(1) Includes deposits from commercial and business banking customers.
(2) Government deposits include funds from municipalities and schools.
(3) Accounts represent a portion of the investor custodial accounts and escrows controlled by us in connection with loans serviced or subserviced for others and that have been placed on deposit with the Bank.

The following indicates the scheduled maturities for certificates of deposit with a minimum denomination of $250,000:

	December 31,	
	2020	2019
	(Dollars in millions)	
Three months or less	$ 220	$ 223
Over three months to six months	220	238
Over six months to twelve months	153	278
One to two years	71	101
Thereafter	19	35
Total	$ 683	$ 875

Note 13 - Borrowings

Federal Home Loan Bank Advances and Other Borrowings

The following is a breakdown of our FHLB advances and other borrowings outstanding:

	December 31, 2020		December 31, 2019	
	Amount	Rate	Amount	Rate
	(Dollars in millions)			
Short-term fixed rate term advances	$ 3,415	0.20 %	$ 3,695	1.61 %
Other short-term borrowings	485	0.08 %	470	1.64 %
Total short-term Federal Home Loan Bank advances and other borrowings	3,900		4,165	
Long-term fixed rate advances	1,200	1.03 %	650	1.45 %
Total long-term Federal Home Loan Bank advances	1,200		650	
Total Federal Home Loan Bank advances and other borrowings	$ 5,100		$ 4,815	

The following table contains detailed information on our FHLB advances and other borrowings:

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Maximum outstanding at any month end	$ 6,841	$ 5,005	$ 5,740
Average outstanding balance	3,873	3,064	4,713
Average remaining borrowing capacity	5,282	4,194	2,089
Weighted average interest rate	0.72 %	1.90 %	1.96 %

The following table outlines the maturity dates of our FHLB advances and other borrowings:

	December 31, 2020
	(Dollars in millions)
2021	$ 3,900
2022	200
2023	500
2024	100
Thereafter	400
Total	$ 5,100

Parent Company Senior Notes, Subordinated Notes and Trust Preferred Securities

The following table presents long-term debt, net of debt issuance costs:

	December 31, 2020		December 31, 2019	
	Amount	Interest Rate	Amount	Interest Rate
	(Dollars in millions)			
Senior Notes				
Senior notes, matures 2021	$ 246	6.125 %	$ 249	6.125%
Subordinated Notes				
Notes, matures 2030	148	4.125 %	—	— %
Trust Preferred Securities				
Floating Three Month LIBOR Plus:				
Plus 3.25%, matures 2032	26	3.50 %	26	5.20 %
Plus 3.25%, matures 2033	26	3.49 %	26	5.24 %
Plus 3.25%, matures 2033	26	3.49 %	26	5.21 %
Plus 2.00%, matures 2035	26	2.24 %	26	3.99 %
Plus 2.00%, matures 2035	26	2.24 %	26	3.99 %
Plus 1.75%, matures 2035	51	1.97 %	51	3.64 %
Plus 1.50%, matures 2035	25	1.74 %	25	3.49 %
Plus 1.45%, matures 2037	25	1.67 %	25	3.34 %
Plus 2.50%, matures 2037	16	2.72 %	16	4.39 %
Total Trust Preferred Securities	247		247	
Total other long-term debt	$ 641		$ 496	

Senior Notes

On July 11, 2016, we issued $250 million of senior notes ("Senior Notes"). Prior to June 15, 2021, we may redeem some or all of the Senior Notes at a redemption price equal to the greater of 100 percent of the aggregate principal amount of the notes to be redeemed or the sum of the present values of the remaining scheduled payments discounted to the redemption date on a semi-annual basis using a discount rate equal to the Treasury Rate plus 0.50 percent, in addition to accrued and unpaid interest. These notes were scheduled to mature on July 15, 2021, but we provided notice that we would be redeeming these outstanding notes on December 23, 2020. We accrued for the liabilities associated with that redemption as of December 31, 2020, and settled the Senior Notes on January 22, 2021.

Subordinated Notes

On October 28, 2020, we issued $150 million of Subordinated Debt (the "Notes") with a maturity date of November 1, 2030. The Notes bear interest at a fixed rate of 4.125 percent through October 31, 2025, and a variable rate tied to SOFR thereafter until maturity. We have the option to redeem all or a part of the Notes beginning on November 1, 2025, and on any subsequent interest payment date. The Notes qualify as Tier 2 capital for regulatory purposes.

Trust Preferred Securities

We sponsor nine trust subsidiaries, which issued preferred stock to third-party investors. We issued junior subordinated debt securities to those trusts, which we have included in long-term debt. The junior subordinated debt securities are the sole assets of those trusts. The trust preferred securities are callable by us at any time. Interest is payable quarterly; however, we may defer interest payments for up to 20 quarters without default or penalty. As of December 31, 2020, we had no deferred interest.

Note 14 - Accumulated Other Comprehensive Income

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

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Investment Securities			
Beginning balance	$ 1	$ (47)	$ (18)
Unrealized gain (loss)	68	57	(30)
Less: Tax provision (benefit)	16	14	(7)
Net unrealized gain (loss)	52	43	(23)
Reclassifications out of AOCI (1)	(1)	6	(1)
Less: Tax provision	—	1	—
Net unrealized (loss) gain reclassified out of AOCI	(1)	5	(1)
Reclassification of certain income tax effects (2)	—	—	(5)
Other comprehensive income (loss), net of tax	51	48	(29)
Ending balance	$ 52	$ 1	$ (47)
Cash Flow Hedges			
Beginning balance	$ —	$ —	$ 2
Unrealized (loss) gain	(9)	—	27
Less: Tax (benefit) provision	(2)	—	7
Net unrealized (loss) gain	(7)	—	20
Reclassifications out of AOCI (1)	2	—	(30)
Less: Tax benefit	—	—	(8)
Net unrealized gain (loss) reclassified out of AOCI	2	—	(22)
Other comprehensive loss, net of tax	(5)	—	(2)
Ending balance	$ (5)	$ —	$ —

(1) Reclassifications are reported in noninterest income on the Consolidated Statement of Operations.
(2) Income tax effects of the Tax Cuts and Jobs Act are reclassified from AOCI to retained earnings due to early adoption of ASU 2018-02.

Note 15 - Earnings Per Share

Basic earnings per share, excluding dilution, is computed by dividing earnings applicable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised and converted into common stock or resulted in the issuance of common stock that could then share in our earnings.

The following table sets forth the computation of basic and diluted earnings per share of common stock:

	For the Years Ended December 31,		
	2020	2019	2018
	(In millions, except share data)		
Net income applicable to common stockholders	$ 538	$ 218	$ 187
Weighted Average Shares			
Weighted average common shares outstanding	56,094,542	56,584,238	57,520,289
Effect of dilutive securities			
Stock-based awards	411,271	654,740	802,661
Weighted average diluted common shares	56,505,813	57,238,978	58,322,950
Earnings per common share			
Basic earnings per common share	$ 9.59	$ 3.85	$ 3.26
Effect of dilutive securities			
Stock-based awards	(0.07)	(0.05)	(0.05)
Diluted earnings per common share	**$ 9.52**	**$ 3.80**	**$ 3.21**

Note 16 - Stock-Based Compensation

Certain key employees, officers, directors and others are eligible to receive stock awards. Awards that may be granted under the 2016 Stock Plan include stock options, restricted stock, restricted stock units, performance awards, dividend equivalents and other awards.

The compensation expense recognized related to stock-based compensation was $17 million, $13 million and $11 million during each of the years ended December 31, 2020, 2019 and 2018, respectively.

Restricted Stock and Restricted Stock Units

We have issued restricted stock units to officers, directors and certain employees under our long-term incentive program ("LTIP"). Restricted stock units generally will vest in three increments on each annual anniversary of the date of grant beginning with the first anniversary or vest after three years subject to service and performance conditions.

On March 20, 2018, the Board approved the adoption of the 2018 Executive Long-Term Incentive Program II ("2018 ExLTIP II"). The 2018 ExLTIP II was provided to certain executives and is comprised of RSUs which are dependent on stock performance, time-based RSUs for which vesting is based on service over a four year period and RSUs that are performance and time vested with the same terms as those granted to other employees under the existing LTIP. As of December 31, 2020, the stock performance hurdles have not been met.

At December 31, 2020, the maximum number of shares of common stock that may be issued was 1.3 million shares. The total grant date fair value of awards vested during the years ended December 31, 2020, 2019 and 2018 was $15 million, $10 million and $9 million, respectively. As of December 31, 2020, the total unrecognized compensation cost related to non-vested awards was $17 million with a weighted average expense recognition period of 1.7 years.

The following table summarizes restricted stock activity:

	For the Years Ended December 31,					
	2020		2019		2018	
	Number of Shares	Weighted Average Grant-Date Fair Value per Share	Number of Shares	Weighted Average Grant-Date Fair Value per Share	Number of Shares	Weighted Average Grant-Date Fair Value per Share
Restricted Stock and Restricted Stock Units						
Non-vested balance at beginning of period	1,399,127	$ 28.72	1,620,568	$ 27.27	1,290,450	$ 20.52
Granted	379,835	27.97	338,737	32.11	875,352	34.32
Vested	(537,571)	27.06	(379,936)	26.98	(401,379)	23.04
Canceled and forfeited	(267,205)	23.13	(180,242)	25.66	(143,855)	21.46
Non-vested balance at end of period	974,186	$ 30.88	1,399,127	$ 28.72	1,620,568	$ 27.27

2017 Employee Stock Purchase Plan

The Employee Stock Purchase Plan ("2017 ESPP") was approved on March 20, 2017, by our Board and on May 23, 2017, by our shareholders. The 2017 ESPP became effective July 1, 2017, and will remain effective until terminated by the Board. A total of 800,000 shares of the Company's common stock are reserved and authorized for issuance for purchase under the 2017 ESPP. There were 181,875 and 106,881 shares issued under the 2017 ESPP during the years ended December 31, 2020 and 2019, respectively, and the associated compensation expense was de minimis for both periods. As of December 31, 2020, there were 350,054 shares authorized for issuance for purchase under the 2017 ESPP but not yet issued.

Note 17 - Income Taxes

Components of the provision for income taxes consist of the following:

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Current			
Federal	$ 154	$ 17	$ —
State	14	6	1
Total current income tax expense	168	23	1
Deferred			
Federal	(10)	39	47
State	8	(14)	(3)
Total deferred income tax expense	(2)	25	44
Total income tax expense	$ 166	$ 48	$ 45

Our effective tax rate differs from the statutory federal tax rate. The following is a summary of such differences:

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Provision at statutory federal income tax rate	$ 148	$ 56	$ 49
(Decreases) increases resulting from:			
Bank owned life insurance	(2)	(2)	(2)
State income tax (benefit), net of federal income tax effect (net of valuation allowance release)	18	(6)	(2)
Low income housing tax losses	(1)	(1)	(1)
Other	3	1	1
Provision for income taxes	$ 166	$ 48	$ 45
Effective tax provision rate	23.5 %	18.1 %	19.4 %

The increase in our income tax provision and effective tax provision rate during the year ended December 31, 2020, as compared to the year ended December 31, 2019, was primarily due to significantly higher pre-tax book income in the current year.

Temporary differences and carryforwards that give rise to DTAs and liabilities are comprised of the following:

	December 31,	
	2020	2019
	(Dollars in millions)	
Deferred tax assets		
Net operating loss carryforwards (Federal and State)	$ 36	$ 43
Allowance for credit losses	58	26
Accrued compensation	15	12
Litigation settlement	8	9
Lease liability	6	6
Contingent consideration	7	4
General business reserves	11	2
Other	4	11
Total	$ 145	$ 113
Valuation allowance	(7)	(5)
Total net	$ 138	$ 108
Deferred tax liabilities		
Mark-to-market adjustments	$ (4)	$ (12)
Premises and equipment	(7)	(7)
State and local taxes	(6)	(7)
Commercial lease financing	(1)	(5)
Mortgage loan servicing rights	(53)	(5)
Right of use asset	(5)	(6)
Total	$ (76)	$ (42)
Net deferred tax asset	$ 62	$ 66

We have not provided deferred income taxes for the Bank's pre-1988 tax bad debt reserve at December 31, 2020, of approximately $4 million because it is not anticipated that this temporary difference will reverse in the foreseeable future. Such reserves would only be taken into taxable income if the Bank, or a successor institution, liquidates, redeems shares, pays dividends in excess of earnings, or ceases to qualify as a bank for tax purposes.

During the years ended December 31, 2020 and 2019, we had federal net operating loss carryforwards of $51 million and $68 million, respectively. These carryforwards, if unused, expire in calendar years 2028 through 2029. As a result of a change in control occurring on January 30, 2009 and November 10, 2020, Section 382 of the Internal Revenue Code places an annual limitation on the use of our new operating loss carryforwards that existed at those times. $51 million of net operating loss carryforwards are subject to certain annual use limitations which expire in calendar years 2028 through 2029.

We regularly evaluate the need for DTA valuation allowances based on a more likely than not standard as defined by GAAP. The ability to realize DTAs depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction.

We had a state DTA of $28 million which includes total state net operating loss carryforwards of $393 million at December 31, 2020, that expire if unused in calendar years through 2033. In connection with our ongoing assessment of deferred taxes, we analyzed each state net operating loss separately, determined the amount of net operating loss available and estimated the amount which we expected to expire unused. Based on that assessment, we recorded a valuation allowance of $7 million to reduce the DTA for state net operating losses to the amount which is more likely than not to be realized. At December 31, 2020, the net state DTAs which will more likely than not be realized, was $21 million.

We will continue to regularly assess the realizability of our DTAs. Changes in earnings performance and future earnings projections, among other factors, may cause us to adjust our valuation allowance.

Our income tax returns are subject to review and examination by federal, state and local government authorities. On an ongoing basis, numerous federal, state and local examinations are in progress and cover multiple tax years. At December 31, 2020, the Internal Revenue Service had completed an examination of us through the taxable year ended December 31, 2013. The years open to examination by state and local government authorities vary by jurisdiction.

We recognize interest and penalties related to uncertain tax positions in income tax expense. For the years ended December 31, 2020, 2019 and 2018, we did not recognize any interest income, interest expense, or increase or decreases to uncertain income tax positions of greater than $1 million, individually or in aggregate.

Note 18 - Regulatory Capital

We, along with the Bank, are subject to the Basel III based U.S. capital rules, including capital simplification in 2020. Under these requirements, we must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional, discretionary actions by regulators that could have a material effect on the Consolidated Financial Statements.

To be categorized as "well-capitalized," the Company and the Bank must maintain minimum tangible capital, Tier 1 capital, common equity Tier 1 and total capital ratios as set forth in the table below. We, along with the Bank, are considered "well-capitalized" at both December 31, 2020 and December 31, 2019.

The following tables present the regulatory capital requirements under the applicable Basel III based U.S. capital rules:

Flagstar Bancorp	Actual		Minimum Capital Ratios		Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in millions)					
December 31, 2020						
Tier 1 capital (to adjusted avg. total assets)	$ 2,270	7.71 %	$ 1,178	4.0 %	$ 1,472	5.0 %
Common equity Tier 1 capital (to RWA)	2,030	9.15 %	999	4.5 %	1,442	6.5 %
Tier 1 capital (to RWA)	2,270	10.23 %	1,331	6.0 %	1,775	8.0 %
Total capital (to RWA)	2,638	11.89 %	1,775	8.0 %	2,219	10.0 %
December 31, 2019						
Tier 1 capital (to adjusted avg. total assets)	$ 1,720	7.57 %	$ 909	4.0 %	$ 1,136	5.0 %
Common equity Tier 1 capital (to RWA)	1,480	9.32 %	715	4.5 %	1,033	6.5 %
Tier 1 capital (to RWA)	1,720	10.83 %	953	6.0 %	1,271	8.0 %
Total capital (to RWA)	1,830	11.52 %	1,271	8.0 %	1,589	10.0 %

Flagstar Bank	Actual		Minimum Capital Ratios		Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in millions)					
December 31, 2020						
Tier 1 capital (to adjusted avg. total assets)	$ 2,390	8.12 %	$ 1,177	4.0 %	$ 1,472	5.0 %
Common equity Tier 1 capital (to RWA)	2,390	10.77 %	999	4.5 %	1,443	6.5 %
Tier 1 capital (to RWA)	2,390	10.77 %	1,332	6.0 %	1,775	8.0 %
Total capital (to RWA)	2,608	11.75 %	1,775	8.0 %	2,219	10.0 %
December 31, 2019						
Tier 1 capital (to adjusted avg. total assets)	$ 1,752	7.71 %	$ 909	4.0 %	$ 1,136	5.0 %
Common equity Tier 1 capital (to RWA)	1,752	11.04 %	714	4.5 %	1,032	6.5 %
Tier 1 capital (to RWA)	1,752	11.04 %	952	6.0 %	1,270	8.0 %
Total capital (to RWA)	1,862	11.73 %	1,270	8.0 %	1,587	10.0 %

Note 19 - Legal Proceedings, Contingencies and Commitments

Legal Proceedings

We and our subsidiaries are subject to various pending or threatened legal proceedings arising out of the normal course of business operations. In addition, the Bank is routinely named in civil actions throughout the country by borrowers and former borrowers relating to the closing, purchase, sale and servicing of mortgage loans. From time to time, governmental agencies also conduct investigations or examinations of various practices of the Bank. In the course of such investigations or examinations, the Bank cooperates with such agencies and provides information as requested.

We assess the liabilities and loss contingencies in connection with pending or threatened legal and regulatory proceedings on at least a quarterly basis and establish accruals when we believe it is probable that a loss may be incurred and that the amount of such loss can be reasonably estimated. Once established, litigation accruals are adjusted, as appropriate, in light of additional information. Payments made to settle our liabilities may differ from the contingency or fair value recorded due to factors that differ from our assumptions.

At December 31, 2020, we do not believe that the amount of any reasonably possible losses in excess of any amounts accrued with respect to ongoing proceedings or any other known claims will be material to our financial statements or that the ultimate outcome of these actions will have a materially adverse effect on our financial condition, results of operations or cash flows.

DOJ Liability

On February 24, 2012, the Bank entered into a Settlement Agreement with the DOJ under which we agreed to make future payments totaling $118 million in annual increments of up to $25 million upon meeting all of the following conditions which are evaluated quarterly and include: (a) the reversal of the DTA valuation allowance, which occurred at the end of 2013; (b) the repayment of the Fixed Rate Cumulative Perpetual Preferred Stock, Series C (the "TARP Preferred"), which occurred in July 2016; and (c) the Bank having a Tier 1 Leverage Capital Ratio of 11 percent or greater as filed in the Call Report with the OCC.

No payment would be required until six months after the Bank files its Call Report with the OCC first reporting that its Tier 1 Leverage Capital Ratio was 11 percent or greater. If all other conditions were then satisfied, an initial annual payment would be due at that time. The next annual payment is only made if such other conditions continue to be satisfied, otherwise payments are delayed until all such conditions are met. Further, making such a payment must not violate any material banking regulatory requirement and the OCC must not object in writing.

Consistent with our business and regulatory requirements, Flagstar shall seek in good faith to fulfill the conditions and will not undertake any conduct,or fail to take any action, for which the purpose is to frustrate or delay our ability to fulfill any of the above conditions.

Additionally, if the Bank and Bancorp become party to a business combination in which the Bank or Bancorp represent less than 33.3 percent of the resulting company’s assets, annual payments must commence twelve months after the date of that business combination.

The Settlement Agreement meets the definition of a financial instrument for which we elected the fair value option. We consider the assumptions a market participant would make to transfer the liability and evaluate the potential ways we might satisfy the Settlement Agreement and our estimates of the likelihood of these outcomes, which may change over time. The fair value of the liability is subject to significant uncertainty; it is impacted by forecasted estimates of the timing of potential payments, some of which are impacted by inputs including estimates of equity, earnings, timing and amount of dividends and growth of the balance sheet as well as their related impacts on forecasted Tier 1 Leverage Capital Ratio discount rate, the likelihood and types of potential business combinations or any other means by which a payment could be made. While the Settlement Agreement remains outstanding, we are exposed to the risk of further litigation, reputational risk and operational risk related to our ongoing business relationships and discussions from time to time to resolve the Settlement Agreement. For further information on the fair value of the liability, see Note 20 - Fair Value Measurements.

Other litigation accruals

At December 31, 2020 and December 31, 2019, excluding the fair value liability relating to the DOJ Liability, our total accrual for contingent liabilities and settled litigation was $7 million and $3 million, respectively.

Commitments

In the normal course of business, we have various commitments outstanding which are not included on our Consolidated Statements of Financial Condition. The following table is a summary of the contractual amount of significant commitments:

	December 31,	
	2020	2019
	(Dollars in millions)	
Commitments to extend credit		
Mortgage loan commitments including interest rate locks	$ 10,702	$ 4,099
Warehouse loan commitments	2,849	1,944
Commercial and industrial commitments	1,271	1,107
Other construction commitments	1,934	2,015
HELOC commitments	544	558
Other consumer commitments	121	175
Standby and commercial letters of credit	95	82

Commitments to extend credit are agreements to lend to a customer as long as there is not a violation of any condition established in the contract. Because many of these commitments expire without being drawn upon, the total commitment amounts do not necessarily represent future cash flow requirements. Commitments generally have fixed expiration dates or other termination clauses. We evaluate each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by us, upon extension of credit is based on Management's credit evaluation of the counterparties.

These instruments involve, to varying degrees, elements of credit and interest rate risk beyond the amount recognized on the Consolidated Statements of Financial Condition. Our exposure to credit losses in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. We utilize the same credit policies in making commitments and conditional obligations as we do for balance sheet instruments. The types of credit we extend are as follows:

Mortgage loan commitments including interest rate locks. We enter into mortgage loan commitments, including interest rate locks with our customers. These interest rate lock commitments are considered to be derivative instruments and the fair value of these commitments is recorded on the Consolidated Statements of Financial Condition in other assets. For further information, see Note 11 - Derivative Financial Instruments.

Warehouse loan commitments. Lines of credit provided to mortgage originators to fund loans they originate and then sell. The proceeds of the sale of the loans are used to repay the draw on the line used to fund the loans.

Commercial and industrial and other construction commitments. Conditional commitments issued under various terms to lend funds to businesses and other entities. These commitments include revolving credit agreements, term loan commitments and short-term borrowing agreements. Many of these loan commitments have fixed expiration dates or other termination clauses and may require payment of a fee. Because many of these commitments are expected to expire without being funded, the total commitment amounts do not necessarily represent future liquidity requirements.

HELOC commitments. Commitments to extend, originate or purchase credit are primarily lines of credit to consumers and have specified rates and maturity dates. Many of these commitments also have adverse change clauses, which allow us to cancel the commitment due to deterioration in the borrowers' creditworthiness or a decline in the collateral value.

Other consumer commitments. Conditional commitments issued to accommodate the financial needs of customers. The commitments are made under various terms to lend funds to consumers, which include revolving credit agreements, term loan commitments and short-term borrowing agreements.

Standby and commercial letters of credit. Conditional commitments issued to guarantee the performance of a customer to a third party. Standby letters of credit generally are contingent upon the failure of the customer to perform according to the terms of the underlying contract with the third party, while commercial letters of credit are issued specifically to facilitate commerce and typically result in the commitment being drawn on when the underlying transaction is consummated between the customer and the third party. These financial standby letters of credit irrevocably obligate the bank to pay a third party beneficiary when a customer fails to repay an outstanding loan or debt instrument.

We maintain a reserve for the estimate of estimated lifetime credit losses in unfunded commitments to extend credit. Unfunded commitments to extend credit include unfunded loans with available balances, new commitments to lend that are not yet funded and standby and commercial letters of credit. A reserve balance of $28 million at December 31, 2020 and $3 million at December 31, 2019, respectively, is reflected in other liabilities on the Consolidated Statements of Financial Condition.

Supplemental executive retirement plan with former CEO. The Company entered into a supplemental executive retirement plan (“SERP”) with a former CEO in 2009. Under the plan, the former CEO was to receive a $16 million payment in August 2018. The Company fully accrued for the SERP liability during that time period and no SERP payments have been made to the former CEO. Due to the condition of the Company at the time the former CEO’s employment ended, we believe that any payment under the SERP would be deemed to be a “Golden Parachute” payment and, therefore, is subject to certain banking regulations. As a result, we would need to make an application to the regulators to make a payment and certify to certain criteria. The Company does not believe that it can make an unqualified certification. The former CEO has filed a lawsuit to compel us to make a certification and ultimately pay the liability. Final dispensation of the SERP is not within our control and the liability of $16 million at December 31, 2020 may be adjusted as more information is known.

Note 20 - Fair Value Measurements

We utilize fair value measurements to record or disclose the fair value on certain assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability through an orderly transaction between market participants at the measurement date. The determination of fair values of financial instruments often requires the use of estimates. In cases where quoted market values in an active market are not available, we use present value techniques and other valuation methods to estimate the fair values of our financial instruments. These valuation models rely on market-based parameters when available, such as interest rate yield curves or credit spreads. Unobservable inputs may be based on Management's judgment, assumptions and estimates related to credit quality, our future earnings, interest rates and other relevant inputs. These valuation methods require considerable judgment and the resulting estimates of fair value can be significantly affected by the assumptions made and methods used.

Valuation Hierarchy

U.S. GAAP establishes a three-level valuation hierarchy for disclosure of fair value measurements. The hierarchy is based on the transparency of the inputs used in the valuation process with the highest priority given to quoted prices available in active markets and the lowest priority given to unobservable inputs where no active market exists, as discussed below:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets in which we can participate as of the measurement date,

Level 2 - Quoted prices for similar instruments in active markets and other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument, and

Level 3 - Unobservable inputs that reflect our own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input within the valuation hierarchy that is significant to the overall fair value measurement. Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the financial instruments carried at fair value by caption on the Consolidated Statements of Financial Condition and by level in the valuation hierarchy:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total Fair Value
	(Dollars in millions)			
Investment securities available-for-sale				
Agency - Commercial	$ —	$ 1,061	$ —	$ 1,061
Agency - Residential	—	735	—	735
Municipal obligations	—	28	—	28
Corporate debt obligations	—	77	—	77
Other MBS	—	42	—	42
Certificate of deposit	—	1	—	1
Loans held-for-sale				
Residential first mortgage loans	—	7,009	—	7,009
Loans held-for-investment				
Residential first mortgage loans	—	11	—	11
Home equity	—	—	2	2
Mortgage servicing rights	—	—	329	329
Derivative assets				
Rate lock commitments (fallout-adjusted)	—	—	208	208
Mortgage-backed securities forwards	—	14	—	14
Interest rate swaps and swaptions	—	59	—	59
Total assets at fair value	$ —	$ 9,037	$ 539	$ 9,576
Derivative liabilities				
Mortgage-backed securities forwards	—	(98)	—	$ (98)
Interest rate swaps and swaptions	—	(4)	—	(4)
DOJ Liability	—	—	(35)	(35)
Total liabilities at fair value	$ —	$ (102)	$ (35)	$ (137)

	December 31, 2019			
	Level 1	Level 2	Level 3	Total Fair Value
	(Dollars in millions)			
Investment securities available-for-sale				
Agency - Commercial	$ —	$ 947	$ —	$ 947
Agency - Residential	—	1,015	—	1,015
Municipal obligations	—	31	—	31
Corporate debt obligations	—	77	—	77
Other MBS	—	45	—	45
Certificate of deposit	—	1	—	1
Loans held-for-sale				
Residential first mortgage loans	—	5,219	—	5,219
Loans held-for-investment				
Residential first mortgage loans	—	10	—	10
Home equity	—	—	2	2
Mortgage servicing rights	—	—	291	291
Derivative assets				
Rate lock commitments (fallout-adjusted)	—	—	34	34
Mortgage-backed securities forwards	—	2	—	2
Interest rate swaps and swaptions	—	26	—	26
Total assets at fair value	$ —	$ 7,373	$ 327	$ 7,700
Derivative liabilities				
Rate lock commitments (fallout-adjusted)	$ —	$ —	$ (1)	$ (1)
Mortgage-backed securities forwards	—	(9)	—	(9)
Interest rate swaps	—	(8)	—	(8)
DOJ Liability	—	—	(35)	(35)
Contingent consideration	—	—	(10)	(10)
Total liabilities at fair value	$ —	$ (17)	$ (46)	$ (63)

Fair Value Measurements Using Significant Unobservable Inputs

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

	Balance at Beginning of Year	Total Gains / (Losses) Recorded in Earnings (1)	Purchases / Originations	Sales	Settlement	Transfers In (Out)	Balance at End of Year
	(Dollars in millions)						
Year Ended December 31, 2020							
Assets							
Loans held-for-investment							
Home equity	$ 2	$ —	$ —	$ —	$ —	$ —	$ 2
Mortgage servicing rights (1)	291	(159)	268	(71)	—	—	329
Rate lock commitments (net) (1)(2)	34	358	1,005	—	—	(1,189)	208
Totals	$ 327	$ 199	$ 1,273	$ (71)	$ —	$ (1,189)	$ 539
Liabilities							
DOJ Liability	$ (35)	$ —	$ —	$ —	$ —	$ —	$ (35)
Contingent consideration	(10)	(17)	—	—	27	—	—
Totals	$ (45)	$ (17)	$ —	$ —	$ 27	$ —	$ (35)
Year Ended December 31, 2019							
Assets							
Loans held-for-investment							
Home equity	$ 2	$ —	$ —	$ —	$ —	$ —	$ 2
Mortgage servicing rights (1)	290	(165)	223	(57)	—	—	291
Rate lock commitments (net) (1)(2)	20	86	326	—	—	(398)	34
Totals	$ 312	$ (79)	$ 549	$ (57)	$ —	$ (398)	$ 327
Liabilities							
DOJ Liability	$ (60)	$ 25	$ —	$ —	$ —	$ —	$ (35)
Contingent consideration	(6)	(7)	—	—	3	—	(10)
Totals	$ (66)	$ 18	$ —	$ —	$ 3	$ —	$ (45)
Year Ended December 31, 2018							
Assets							
Loans held-for-investment							
Home equity	$ 4	$ —	$ —	$ —	$ (2)	$ —	$ 2
Mortgage servicing rights (1)	291	(18)	356	(339)	—	—	290
Rate lock commitments (net) (1)(2)	24	(34)	235	—	—	(205)	20
Totals	$ 319	$ (52)	$ 591	$ (339)	$ (2)	$ (205)	$ 312
Liabilities							
DOJ Liability	$ (60)	$ —	$ —	$ —	$ —	$ —	$ (60)
Contingent consideration	(25)	13	—	—	6	—	(6)
Totals	$ (85)	$ 13	$ —	$ —	$ 6	$ —	$ (66)

(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:

	Fair Value		Valuation Technique	Unobservable Input	Range (Weighted Average)	
				(Dollars in millions)		
December 31, 2020						
Assets						
Loans held-for-investment						
Home equity	$	2	Discounted cash flows	Discount rate Constant prepayment rate Constant default rate	7.2% -10.8% (9.0%) 12.6% - 18.9% (15.8%) 1.5%-2.3% (1.9%)	
Mortgage servicing rights	$	329	Discounted cash flows	Option adjusted spread Constant prepayment rate Weighted average cost to service per loan	3.4% - 21.2% (8.0%) 0% - 13.3% (10.5%) $67 - $95 ($81)	
Rate lock commitments (net)	$	208	Consensus pricing	Closing pull-through rate	75.7% - 87.2% (77.5%)	
Liabilities						
DOJ Liability	$	(35)	Discounted cash flows	See description below	See description below	

	Fair Value		Valuation Technique	Unobservable Input	Range (Weighted Average)	
				(Dollars in millions)		
December 31, 2019						
Assets						
Loans held-for-investment						
Home equity	$	2	Discounted cash flows	Discount rate Constant prepayment rate Constant default rate	7.2% -10.8% (9.0%) 13.0% - 19.5% (16.2%) 2.7%-4.0% (3.3%)	(1)
Mortgage servicing rights	$	291	Discounted cash flows	Option adjusted spread Constant prepayment rate Weighted average cost to service per loan	2.4% - 20.4% (5.3%) 0% - 12.3% (10.6%) $67 - $95 ($84)	(1)
Rate lock commitments (net)	$	34	Consensus pricing	Origination pull-through rate	80.0% - 87.2% (81.5%)	(1)
Liabilities						
DOJ Liability	$	(35)	Discounted cash flows	See description below	See description below	
Contingent consideration	$	(10)	Discounted cash flows	See description below	See description below	(2)

(1) Unobservable inputs were weighted by their relative fair value of the instruments.
(2) Unobservable inputs were not weighted as only one instrument exists.

Recurring Significant Unobservable Inputs

Home equity. The most significant unobservable inputs used in the fair value measurement of the home equity loans are discount rates, constant prepayment rates and default rates. The constant prepayment and default rates are based on a 12 month historical average. Significant increases (decreases) in the discount rate in isolation result in a significantly lower (higher) fair value measurement. Increases (decreases) in prepay rates in isolation result in a higher (lower) fair value and increases (decreases) in default rates in isolation result in a lower (higher) fair value.

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 December 31, 2020 and December 31, 2019, the weighted average life (in years) for the entire MSR portfolio was 4.2 and 4.1, respectively.

DOJ Liability. The significant unobservable inputs used in the fair value measurement of the DOJ Liability are the discount rate, asset growth rate, return on assets, dividend rate and potential ways we might be required to begin making DOJ Liability payments and our estimates of the likelihood of these outcomes, as further discussed in Note 19 - Legal Proceedings, Contingencies and Commitments. The DOJ Liability had a fair value adjustment of $25 million for the year ended December 31, 2019. This reduced the liability to $35 million based on changes in the probability of potential ways we might be required to begin making DOJ Liability payments and our estimates of the likelihood of these outcomes. Our assessment of these outcomes reflect a reduced likelihood, and longer timing, for potential future payments.

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.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

We also have assets that are subject to measurement at fair value on a nonrecurring basis under certain conditions.

The following table presents assets measured at fair value on a nonrecurring basis:

	Total (1)	Level 2	Level 3	Gains/(Losses)
	(Dollars in millions)			
December 31, 2020				
Residential first mortgage loans	$ 30	$ 30	$ —	$ (1)
Commercial loans	57	—	57	—
Impaired loans held-for-investment (2)				
Residential first mortgage loans	24	—	24	(3)
Repossessed assets (3)	8	—	8	(3)
Totals	$ 119	$ 30	$ 89	$ (7)
December 31, 2019				
Loans held-for-sale (2)	$ 6	$ 6	$ —	$ (1)
Impaired loans held-for-investment (2)				
Residential first mortgage loans	14	—	14	(5)
Repossessed assets (3)	10	—	10	(3)
Totals	$ 30	$ 6	$ 24	$ (9)

(1) The fair values are determined at various dates dependent upon when certain conditions were met requiring fair value measurement.
(2) Gains/(losses) reflect fair value adjustments on assets for which we did not elect the fair value option.
(3) Gains/(losses) reflect write downs of repossessed assets based on the estimated fair value of the specific assets.

The following table presents the quantitative information about nonrecurring Level 3 fair value financial instruments and the fair value measurements:

	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)	
			(Dollars in millions)		
December 31, 2020					
Commercial loans	$ 57	Fair value of collateral	Market price	N/A	(2)
Impaired loans held-for-investment					
Residential first mortgage loans	$ 24	Fair value of collateral	Loss severity discount	0% - 100% (12.8%)	(1)
Repossessed assets	$ 8	Fair value of collateral	Loss severity discount	0% - 96.3% (24.5%)	(1)
December 31, 2019					
Impaired loans held-for-investment					
Residential first mortgage loans	$ 14	Fair value of collateral	Loss severity discount	25% - 30% (25.9%)	(1)
Repossessed assets	$ 10	Fair value of collateral	Loss severity discount	0% - 100% (17.1%)	(1)

(1) Unobservable inputs were weighted by their relative fair value of the instruments.
(2) Fair value has been determined based on an unobservable market price.

Nonrecurring Significant Unobservable Inputs

The significant unobservable inputs used in the fair value measurement of the impaired loans and repossessed assets are appraisals or other third-party price evaluations which incorporate measures such as recent sales prices for comparable properties.

Fair Value of Financial Instruments

The following table presents the carrying amount and estimated fair value of financial instruments that are carried either at fair value, cost or amortized cost:

	December 31, 2020				
		Estimated Fair Value			
	Carrying Value	Total	Level 1	Level 2	Level 3
	(Dollars in millions)				
Assets					
Cash and cash equivalents	$ 623	$ 623	$ 623	$ —	$ —
Investment securities available-for-sale	1,944	1,944	—	1,944	—
Investment securities held-to-maturity	377	393	—	393	—
Loans held-for-sale	7,098	7,098	—	7,098	—
Loans held-for-investment	16,227	16,188	—	11	16,177
Loans with government guarantees	2,516	2,498	—	2,498	—
Mortgage servicing rights	329	329	—	—	329
Federal Home Loan Bank stock	377	377	—	377	—
Bank owned life insurance	356	358	—	358	—
Repossessed assets	8	8	—	—	8
Other assets, foreclosure claims	17	17	—	17	—
Derivative financial instruments	281	281	—	73	208
Liabilities					
Retail deposits					
Demand deposits and savings accounts	$ (8,616)	$ (7,864)	$ —	$ (7,864)	$ —
Certificates of deposit	(1,355)	(1,365)	—	(1,365)	—
Wholesale deposits	(1,031)	(1,047)	—	(1,047)	—
Government deposits	(1,765)	(1,706)	—	(1,706)	—
Custodial deposits	(7,206)	(7,133)	—	(7,133)	—
Federal Home Loan Bank advances	(5,100)	(5,124)	—	(5,124)	—
Long-term debt	(641)	(596)	—	(596)	—
DOJ litigation settlement	(35)	(35)	—	—	(35)
Derivative financial instruments	(102)	(102)	—	(102)	—

	December 31, 2019				
		Estimated Fair Value			
	Carrying Value	Total	Level 1	Level 2	Level 3
	(Dollars in millions)				
Assets					
Cash and cash equivalents	$ 426	$ 426	$ 426	$ —	$ —
Investment securities available-for-sale	2,116	2,116	—	2,116	—
Investment securities held-to-maturity	598	599	—	599	—
Loans held-for-sale	5,258	5,258	—	5,258	—
Loans held-for-investment	12,129	12,031	—	10	12,021
Loans with government guarantees	736	707	—	707	—
Mortgage servicing rights	291	291	—	—	291
Federal Home Loan Bank stock	303	303	—	303	—
Bank owned life insurance	349	349	—	349	—
Repossessed assets	10	10	—	—	10
Other assets, foreclosure claims	45	45	—	45	—
Derivative financial instruments, assets	62	88	—	54	34
Liabilities					
Retail deposits					
Demand deposits and savings accounts	$ (6,811)	$ (6,050)	$ —	$ (6,050)	$ —
Certificates of deposit	(2,353)	(2,368)	—	(2,368)	—
Wholesale deposits	(633)	(640)	—	(640)	—
Government deposits	(1,213)	(1,156)	—	(1,156)	—
Custodial deposits	(4,136)	(4,066)	—	(4,066)	—
Federal Home Loan Bank advances	(4,815)	(4,816)	—	(4,816)	—
Long-term debt	(496)	(462)	—	(462)	—
DOJ Liability	(35)	(35)	—	—	(35)
Contingent consideration	(10)	(10)	—	—	(10)
Derivative financial instruments, liabilities	(18)	(44)	—	(43)	(1)

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:

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Assets			
Loans held-for-sale			
Net gain on loan sales	$ 1,204	$ 348	$ (29)
Loans held-for-investment			
Other noninterest income	—	1	—
Liabilities			
DOJ Liability			
Other noninterest income	—	25	—

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:

	December 31, 2020			December 31, 2019		
	Unpaid Principal Balance	Fair Value	Fair Value Over / (Under) Unpaid Principal Balance	Unpaid Principal Balance	Fair Value	Fair Value Over / (Under) Unpaid Principal Balance
	(Dollars in millions)					
Assets						
Nonaccrual loans						
Loans held-for-sale	$ 9	$ 7	$ (2)	$ 3	$ 3	$ —
Loans held-for-investment	9	8	(1)	5	4	(1)
Total nonaccrual loans	18	15	(3)	8	7	(1)
Other performing loans						
Loans held-for-sale	6,704	7,002	298	5,057	5,216	159
Loans held-for-investment	5	4	(1)	8	8	—
Total other performing loans	6,709	7,006	297	5,065	5,224	159
Total loans						
Loans held-for-sale	6,713	7,009	296	5,060	5,219	159
Loans held-for-investment	14	12	(2)	13	12	(1)
Total loans	$ 6,727	$ 7,021	$ 294	$ 5,073	$ 5,231	$ 158
Liabilities						
DOJ Liability (1)	$ (118)	$ (35)	$ 83	$ (118)	$ (35)	$ 83

(1) We are obligated to pay $118 million in installment payments upon meeting certain performance conditions, as described in Note 19 - Legal Proceedings, Contingencies and Commitments.

Note 21 - Segment Information

Our operations are conducted through three operating segments: Community Banking, Mortgage Originations and Mortgage Servicing. The Other segment includes the remaining reported activities. Operating segments are defined as components of an enterprise that engage in business activity from which revenues are earned and expenses are incurred for which discrete financial information is available that is evaluated regularly by executive management in deciding how to allocate resources and in assessing performance. The operating segments have been determined based on the products and services offered and reflect the manner in which financial information is currently evaluated by Management. Each segment operates under the same banking charter, but is reported on a segmented basis for this report. Each of the operating segments is complementary to each other and because of the interrelationships of the segments, the information presented is not indicative of how the segments would perform if they operated as independent entities.

As a result of Management's evaluation of our segments, effective January 1, 2020, certain departments have been re-aligned between the Community Banking and Mortgage Originations segments. Specifically, a majority of the residential mortgage HFI portfolio is now part of the Mortgage Originations segment. The income and expenses relating to these changes are reflected in our financial statements and all prior period segment financial information has been recast to conform to the current presentation.

The Community Banking segment originates loans, provides deposits and fee based services to consumer, business, and mortgage lending customers through its Branch Banking, Business Banking and Commercial Banking, Government Banking and Warehouse Lending. Products offered through these groups include checking accounts, savings accounts, money market accounts, certificates of deposit, consumer loans, commercial loans, commercial real estate loans, equipment finance and leasing, home builder finance loans and warehouse lines of credit. Other financial services available include consumer and corporate card services, customized treasury management solutions, merchant services and capital markets services such as loan syndications, and investment and insurance products and services. The interest income on LHFI is recognized in the Community Banking segment, excluding residential first mortgages and newly originated home equity products within the Mortgage Originations segment.

The Mortgage Originations segment originates and acquires one-to-four family residential mortgage loans to sell or hold on our balance sheet. Loans originated-to-sell comprise the majority of the lending activity. These loans are originated through mortgage branches, call centers, the Internet and third-party counterparties. The Mortgage Originations segment

recognizes interest income on loans that are held for sale and the gains from sales associated with these loans, along with the interest income on residential mortgages and newly originated home equity products within LHFI.

The Mortgage Servicing segment services and subservices mortgage and other consumer loans for others on a fee for service basis and may also collect ancillary fees and earn income through the use of noninterest-bearing escrows. Revenue for those serviced and subserviced loans is earned on a contractual fee basis, with the fees varying based on our responsibilities and the status of the underlying loans. The Mortgage Servicing segment also services loans for our LHFI portfolio and our own LHFS portfolio in the Mortgage Originations segment, for which it earns revenue via an intercompany service fee allocation.

The Other segment includes the treasury functions, which include the impact of interest rate risk management, balance sheet funding activities and the administration of the investment securities portfolios, as well as miscellaneous other expenses of a corporate nature. In addition, the Other segment includes revenue and expenses related to treasury and corporate assets and liabilities and equity not directly assigned or allocated to the Community Banking, Mortgage Originations or Mortgage Servicing operating segments.

Revenues are comprised of net interest income (before the provision (benefit) for credit losses) and noninterest income. Noninterest expenses and a majority of provision (benefit) for income taxes, are allocated to each operating segment. Provision for credit losses is allocated to segments based on net charge-offs and changes in outstanding balances. In contrast, the level of the consolidated provision for credit losses is determined based on an allowance model using the methodologies described in Item 2 – MD&A. The net effect of the credit provision is recorded in the Other segment. Allocation methodologies may be subject to periodic adjustment as the internal management accounting system is revised and the business or product lines within the segments change.

The following tables present financial information by business segment for the periods indicated:

	Year Ended December 31, 2020				
	Community Banking	**Mortgage Originations**	**Mortgage Servicing**	**Other (1)**	**Total**
	(Dollars in millions)				
Summary of Operations					
Net interest income	$ 570	$ 191	$ 18	$ (94)	$ 685
Provision (benefit) for credit losses	3	(11)	—	157	149
Net interest income after provision (benefit) for credit losses	567	202	18	(251)	536
Net gain on loan sales	2	969	—	—	971
Loan fees and charges	1	98	66	—	165
Net return on mortgage servicing rights	—	10	—	—	10
Loan administration (expense) income	(3)	(35)	151	(29)	84
Other noninterest income	61	8	—	26	95
Total noninterest income	61	1,050	217	(3)	1,325
Compensation and benefits	108	161	46	151	466
Commissions	2	230	—	—	232
Loan processing expense	5	55	36	2	98
Other noninterest expense	271	136	79	(125)	361
Total noninterest expense	386	582	161	28	1,157
Income before indirect overhead allocations and income taxes	242	670	74	(282)	704
Indirect overhead allocation (expense) income	(40)	(60)	(19)	119	—
Provision (benefit) for income taxes	42	128	12	(16)	166
Net income (loss)	$ 160	$ 482	$ 43	$ (147)	$ 538
Intersegment (expense) revenue	$ (96)	$ (48)	$ 39	$ 105	$ —
Average balances					
Loans held-for-sale	$ 1	$ 5,541	$ —	$ —	$ 5,542
Loans with government guarantees	$ —	$ 1,571	$ —	$ —	$ 1,571
Loans held-for-investment (2)	$ 11,376	$ 2,591	$ —	$ 30	$ 13,997
Total assets	$ 11,760	$ 10,735	$ 85	$ 4,328	$ 26,908
Deposits	$ 10,996	$ —	$ 6,712	$ 836	$ 18,544

(1) Includes offsetting adjustments made to reclassify income and expenses relating to operating leases and custodial deposits for subservicing clients.
(2) Includes adjustment made to reclassify operating lease assets to loans held-for-investment.

	Year Ended December 31, 2019				
	Community Banking	Mortgage Originations	Mortgage Servicing	Other (1)	Total
	(Dollars in millions)				
Summary of Operations					
Net interest income	$ 410	$ 145	$ 16	$ (9)	$ 562
Provision (benefit) for credit losses	20	2	—	(4)	18
Net interest income after provision (benefit) for credit losses	390	143	16	(5)	544
Net (loss) gain on loan sales	(14)	349	—	—	335
Loan fees and charges	1	67	32	—	100
Net return on mortgage servicing rights	—	6	—	—	6
Loan administration (expense) income	(3)	(24)	124	(67)	30
Other noninterest income	62	12	—	65	139
Total noninterest income	46	410	156	(2)	610
Compensation and benefits	103	111	28	135	377
Commissions	2	109	—	—	111
Loan processing expense	6	36	36	2	80
Other noninterest expense	165	90	59	6	320
Total noninterest expense	276	346	123	143	888
Income before indirect overhead allocations and income taxes	160	207	49	(150)	266
Indirect overhead allocation	(41)	(42)	(18)	101	—
Provision (benefit) for income taxes	24	35	6	(17)	48
Net income (loss)	$ 95	$ 130	$ 25	$ (32)	$ 218
Intersegment (expense) revenue	$ (3)	$ 13	$ 26	$ (36)	$ —
Average balances					
Loans held-for-sale	$ —	$ 3,952	$ —	$ —	$ 3,952
Loans with government guarantees	$ —	$ 553	$ —	$ —	$ 553
Loans held-for-investment (2)	$ 7,876	$ 3,027	$ —	$ 29	$ 10,932
Total assets	$ 8,319	$ 8,467	$ 47	$ 3,841	$ 20,674
Deposits	$ 10,301	$ —	$ 3,851	$ 556	$ 14,708

(1) Includes offsetting adjustments made to reclassify income and expenses relating to operating leases and custodial deposits for subservicing clients.
(2) Includes adjustment made to reclassify operating lease assets to loans held-for-investment.

	Year Ended December 31, 2018				
	Community Banking	Mortgage Originations	Mortgage Servicing	Other (1)	Total
	(Dollars in millions)				
Summary of Operations					
Net interest income	$ 272	$ 170	$ 7	$ 48	$ 497
Provision (benefit) for credit losses	2	2	—	(12)	(8)
Net interest income after provision for credit losses	270	168	7	60	505
Net (loss) gain on loan sales	(1)	201	—	—	200
Loan fees and charges	—	62	25	—	87
Net return on mortgage servicing rights	—	36	—	—	36
Loan administration (expense) income	(2)	(15)	69	(29)	23
Other noninterest income	45	15	—	33	93
Total noninterest income	42	299	94	4	439
Compensation and benefits	70	105	19	124	318
Commissions	2	78	—	—	80
Loan processing expense	4	26	26	3	59
Other noninterest expense	101	66	44	44	255
Total noninterest expense	177	275	89	171	712
Income before indirect overhead allocations and income taxes	135	192	12	(107)	232
Indirect overhead allocation	(39)	(68)	(20)	127	—
Provision (benefit) for income taxes	20	27	(2)	—	45
Net income (loss)	$ 76	$ 97	$ (6)	$ 20	$ 187
Intersegment revenue (expense)	$ 10	$ 1	$ 19	$ (30)	$ —
Average balances					
Loans held-for-sale	$ —	$ 4,196	$ —	$ —	$ 4,196
Loans with government guarantees	$ —	$ 303	$ —	$ —	$ 303
Loans held-for-investment (2)	$ 5,576	$ 2,814	$ —	$ 29	$ 8,419
Total assets	$ 5,760	$ 8,253	$ 34	$ 3,933	$ 17,980
Deposits	$ 8,580	$ —	$ 1,883	$ 312	$ 10,775

(1) Includes offsetting adjustments made to reclassify income and expenses relating to operating leases and custodial deposits for subservicing clients.
(2) Includes adjustment made to reclassify operating lease assets to loans held-for-investment.

Note 22 - Holding Company Only Financial Statements

The following are the unconsolidated financial statements for the Holding Company on a stand-alone basis. These condensed financial statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto. The Holding Company's principal sources of funds are cash dividends paid by the Bank to the Holding Company.

Flagstar Bancorp, Inc.
Condensed Unconsolidated Statements of Financial Condition
(Dollars in millions)

	December 31,	
	2020	**2019**
	(Dollars in millions)	
Assets		
Cash and cash equivalents	$ 304	$ 233
Investment in subsidiaries (1)	2,551	2,031
Other assets	17	47
Total assets	$ 2,872	$ 2,311
Liabilities and Stockholders' Equity		
Liabilities		
Long-term debt	$ 641	$ 496
Other liabilities	30	27
Total liabilities	671	523
Stockholders' Equity		
Common stock	1	1
Additional paid in capital	1,346	1,483
Accumulated other comprehensive income	47	1
Retained earnings	807	303
Total stockholders' equity	2,201	1,788
Total liabilities and stockholders' equity	$ 2,872	$ 2,311

(1) Includes unconsolidated trusts of $7 million for December 31, 2020 and 2019.

Flagstar Bancorp, Inc.
Condensed Unconsolidated Statements of Operations
(Dollars in millions)

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Income			
Interest	$ 2	$ 4	$ 1
Cash dividends received from subsidiaries	82	100	—
Total	84	104	1
Expenses			
Interest	25	28	27
General and administrative	14	6	7
Total	39	34	34
Net income (loss) before undistributed income of subsidiaries	45	70	(33)
Equity in undistributed income of subsidiaries	484	142	212
Net income before income taxes	529	212	179
Benefit for income taxes	(9)	(6)	(8)
Net income	538	218	187
Other comprehensive income (loss) (1)	46	48	(31)
Comprehensive income	$ 584	$ 266	$ 156

(1) See Consolidated Statements of Comprehensive Income for other comprehensive income (loss) detail.

Flagstar Bancorp, Inc.
Condensed Unconsolidated Statements of Cash Flows
(Dollars in millions)

	For the Years Ended December 31,		
	2020	2019	2018
	(Dollars in millions)		
Net income	$ 538	$ 218	$ 187
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in undistributed income of subsidiaries	(566)	(241)	(177)
Dividends received from subsidiaries	82	104	—
Other	34	10	(5)
Net cash provided by operating activities	88	91	5
Investing Activities			
Net cash provided by investing activities	—	—	—
Financing Activities			
Stock buyback	(150)	(50)	—
Repayment of long-term debt	(4)	—	—
Proceeds from issuance of long-term debt	150	—	—
Debt issuance costs	(2)	—	—
Dividends declared and paid	(11)	(9)	—
Net cash used in financing activities	(17)	(59)	—
Net increase in cash and cash equivalents	71	32	5
Cash and cash equivalents, beginning of year	233	201	196
Cash and cash equivalents, end of year	$ 304	$ 233	$ 201

Note 23 - Quarterly Financial Data (Unaudited)

The following table represents summarized data for each of the quarters in 2020 and 2019:

	2020			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(Dollars in millions, except per share data)			
Interest income	$ 212	$ 206	$ 201	$ 201
Interest expense	23	26	33	53
Net interest income	189	180	168	148
Provision for credit losses	2	32	102	14
Net interest income after provision for credit losses	187	148	66	134
Net gain on loan sales	232	346	303	90
Loan fees and charges	53	45	41	26
Net return (loss) on mortgage servicing rights	—	12	(8)	6
Loan administration income	25	26	21	12
Deposit fees and charges	8	8	7	9
Other noninterest income	19	15	14	14
Noninterest expense	319	305	296	235
Income before income tax	205	295	148	56
Provision for income taxes	51	73	32	10
Net income from continuing operations	$ 154	$ 222	$ 116	$ 46
Basic income per share	$ 2.86	$ 3.90	$ 2.04	$ 0.80
Diluted income per share	$ 2.83	$ 3.88	$ 2.03	$ 0.80

	2019			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	(Dollars in millions, except per share data)			
Interest income	$ 213	$ 203	$ 198	$ 180
Interest expense	61	57	60	54
Net interest income	152	146	138	126
Provision for credit losses	—	1	17	—
Net interest income after provision for credit losses	152	145	121	126
Net gain on loan sales	101	110	75	49
Loan fees and charges	30	29	24	17
Net (loss) return on the mortgage servicing rights	(3)	(2)	5	6
Loan administration income	8	5	6	11
Deposit fees and charges	10	10	10	8
Other noninterest income	16	19	48	18
Noninterest expense	245	238	214	191
Income before income tax	69	78	75	44
Provision for income taxes	11	15	14	8
Net income from continuing operations	$ 58	$ 63	$ 61	$ 36
Basic income per share	$ 1.01	$ 1.12	$ 1.08	$ 0.64
Diluted income per share	$ 1.00	$ 1.11	$ 1.06	$ 0.63

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report and pursuant to Rule 13a-15 of the Exchange Act, Management, with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness and design of our disclosure controls and procedures (as that term is defined in Rule 13a-15(e) of the Exchange Act). In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and implemented, can provide only reasonable assurance of achieving the desired control objectives, and that Management’s duties require it to make its best judgment regarding the design of our disclosure controls and procedures.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2020 to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, and that such information is accumulated and communicated to Management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Internal control over financial reporting includes policies and procedures that:

(i) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the Company; and

(iii) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with existing policies or procedures may deteriorate.

With the participation of the Chief Executive Officer and Chief Financial Officer, Management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2020, based on the framework and criteria established in *Internal Control-Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on this assessment, as of December 31, 2020 we assert that we maintained effective internal control over financial reporting.

The effectiveness of Management's internal control over financial reporting as of December 31, 2020, has been audited by PricewaterhouseCoopers, LLP, our independent registered public accounting firm, as stated in their report, included herein.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, such internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE

Except as set forth below, the information required by this Item 10 will be contained in our Proxy Statement relating to the 2021 Annual Meeting of Stockholders and is hereby incorporated by reference.

Our Code of Business Conduct and Ethics, our Corporate Governance Guidelines and charters for our Audit Committee, Compensation Committee, and Nominating Corporate Governance Committee are available at www.flagstar.com or upon written request by stockholders to Flagstar Bancorp, Inc., Attn: Investor Relations, 5151 Corporate Drive, Troy, MI 48098.

None of the information currently posted, or posted in the future, on our website is incorporated by reference into this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 will be contained in our Proxy Statement relating to the 2021 Annual Meeting of Stockholders and is hereby incorporated by reference, provided that the Compensation Committee Report shall be deemed to be furnished and not filed.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except as set forth below, the information required by this Item 12 will be contained in our Proxy Statement relating to the 2021 Annual Meeting of Stockholders and is hereby incorporated by reference.

Equity Compensation Plan Information

The following table sets forth certain information with respect to securities to be issued under our equity compensation plans as of December 31, 2020.

Plan Category	Number of Securities to Be Issued Upon Exercise	Weighted Average Exercise Price (1)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders - Restricted Stock Units (2)	974,186	$ 30.88	1,276,470
Equity compensation plans not approved by security holders	—	—	—
Total	974,186	$ 30.88	1,276,470

(1) Weighted average exercise price is calculated including RSUs, which for this purpose are treated as having an exercise price of zero.
(2) For further information regarding the equity compensation plans under which the RSUs are authorized for issuance, see Note 16 - Stock-Based Compensation.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 will be contained in our Proxy Statement relating to the 2021 Annual Meeting of Stockholders and is hereby incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item 14 will be contained in our Proxy Statement relating to the 2021 Annual Meeting of Stockholders and is hereby incorporated by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) and (2) — Financial Statements and Schedules

The information required by these sections of Item 15 are set forth in the Index to Consolidated Financial Statements under Item 8. of this annual report on Form 10-K.

(3) — Exhibits

The following documents are filed as a part of, or incorporated by reference into, this report:

Exhibit No.	Description
3.1*	Second Amended and Restated Articles of Incorporation of Flagstar Bancorp, Inc. (previously filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, for the period ended June 30, 2017, and incorporated herein by reference).
3.2*	Sixth Amended and Restated Bylaws of the Company (previously filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q, for the period ended September 30, 2016, and incorporated herein by reference).
4.1*	Indenture, dated October 28, 2020, between Flagstar Bancorp, Inc. and Wilmington Trust, National Association, as Trustee (previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated October 28, 2020, and incorporated herein by reference).
4.2*	First Supplemental Indenture, dated October 28, 2020, between Flagstar Bancorp, Inc. and Wilmington Trust, National Association, as Trustee (previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, dated October 28, 2020, and incorporated herein by reference).
4.3*	Form of 4.125% Fixed-to-Floating Rate Subordinated Note due 2030.
4.4	Description of Rights of Shareholders
10.1*+	Flagstar Bancorp, Inc. 2006 Equity Incentive Plan (previously filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the period ended December 31, 2016, and incorporated herein by reference).
10.2*	Stipulation and Order of Settlement and Dismissal, dated February 24, 2012, by and among the Company, the Bank and the United States of America (previously filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the period ended December 31, 2016, and incorporated herein by reference).
10.3*+	Amended and Restated Employment Agreement, dated as of May 21, 2019, by and between Flagstar Bancorp, Inc., Flagstar Bank, FSB and Alessandro P. DiNello (previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2019, and incorporated herein by reference.
10.4*+	Amended and Restated Employment Agreement dated as of May 21, 2019, by and between Flagstar Bancorp, Inc., Flagstar Bank, FSB and Lee M. Smith (previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2019, and incorporated herein by reference.
10.5*+	Flagstar Bancorp, Inc. 2016 Stock Award and Incentive Plan (previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2015, and incorporated herein by reference).
10.6*+	Form of Senior Executive Officer Award Agreement under Flagstar Bancorp, Inc. 2016 Stock Award and Incentive Plan (previously filed as Exhibit 10.1 to the Company's Current Report on Form 10-Q, for the period ended June 30, 2018, and incorporated herein by reference).
10.7*+	2016 Stock Award and Incentive Plan Restricted Stock Unit Senior Executive Officer Award Agreement - 4 year ratable (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated March 26, 2018, and incorporated herein by reference).
10.8*+	2016 Stock Award and Incentive Plan Restricted Stock Unit and Performance Share Unit Senior Executive Officer Award Agreement - SEO Performance (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, dated March 26, 2018, and incorporated herein by reference).
10.9*+	Executive Long-Term Incentive Program Award Agreement II ($44 VWAP) (previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, dated March 26, 2018, and incorporated herein by reference).

Exhibit No.	Description
10.10*+	Executive Long-Term Incentive Program Award Agreement II ($40 VWAP) (previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K, dated March 26, 2018, and incorporated herein by reference).
10.11*+	2016 Stock Award and Incentive Plan Restricted Stock Unit Senior Executive Officer Award Agreement - SEO Time (previously filed as Exhibit 10.5 to the Company's Current Report on Form 8-K, dated March 26, 2018, and incorporated herein by reference).
10.12+	Form of Change in Control Agreement as between Flagstar Bancorp, Inc., Flagstar Bank, FSB and James K. Ciroli, Stephen Figliuolo, Reginald Davis and Karen Buck.
21	List of Subsidiaries of the Company.
23	Consent of PricewaterhouseCoopers, LLP.
31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Section 906 Certification of Chief Executive Officer.
32.2	Section 906 Certification of Chief Financial Officer.
101	Financial statements from Annual Report on Form 10-K of the Company for the year ended December 31, 2020, formatted in XBRL: (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to the Consolidated Financial Statements.

* Incorporated herein by reference

\+ Constitutes a management contract or compensation plan or arrangement

Flagstar Bancorp, Inc. will furnish to any stockholder a copy of any of the exhibits listed above upon written request and upon payment of a specified reasonable fee, which fee shall be equal to the Company's reasonable expenses in furnishing the exhibit to the stockholder. Requests for exhibits and information regarding the applicable fee should be directed to "Kenneth Schellenberg, Director of Investor Relations" at the address of the principal executive offices set forth on the cover of this Annual Report on Form 10-K.

(b) — Exhibits. See Item 15.(a)(3) above.
(c) — Financial Statement Schedules. See Item 15.(a)(2) above.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

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, on February 26, 2021.

FLAGSTAR BANCORP, INC.

By: /s/ Alessandro P. DiNello

Alessandro P. DiNello
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ James K. Ciroli

James K. Ciroli
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, in his or her capacity as director or officer, or both, as the case may be, of Flagstar Bancorp, Inc., does hereby appoint Alessandro DiNello and James K. Ciroli, and each of them, his or her attorney or attorneys with full power of substitution to execute in his or her name, in his or her capacity as a director or officer, or both, as the case may be, of Flagstar Bancorp, Inc., the 2020 Form 10-K Annual Report and any and all amendments and supplements to such 2020 Form 10-K Annual Report and post-effective amendments and supplements thereto, and to file the same with all exhibits thereto and all other documents in connection therewith with the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 26, 2021.

	SIGNATURE	TITLE
By:	/S/ ALESSANDRO DINELLO Alessandro DiNello	President and Chief Executive Officer (Principal Executive Officer)
By:	/S/ JAMES K. CIROLI James K. Ciroli	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
By:	/S/ BRYAN L. MARX Bryan L. Marx	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)
By:	/S/ JOHN D. LEWIS John D. Lewis	Chairman
By:	/S/ JAY J. HANSEN Jay J. Hansen	Director
By:	/S/ TOAN HUYNH Toan Huynh	Director
By:	/S/ LORI JORDAN Lori Jordan	Director
By:	/S/ DAVID J. MATLIN David J. Matlin	Director
By:	/S/ BRUCE E. NYBERG Bruce E. Nyberg	Director
By:	/S/ JAMES A. OVENDEN James A. Ovenden	Director
By:	/S/ PETER SCHOELS Peter Schoels	Director
By:	/S/ DAVID L. TREADWELL David L. Treadwell	Director
By:	/S/ JENNIFER WHIP Jennifer Whip	Director

Exhibit 4.4

Description of Rights of Shareholders

General

Our authorized capital stock consists of 105,000,000 shares, including 80,000,000 shares of common stock, $0.01 par value per share, and 25,000,000 shares of preferred stock, $0.01 par value per share.

Our common stock is the only class of our securities registered under Section 12 of the Securities Exchange Act of 1934. As of February 25, 2021, there were 52,679,147 shares of our common stock issued and outstanding. Our common stock trades on the New York Stock Exchange under the trading symbol “FBC.” Our transfer agent is Computershare Shareholder Services.

Each share of common stock shall have the same relative powers, preferences and rights as, and shall be identical in all respects with, all the other shares of common stock. Holders of our common stock have no conversion rights, and are not entitled to any preemptive or subscription rights. Our common stock is not subject to redemption or any further calls or assessments. Our common stock does not have cumulative voting rights in the election of directors. In addition to the board of directors, the shareholders, by an affirmative vote of the majority of the outstanding shares of capital stock, may also adopt, repeal, alter, amend or rescind our bylaws.

Voting rights

Each holder of common stock is entitled to one vote for each share held by such shareholder. Holders of our common stock are not permitted to take any action by written consent. Except as otherwise provided in our articles of incorporation, bylaws, or applicable law, a majority of the votes cast at a meeting is required to take any action. Directors are elected by a vote of a majority of the votes cast with respect to the director at any meeting for the election of directors, provided that if the number of nominees exceeds the number of directors to be elected, the directors are elected by the vote of a plurality of the shares represented at the meeting and entitled to vote on the election of directors.

Dividend policies

Holders of our common stock are entitled to receive dividends, if any, as may be declared by our board of directors out of assets legally available therefor after payment to holders of any outstanding shares of any class having preference over the common stock as to the payment of dividends. The amount of and nature of any dividends declared on our common stock will be determined by our board of directors in their sole discretion. The funds used to pay any dividends to our shareholders are obtained primarily as dividends from our subsidiary bank. Our ability to pay dividends is therefore subject to regulatory restrictions on dividend payments by our subsidiary bank and on our subsidiary bank having available funds to pay such dividends.

Liquidation rights

In the event we liquidate, dissolve or wind up, each holder of our common stock would be entitled to receive a pro rata portion of all assets available for distribution, after we pay or provide for payment of all our debts and liabilities and of any amounts owing to holders of any outstanding shares of any class having preference over the common stock in such event.

Issuance of additional shares

In the future, the authorized but unissued and unreserved shares of common stock will be available for general corporate purposes. The purposes may include, but are not limited to, possible issuance as stock dividends, in connection with mergers or acquisitions, under a cash dividend reinvestment or stock purchase plan, in a public or private offering, or pursuant to future employee benefit plans. Subject to the rules and regulations of the New York Stock Exchange, generally no stockholder approval would be required for the issuance of these additional shares, although certain transactions or employee benefit plans may otherwise be required to be approved by our shareholders.

Modification of Rights of Shareholders

Our board of directors may amend our bylaws, and thereby modify the rights of holders of common stock as set forth therein, by vote of a majority of the board of directors and without any vote of or consent by the shareholders.

Change in Control Agreement

This Change in Control Agreement (the “**Agreement**”) is made and entered into as of [DATE] (the “**Effective Date**”), by and between Flagstar Bancorp, Inc., a Michigan corporation (the “**Company**”), Flagstar Bank, FSB, a federally chartered savings bank and wholly-owned subsidiary of the Company (the “**Bank**” and, together with the Company, “**Flagstar**”) and [NAME] (the “**Executiv**e”). The Company, the Bank and Executive are referred to collectively as the “**Parties**” and individually as a “**Party**.”

WHEREAS, Executive is currently employed as the [_______] of the Company and is an integral part of its management;

WHEREAS, the Board of Directors of the Company (the “**Board**”) has determined that it is in the best interests of the Company and its stockholders to ensure that the Company will have the continuous employment of key management personnel, such as Executive;

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of Executive in the event of a Change in Control (as defined below);

WHEREAS, the Board believes it is essential to provide Executive with certain severance benefits upon Executive’s termination of employment in connection with a Change in Control.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the Parties agree as follows:

1. Term. This Agreement will have an initial term of twelve (12) months commencing on the Effective Date. On each twelve (12) month anniversary of the Effective Date, the term of this Agreement will renew automatically for an additional twelve (12) month period, unless Flagstar provides Executive with written notice of non-renewal at least sixty (60) days prior to such renewal date; provided, however, if a Change in Control occurs during the term of this Agreement (including any renewal period), this Agreement shall continue until the later of: (i) the first anniversary of a Change in Control Date; or (ii) the satisfaction of all of the obligations of the Parties under the Agreement. Prior to a Change in Control Date, this Agreement shall immediately terminate upon the termination of Executive’s employment for any reason. For the avoidance of doubt, and notwithstanding anything to the contrary in Section 2.1 below, Flagstar’s non-renewal of this Agreement shall not constitute a Qualifying Termination (as defined below).

2. Severance Benefits.

2.1 Qualifying Termination. If, during the Term, Executive’s employment is terminated as a result of a Qualifying Termination, Executive shall be entitled to receive the Accrued Amounts (defined below) and, subject to Executive’s timely execution and delivery (and non-revocation) of a general release and waiver of claims in substantially the form set forth in Exhibit A (the “**Release**”) (the period between the Qualifying Termination and the date that the Release becomes effective, the “**Release Execution Period**”), Executive shall be entitled to receive the following:

a. a lump sum payment equal to two (2) times Executive's Base Salary and target bonus from the Company's Annual Incentive Program or such successor plan or program ("**AIP**") for the fiscal year in which the Qualifying Termination occurs, which shall be paid within sixty (60) days following such termination; provided that, if the Release Execution Period begins in one taxable year and ends in another taxable year, payment shall not be made until the first payroll period in January of the second taxable year;

b. if Executive (and his dependents) timely elects to continue health care continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**"), the Company will reimburse Executive (and his dependents) monthly for COBRA healthcare continuation premiums until the earlier of: (i) the eighteen (18) month anniversary of the Qualifying Termination; (ii) the date on which Executive becomes eligible for health care coverage from a subsequent employer; and (iii) the date that Executive and his spouse qualify for coverage under Medicare. Notwithstanding the foregoing, if Flagstar's making payments under this Section 2.1(c) would violate the nondiscrimination rules applicable to non-grandfathered plans under the Affordable Care Act or any successor law (the "**ACA**"), or result in the imposition of penalties under the ACA and the related regulations and guidance promulgated thereunder), the Parties agree to reform this Section 2.1(c) in a manner as is necessary to comply with the ACA; and

c. notwithstanding the terms of the Company 2016 Stock Award and Incentive Plan (the "**2016 Plan**"), the Company 2006 Equity Incentive Plan, as amended, or any applicable award documents, all of Executive's then-outstanding unvested stock shall become fully vested and exercisable for the remainder of their full term.

2.2 <u>Other Terminations of Employment.</u> Notwithstanding anything to the contrary in Section 2.1 above, in connection with any termination of employment, Executive shall be entitled to receive the Accrued Amounts.

3. <u>Definitions.</u>

3.1 The "**Accrued Amounts**" include the following:

a. any accrued but unpaid base salary which shall be paid on the pay date immediately following the termination date of Executive's employment in accordance with Flagstar's payroll procedures;

b. any earned but unpaid payment from the AIP payment with respect to any completed fiscal year immediately preceding the termination date of Executive's employment, which shall be paid on the otherwise applicable payment date, except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement;

c. reimbursement for unreimbursed business expenses properly incurred by Executive, which shall be subject to and paid in accordance with Flagstar's business expense reimbursement policies; and

d. vested employee benefits, if any, to which Executive may be entitled under Flagstar's employee benefit plans as of the termination date of Executive's employment; which shall be subject to, and paid in accordance with, Flagstar's employee benefit plans.

3.2 "**Base Salary**" shall mean Executive's annualized base salary as of the Effective Date, as may be subsequently adjusted upward for increases.

3.3 "**Cause**" shall mean the occurrence of any of the following: (i) engaging in (A) willful or gross misconduct or (B) willful or gross neglect of duties; (ii) repeatedly and willfully failing to adhere to the directions of the Board or the material written policies and practices of Flagstar; (iii) any intentionally unlawful act that causes material damage to the property or business of Flagstar; (iv) Executive's material breach of any provision of this Agreement; (v) fraud, misappropriation, personal dishonesty or embezzlement by Executive, in each case which causes material damage to the property or business of Flagstar; or (vi) Executive's conviction of, or plea of nolo contendere to, a felony, a crime of moral turpitude or any crime involving Flagstar that causes material damages to the property or business of Flagstar. For purposes of this Agreement, no act or failure to act on the Executive's part will be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that his or her action or omission was in the best interests of Flagstar or an affiliate of Flagstar. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel will be conclusively presumed to be done, or omitted to be done, in good faith and in the best interests of Flagstar or an affiliate.

3.4 "**Change in Control**" is defined as the occurrence of a "Change in Control" as defined by the 2016 Plan.

3.5 "**Change in Control Date**" shall be any date during the Term on which a Change in Control occurs.

3.6 [Reserved].

3.7 "**Good Reason**" shall mean the occurrence of any of the following, in each case, without Executive's written consent:

i. A material reduction in Executive's Base Salary or target bonus under the AIP, from the levels then in effect;

ii. a failure by Flagstar to pay material compensation due and payable to Executive in connection with his or her employment;

iii. a material adverse change or a material diminution in Executive's positions, reporting relationships, authorities, duties or responsibilities;

iv. a relocation of Executive's principal place of employment by more than fifty (50) miles; or

v. any material breach by Flagstar of this Agreement.

Executive cannot terminate his employment for Good Reason unless Executive: (A) gives the Company written notice of his objection to such above-described event or condition within ninety (90) days following the occurrence of such event or condition, (B) such event or condition is not corrected, in all material respects, by the Company within thirty (30) days following the Company's receipt of such notice (or if such event or condition is not susceptible to correction within such 30-day period, the Company has not taken all reasonable steps within such 30-day period to correct such event or condition as promptly as practicable thereafter) and (C) Executive resigns his employment not more than thirty (30) days following the expiration of the 30-day period described in the foregoing clause (B).

3.8 "**Qualifying Termination**" shall occur if Executive's employment with the Company is terminated by Executive for Good Reason or by Flagstar without Cause at any time during the period beginning three (3) months before and ending on the 12-month anniversary of a Change in Control Date.

4. Mitigation. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and except as provided in Section 2.1(c) (with respect to medical insurance continuation), any amounts payable pursuant to Section 2 shall not be reduced by compensation Executive earns on account of employment with another employer.

5. Regulatory Actions.

a. If Executive is suspended and/or temporarily prohibited from participating in the conduct of the Bank's affairs by a notice served under Section 8(e)(3) or (g)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1818(e)(3) and (g)(1)), the Bank's obligations under this Agreement shall be suspended as of the date of service unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank may in its discretion (i) pay Executive all or part of the compensation withheld while its obligations were suspended, and (ii) reinstate (in whole or in part) any of its obligations which were suspended.

b. If Executive is removed and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Section 8(e)(4) or (g)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1818(e)(4) or (g)(1)), all obligations of the Bank under this Agreement shall terminate as of the effective date of the order, but vested rights of the contracting parties shall not be affected.

c. If the Bank is in default (as defined in Section 3(x)(1) of the Federal Deposit Insurance Act), all obligations under this Agreement shall terminate as of the date of default, but this paragraph shall not affect any vested rights of the contracting parties.

d. All obligations under this Agreement shall be terminated, except to the extent determined that continuation of this Agreement is necessary for the continued operation of the Bank:

i. By the Comptroller of the Currency, or his or her designee, at the time the Federal Deposit Insurance Corporation enters into an agreement to provide assistance

to or on behalf of the Bank under the authority contained in 13(c) of the Federal Deposit Insurance Act; or

ii. (A) By the Comptroller of the Currency or his or her designee, at the time the Comptroller, or his or her designee approves a supervisory merger to resolve problems related to operation of the Bank or when the Bank is determined by the Comptroller to be in an unsafe or unsound condition.

Any rights of the parties that have already vested, however, shall not be affected by such action.

6. Restrictive Covenants. In consideration of Executive entering into this Agreement, Executive shall enter into the Non-Competition, Non-Solicitation and Confidential Information Agreement set forth on Exhibit B.

7. Arbitration. The Parties agree that arbitration is the required and exclusive forum for the resolution of all disputes between them in any way related to this Agreement or Executive's employment and separation from employment from Flagstar, including but not limited to, any statutory or common law claims alleging unpaid compensation, unpaid wages or overtime pay, discrimination, harassment, retaliation, breach of express or implied contract, defamation and/or negligence. Specifically excluded are workers' compensation and unemployment compensation benefits, or claims under an executive benefit plan that specifies its claims procedure shall culminate in different arbitration procedures. Any Party seeking to pursue a claim shall do so by sending written notice pursuant to Section 19 hereof. Within five days thereafter, the Party seeking arbitration will submit the claim to the American Arbitration Association (the "AAA"). The arbitration will be in accordance with the national employment rules of the AAA, except that in no event may the AAA unilaterally select an arbitrator without the written consent of both Executive and Flagstar. The Parties may agree to a private arbitrator mutually selected by the Parties, in which case the AAA employment rules will apply to the conduct of the hearing. Any arbitration proceeding will be governed by the Federal Arbitration Act. Claims against officers, directors and other executives or agents of Flagstar are included in this agreement to arbitrate. Flagstar will pay Executive's portion of the AAA filing fee in an amount up to $250.00 (or the then current filing fee if it exceeds $250.00) as well as the fees and costs of the arbitrator and any AAA administrative costs. Any arbitration hearing will be conducted in the city or region closest to Executive's residence, unless the Parties mutually agree to conduct the hearing in another location.

An arbitrator's award must be in writing, with specific findings of fact, and will be enforceable by judgment entered upon the award in any court having jurisdiction. In reaching any decision, the arbitrator will interpret and be bound by this Agreement (and cannot add or disregard any provision of this Agreement) as well as applicable federal, state or local law. Any arbitration will provide each Party with all substantive rights and remedies provided under any applicable federal or state law related to such claim, including but not limited to, any legal or equitable remedy available in a court of competent jurisdiction such as money damages and legal fees. In the event of a conflict between this Agreement and any policy, rule or practice of Flagstar or the AAA, the arbitrator is bound by the terms of this Agreement. Nothing in this agreement to arbitrate precludes Flagstar or Executive from seeking temporary or permanent injunctive or declaratory relief from a court of competent jurisdiction relative to any alleged breach of an applicable non-compete or trade secret agreement between the Parties. *Neither Party shall be entitled to: (i) join or consolidate claims in arbitration by or against other executives, (ii)*

arbitrate any claim against the other party as a representative or member of a class or collective action, or (iii) arbitrate any claim in a private attorney general capacity.

8. Governing Law. This Agreement, for all purposes, shall be construed in accordance with the laws of the State of Michigan without regard to conflicts of law principles.

9. Entire Agreement. Unless specifically provided herein, this Agreement contains all of the understandings and representations between Executive and Flagstar pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

10. Modification and Waiver. No provision of this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by Executive and Flagstar. No waiver by the Parties of any breach by another Party of any condition or provision of this Agreement to be performed by another Party shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by any Party in exercising any right, power, or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power, or privilege.

11. Clawback Provisions. Notwithstanding any other provisions in this Agreement to the contrary, any amounts payable under this Agreement are subject to any policy (whether in existence as of the Effective Date or later adopted or amended) established by Flagstar providing for the clawback or recovery of amounts that were paid to Executive. The Board will make any determination for clawback or recovery in its reasonable discretion in good faith and such determination shall be binding on all parties.

12. Tax Withholding. Flagstar shall have the right to withhold from any amount payable under this Agreement any federal, state, and local taxes in order for Flagstar to satisfy any withholding tax obligation it may have under any applicable law or regulation.

13. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the Parties with any such modification to become a part hereof and treated as though originally set forth in this Agreement.

14. Headings. Headings of the sections and paragraphs of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or paragraph.

15. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

16. Section 409A.

16.1 General Compliance. This Agreement is intended to comply with Section 409A of the Internal Revenue Code and any regulations or guidance promulgated thereunder (“**Section 409A**”) or an exemption thereunder and shall be construed and administered in accordance with Section

409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as "separation pay" or as a "short-term deferral" shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, Flagstar makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall Flagstar be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by Executive on account of non-compliance with Section 409A.

16.2 Specified Employees. Notwithstanding any other provision of this Agreement, if any payment or benefit provided to Executive in connection with his termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the "separation from service" as determined under Section 409A or, if earlier, on Executive's death (the "**Specified Employee Payment Date**"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

17. Section 280G. In the event that part or all of the payments or benefits to be paid or provided to Executive under this Agreement together with the aggregate present value of payments, consideration, compensation and benefits under all other plans, arrangements and agreements applicable to Executive ("**Total Payments**") will be subject to an excise tax under the provisions of Code Section 4999 ("**Excise Tax**"), the Total Payments shall be reduced so that the maximum amount of the Total Payments (after reduction) will be one dollar ($1.00) less than the amount that would cause the Total Payments to be subject to the Excise Tax; provided, however, that the Total Payments shall only be reduced to the extent the after-tax value of amounts received by Executive after application of the above reduction would exceed the after-tax value of the Total Payments received by the Executive without application of such reduction. In making any determination as to whether the Total Payments would be subject to an Excise Tax, consideration shall be given to whether any portion of the Total Payments could reasonably be considered, based on the relevant facts and circumstances, to be reasonable compensation for services rendered (whether before or after the consummation of the applicable Change in Control). If applicable, the particular payments that are to be reduced shall be subject to the mutual agreement of Executive and the Company, with a view to maximizing the value of the payments to Executive that are not reduced.

18. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Executive and the heirs, executors, assigns and administrators of Executive and shall be binding upon and inure to the benefit of Flagstar and its successors and assigns (as provided below). Executive may not assign or transfer to others the obligation to perform Executive's duties hereunder, and there are no third party beneficiaries to Executive's rights hereunder. Flagstar may assign or transfer its rights and obligations under this Agreement to any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Flagstar. Flagstar

will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Flagstar to assume expressly and agree to perform this Agreement in the same manner and to the same extent that Flagstar would be required to perform it if no such succession had taken place. As used in this Section 18, “Flagstar” shall mean Flagstar as defined herein and any successor to its business and/or assets. Any obligations of Flagstar, the Company and/or the Bank under this Agreement shall be the joint and several obligation of each of the Company and the Bank.

19. Notice. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, or by overnight carrier to the parties at the addresses set forth below (or such other addresses as specified by the Parties by like notice):

If to Flagstar:

Flagstar Bank, FSB
5151 Corporate Drive
Troy, Michigan 48098
Attention: Chairman

If to Executive:

At the last address on file with the Company.

20. Survival. Upon the expiration or other termination of this Agreement, the respective rights and obligations of the Parties shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

FLAGSTAR BANCORP, INC.

By: ______________________

Name:______________________

Title:______________________

FLAGSTAR BANK, FSB

By______________________

Name:______________________

Title:______________________

EXECUTIVE

Signature: __________________________

Name (Printed): _____________________

Exhibit A

MUTUAL GENERAL RELEASE OF CLAIMS

This Mutual General Release of Claims ("Release Agreement") is made between NAME ("Executive") and Flagstar Bancorp, Inc., a Michigan corporation (the "Company"), Flagstar Bank, FSB, a federally chartered savings bank and wholly-owned subsidiary of the Company (the "Bank" and, together with the Company, "Flagstar") and is effective as of the Effective Date stated below. The Company, the Bank and Executive are referred to collectively as the "Parties" and individually as a "Party."

THEREFORE, in consideration of the mutual promises and payment set forth in the Agreement, this Release Agreement (Exhibit A) and the Non-Competition, Non-Solicitation and Confidential Information Agreement (the "Non-Competition and Confidentiality Agreement") (Exhibit B), the receipt and adequacy of which is acknowledged, the Parties agree as follows:

1. Date of Termination. Executive's date of termination is <<Termination Date>> ("Date of Termination"). Subject to any right to continue group health benefits under COBRA, Executive's eligibility for all health and welfare benefits provided by Flagstar will end on the <<Date of Termination>>. Except as specifically provided in the Agreement, this Release Agreement and the Non-Competition and Confidentiality Agreement attached at Exhibit B, as well as and any written agreement signed by Executive concerning the protection of trade secrets or intellectual property belonging to Flagstar, all other agreements, contracts, commitments and understandings between Executive and Flagstar, whether oral or written, concerning the subject matter of this Release Agreement are superseded by this Release Agreement.

2. Severance Benefits and Consideration for Release. Executive agrees that the Severance Benefits described in the Agreement are good and valuable consideration for this Release Agreement and are in excess of any earned wages, benefits or other amounts to which Executive is entitled as of the Date of Termination. Executive further acknowledges and warrants that Executive has received all wages, bonuses, overtime, vacation pay and other benefits and compensation due or owing by virtue of Executive's employment, and further specifically warrants and agrees that Executive has received all leaves of absences, including but not limited to, all FMLA leave, and all paid or unpaid time off that Executive requested or was otherwise eligible for while employed by Flagstar. Executive agrees to promptly pay in full all federal, state or local taxes due or owed on any Severance Benefits made pursuant to the Agreement.

3. Other Payments. In connection with Executive's separation from employment, on the Date of Termination, Flagstar will also pay any other vested benefits payable upon termination for which Executive is eligible in accord with the express terms of any agreement, benefit plan or Bank policy and applicable state law.

4. Protected Rights. Executive understands that nothing contained in this Release Agreement limits Executive's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state, or local governmental agency or commission ("Government Agencies"). Executive further understands that this

Agreement does not limit Executive's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to Flagstar.

5. Mutual General Release of All Claims.

(A) General Release by Executive. Executive fully, completely and forever releases and discharges Flagstar Bank and Flagstar Bancorp, their current or former parent corporations, units, divisions, subsidiaries, foundations, benefit plans, related or affiliated entities, and all current or former officers, directors, shareholders, employees, donors, agents, attorneys, plan administrators, fiduciaries, successors and assigns of Flagstar Bank, Flagstar Bancorp, and any entity or unit described above (collectively referred to as "Released Parties") from any and all claims, appeals, controversies, disputes, issues, allegations, loss of services, attorneys' fees, liabilities, grievances, damages and causes of action of any kind, nature or description, arising from any act, omission, conduct, fact or circumstance existing as of the date Executive signs this Release Agreement.

This release includes, but is not limited to, all workplace disputes, issues or allegations, and all claims or allegations for unpaid compensation, unreimbursed expenses, bonuses, stock options, wrongful discharge, breach of contract, negligence, defamation, fraud and personal injury (including, but not limited to, mental or emotional anguish, humiliation, embarrassment, loss of professional status, prestige and self-esteem), as well as all claims for loss of consortium or support or affection, and all damages, costs, expenses, compensation, benefits, and attorneys' fees. This general release also includes all claims and rights under any federal, state or local law or regulation, including but not limited to, Title VII of Civil Rights Act of 1964, the Age Discrimination in Employment Act (ADEA), the Family and Medical Leave Act, the Americans with Disabilities Act, the Lilly Ledbetter Fair Pay Act, the Equal Pay Act; the Fair Credit Reporting Act; the Genetic Information Nondiscrimination Act; the Michigan Persons with Disabilities Civil Rights Act, the Michigan Wages and Fringe Benefits Act, the Michigan Whistleblowers Protection Act, and the Michigan Elliott Larsen Civil Rights Act, and/or any other federal, state or local constitution, statute, ordinance or regulation. By signing below, Executive acknowledges and agrees that this general release will be interpreted in the broadest way possible under applicable law and also includes any and all claims which in any way involve or arise from Executive's employment or separation from employment with Flagstar based on events occurring up to and including the date Executive signs this Release Agreement.

By signing this Release Agreement, Executive gives up and discharges any such issues, disputes, allegations and claims described above, except for: (i) claims for breach of this Release Agreement; (ii) claims for health insurance benefits under COBRA or any vested benefits under a retirement plan governed by ERISA; (iii) statutory claims for unemployment or workers' compensation benefits that are not waivable as a matter of law; (iv) equity awards which by their terms survive the termination of Executive's employment; and (v) rights to indemnification and reimbursement and advancement of expenses under any charter, bylaw, other organization document, agreement, vote of shareholders or directors or otherwise. The Parties further agree that no future claims based on facts or circumstances arising after the execution of this Release Agreement are waived. Executive has the right to have a court determine the validity of the above waiver and release of ADEA claims.

(B) Release by Flagstar. Flagstar Bank and Flagstar Bancorp, for each of them and their respective current or former parent corporations, units, divisions, subsidiaries, foundations, benefit

plans, related or affiliated entities, and all current or former officers, directors, shareholders, employees, donors, agents, attorneys, plan administrators, fiduciaries, successors and assigns of Flagstar Bank, Flagstar Bancorp, and any entity or unit described above (collectively referred to as "Flagstar Parties") fully, completely and forever releases and discharges Executive and his estate, administrators, personal representatives, heirs and beneficiaries, from any and all claims, appeals, controversies, disputes, issues, allegations, loss of services, attorneys' fees, liabilities, grievances, damages and causes of action of any kind, nature or description, arising from any act, omission, conduct, fact or circumstance existing as of the date Executive signs this Agreement that are known by the Board of Directors of Flagstar Bank and Flagstar Bancorp, respectively, on such date, except for claims under the Agreement, this Release Agreement or the Non-Competition and Confidentiality Agreement attached as Exhibit B. Nothing in this mutual release precludes or limits Flagstar from defending itself against (i) any allegations by Executive, or (ii) any of the above Released Claims should they become public.

6. No Admission of Liability. This Agreement is the good faith settlement of any and all disputes existing as of the date signed or otherwise arising out of Executive's employment or separation of employment with Flagstar. This Agreement does not constitute and shall not be used as an admission by either party of any liability, wrongdoing, or violation of any law.

7. Return of Company Property and Cooperation. Executive further agrees to return to Flagstar on or before the Date of Termination all property in Executive's possession or control belonging to Flagstar, including, but not limited to, keys, files, cellular phones, credit cards, laptops, computer hardware or software, passwords, codes, books, customer documents, files and all records, and to promptly reconcile all expense accounts. Executive agrees not to retain copies of any property belonging to Flagstar, whether on paper, tape, disk, or in any electronic or other medium after the Date of Termination. Executive agrees to reasonably cooperate and be available to Flagstar (or its Counsel), as the Bank may reasonably request to assist in any administrative, agency or other matter, including litigation or potential litigation, over which Executive may have knowledge or information based on Executive's employment with Flagstar.

8. Knowing and Voluntary Acknowledgment. Flagstar advises and encourages Executive to consult with an attorney prior to signing this Release Agreement. Executive acknowledges that (a) Executive has read this Release Agreement in its entirety and understands all of its terms; (b) Executive has had the opportunity to consult with an attorney of his or her own choice prior to executing this Release Agreement; (c) Executive is responsible for any costs and fees resulting from an attorney reviewing this Release Agreement; (d) Executive knowingly, freely and voluntarily enters into this Release Agreement and the above general release of claims of Executive's own free will without any duress or coercion by Flagstar or its representatives, in exchange for good and valuable consideration in addition to anything of value to which Executive is otherwise entitled.

9. Consideration Period. Executive acknowledges Executive has been given at least twenty-one (21) days to review and consider this Agreement before signing it. Executive acknowledges that Executive chooses to sign this Agreement prior to the expiration of that 21-day period, Executive expressly waives any remaining portion of the 21-day consideration period.

10. Binding Nature, Modification, Severability and Governing Law. The waiver of a breach of any term of this Release Agreement does not operate as a waiver of any other or subsequent breach. This Agreement is binding on Flagstar its affiliates and all respective successors and assigns, as well as

Executive's personal representatives and heirs. This Release Agreement may not be assigned by Executive without the prior written consent of the Chief Executive Officer of Flagstar. No amendment or modification of this Release Agreement is binding unless in writing, specifically refers to this Release Agreement, and is signed by both Executive and the Chief Executive Officer of Flagstar. Any ambiguity in this Release Agreement will not be construed presumptively against any party. If any court of competent jurisdiction finds any provision of this Release Agreement to be invalid or unenforceable, such provisions shall be considered removed from this Release Agreement and the remaining provisions will continue in full force and effect to the fullest extent allowed by applicable law. This Release Agreement will be interpreted in accord with the laws of the State of Michigan, regardless of any conflict of law provisions. This Release Agreement may be executed by facsimile and/or in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one agreement.

11. Medicare Reporting. Executive affirms that Executive is not and has never been a recipient of Medicare benefits, is not otherwise eligible for Medicare benefits, and Medicare has not notified Executive (nor is Executive aware of) any Medicare liens applicable to Executive. Executive acknowledges that none of the Separation Pay is for medical treatment or injuries to Executive caused or attributed to the Employer. The Parties have made every effort to adequately protect Medicare's interest, if any, in this Release Agreement, and have not shifted responsibility for medical treatment to Medicare in contravention of federal law. Any present or future action or decision by Center for Medicare Services (CMS) regarding this Release Agreement, or Executive's eligibility or entitlement to Medicare or Medicare payments, will not render this release void or ineffective, or affect the finality of this Release Agreement or release of claims. Executive waives any and all private causes of action for damages pursuant to 42 U.S.C. 1395, and acknowledges that Flagstar will report any payments to CMS if specifically required by law to do so.

12. Right to Revoke and Effective Date. Executive may revoke and cancel this Release Agreement at any time seven (7) days after signing this Release Agreement by delivering written notice of revocation to Chief Human Resources Officer, Flagstar Bank FSB, 5151 Corporate Drive, Troy, Michigan, 48098. This Release Agreement is not effective until the eighth day after Employee has signed it and the revocation period has expired without revocation ("Effective Date"). If Employee does so revoke, the Agreement and this Release Agreement shall be null and void.

13. Arbitration of Disputes. The Parties agree that arbitration is the required and exclusive forum for the resolution of all disputes between them in any way related to this Release Agreement or Executive's employment and separation from employment from Flagstar, including but not limited to, any statutory or common law claims alleging unpaid compensation, unpaid wages or overtime pay, discrimination, harassment, retaliation, breach of express or implied contract, defamation and/or negligence. Specifically excluded from this agreement are workers' compensation and unemployment compensation benefits, or claims under an employee benefit plan that specifies its claims procedure shall culminate in different arbitration procedures. The arbitration will be in accordance with the national employment rules of the American Arbitration Association (AAA), except that in no event may AAA unilaterally select an arbitrator without the written consent of both Executive and Flagstar. The Parties may agree to a private arbitrator mutually selected by the Parties, in which case the AAA employment rules will apply to the conduct of the hearing. This Release Agreement and any arbitration proceeding will be governed by the Federal Arbitration Act (FAA). Claims against officers, directors and other

employees or agents of Flagstar are included in this agreement to arbitrate. Flagstar will pay Executive's portion of the AAA filing fee in an amount up to $250.00 (or the current court filing fee if it exceeds $250.00) as well as the fees and costs of the Arbitrator and any AAA administrative costs, subject to the arbitrator's authority to award damages. Any arbitration hearing will be conducted in Michigan, in the city or region closest to Executive's residence, unless the Parties mutually agree to conduct the hearing in another location.

An arbitrator's award must be in writing, with findings of fact, and will be enforceable by judgment entered upon the award in any court having jurisdiction. In reaching any decision, the arbitrator will interpret and be bound by this Release Agreement (and cannot add or disregard any provision of this Agreement) as well as applicable federal, state or local law. Any arbitration will provide each Party with all substantive rights and remedies provided under any applicable federal or state law related to such claim, including but not limited to, any legal or equitable remedy available in a court of competent jurisdiction such as money damages and legal fees. In the event of a conflict between this Agreement and any policy, rule or practice of the Flagstar or AAA, the Arbitrator is bound by the terms of this Release Agreement. Nothing in this agreement to arbitrate precludes Executive or Flagstar from seeking temporary or permanent injunctive or declaratory relief from a court of competent jurisdiction relative to any alleged breach of an applicable non-compete or trade secret agreement between the Parties.

The arbitrator shall hear only individual claims and is prohibited from fashioning a proceeding as a class, collective, representative, joint, or group action or awarding relief to a group of claimants or employees in one proceeding, to the maximum extent permitted by law. Any question or dispute concerning the scope or validity of this paragraph and class action waiver shall be decided by a court of competent jurisdiction and not the arbitrator. Should a court determine that this class action waiver is invalid for any reason, the parties hereby waive any right to arbitration of the class, collective, representative, joint, or group action at issue and instead agree and stipulate that such claims will be heard only by a judge and not an arbitrator or jury, to the maximum extent permitted by law. If a Party brings an action that includes both claims subject to arbitration under this Agreement and claims that by law are not subject to arbitration, all claims that are not subject to arbitration shall be stayed until the claims subject to arbitration are fully arbitrated. In such a situation, the arbitrator's decision on the claims subject to arbitration, including any determinations as to disputed factual or legal issues, shall be dispositive and entitled to full force and effect in any separate lawsuit on claims that by law are not subject to arbitration.

THE PARTIES HAVE FULLY CONSIDERED THIS AGREEMENT AND GENERAL RELEASE FREELY AND KNOWINGLY ENTER INTO THIS AGREEMENT AND GENERAL RELEASE.

WITNESS	EXECUTIVE
______________________________	______________________________
Date: ______________________________	Date: ______________________________
	FLAGSTAR BANK
	By: ______________________________
	Its: ______________________________

Exhibit B

Non-Competition, Non-Solicitation and Confidential Information Agreement

This **Non-Competition, Non-Solicitation and Confidential Information Agreement** ("Non-Competition and Confidentiality Agreement") is between Flagstar Bancorp, Inc., a Michigan corporation (the "**Company**"), Flagstar Bank, FSB, a federally chartered savings bank and wholly-owned subsidiary of the Company (the "**Bank**" and, together with the Company, "**Flagstar**") and [NAME] (the "**Executiv**e"), and is effective as of the time the Executive executes this Agreement.

In consideration of Executive's employment with Flagstar, and the compensation and benefits to be provided to Executive by Flagstar, Executive hereby acknowledges and agrees as follows:

1. **Confidential Information.** "Confidential Information" is to be broadly interpreted and means (i) all non-public techniques/strategies and information that Flagstar has or Executive (in the course and scope of employment with Flagstar) develops, compiles, acquires, or receives that has or may have commercial value or usefulness to Flagstar, to its clients or to their competitors in their respective businesses; (ii) all non-public information that, if disclosed without authorization, could be detrimental to the interest of Flagstar or its clients/customers, whether or not such information is identified as Confidential Information or otherwise "confidential" by Flagstar or its Clients; (iii) any consumer, customer, or employee information, including all personally identifiable information of any consumer, customer, or employee in any format to which Executive may have access during employment with Flagstar and (iv) all information belonging to third parties, such as vendors, that Flagstar is bound by contract or otherwise to keep confidential. Confidential Information includes not only information disclosed by Flagstar (including its employees, agents, and independent contractors) or its clients to Executive, but also information developed or learned by Executive in the course and scope of employment with Flagstar.

By example only and without limitation, "Confidential Information" includes all information on trade secrets, inventions, innovations, processes, discoveries, improvements, research or development test results, specifications, data, data compilations and analyses, know-how, formats, employee information, subscriber information, marketing plans, business plans, strategies, forecasts, unpublished financial information, budgets, projections, and client, prospective client and supplier identities and contact information, characteristics and agreements, whether in print, in electronic files, or residing on non-public Internet sites. Flagstar is the sole owner of the Confidential Information or is authorized by a third party to use the Confidential Information for limited purposes. Executive hereby irrevocably assigns to Flagstar all right, title, and interest Executive may have or may acquire to all Confidential Information.

2. **Use of Confidential Information.** At all times during Executive's employment with Flagstar, and after such employment ends (for any reason, voluntarily or involuntarily), Executive shall hold in trust, keep confidential and shall not make any direct or indirect use or disclosure of any Confidential Information, to or for Executive's benefit or the benefit of any third party. In the event that Executive is not sure whether certain information is Confidential Information, Executive shall err on the side of caution and treat such information as Confidential Information. It is Executive's responsibility to understand what is considered to be Confidential

Information and to follow any specific guidelines and procedures set forth by Flagstar to protect such Confidential Information. Executive shall not remove any Confidential Information from Flagstar's premises or computer/electronic systems unless strictly required by Executive's job, in which case, Executive shall undertake diligent steps to insure that it remains confidential and that it is protected from loss, damage, theft and disclosure, and Executive shall immediately return the Confidential Information (and any copies thereof) to Flagstar's premises computer/electronic systems.

Confidential Information shall not be deemed to include information that (i) becomes generally available to the public through no fault of the Executive, (ii) is previously known by the Executive prior to his receipt of such information from Flagstar, (iii) becomes available to the Executive on a non-confidential basis from a source which, to the Executive's knowledge, is not prohibited from disclosing such information by legal, contractual or fiduciary obligation to Flagstar, or (iv) is required to be disclosed in order to comply with any applicable law or court order.

3. **Protected Rights**. Executive understands that this Agreement does not limit Executive's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to Flagstar. Executive may disclose Confidential Information that qualifies as trade secrets in confidence, either directly or indirectly, to a Federal, State, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

4. **Non-Competition.** At all times during Executive's employment with Flagstar and for a period of one (1) year after such employment ends (for any reason, voluntarily or involuntarily), Executive agrees that the Executive shall not, on behalf of the Executive or for others, directly or indirectly (whether as employee, consultant, investor, partner, sole proprietor or otherwise), be employed by, have an ownership interest in, or perform any services for a financial institution engaged in (or planning to become engaged in) the same lines of business as Flagstar or its subsidiaries ("Business of Flagstar") in any state of the United States where the Flagstar or its subsidiaries are doing business. The Parties agree that this provision shall not prohibit the ownership by the Executive, solely as an investment, of securities of a person engaged in the Business of Flagstar if (i) the Executive is not an "affiliate" (as such term is defined in Rule 12b-2 of the regulations promulgated under the Exchange Act) of the issuer of such securities, (ii) such securities are publicly traded on a national securities exchange and (iii) the Executive does not, directly or indirectly, beneficially own more than two percent (2%) of the class of which such securities are a part.

5. **Non-Solicitation of Employees.** At all times during Executive's employment with Flagstar, and for a period of one (1) year after such employment ends (for any reason, voluntarily or involuntarily), Executive will not, directly or indirectly, on behalf of Executive or any other person or entity, hire, engage or solicit to hire for employment or consulting (or other provision of services) any person who is actively employed (or in the six (6) months preceding the Executive's termination of employment with Flagstar or its subsidiaries was actively

employed) by Flagstar or its subsidiaries. This includes, but is not limited to, inducing or attempting to induce, or influence or attempting to influence, any person employed by Flagstar to terminate his or her employment with Flagstar or its subsidiaries. This paragraph does not prohibit an employee from independently locating and applying for any public job posting and actually being hired for such position as long as the Executive has not been directly or indirectly involved in the process in any way.

6. **Non-Solicitation of Customers.** At all times during Executive's employment with Flagstar, and for a period of one (1) year after such employment ends (for any reason, voluntarily or involuntarily), Executive will not, directly or indirectly, on behalf of the Executive or any entity/person engaged in (or planning to become engaged in) the Business of Flagstar, solicit or accept the business of any entity in any state of the United States where the Flagstar or its subsidiaries are doing business who is, or was in the past (1) one year, a customer of Flagstar or its subsidiaries.

7. **Miscellaneous**. In the event any term of this Non-Competition and Confidentiality Agreement (Exhibit B), is deemed unreasonable by a court (or arbitrator), Flagstar and Executive agree and request that the court (or arbitrator) reform the unreasonable terms or term to ensure the restrictive covenants are enforceable to the maximum extent legally permissible under Michigan law. This Non-Competition and Confidentiality Agreement, in conjunction with the Agreement and Release Agreement (Exhibit A), constitute the full, complete and exclusive agreement between the Parties pertaining to the subject matters covered, and supersede all prior and contemporaneous understandings or agreements pertaining to the subject matters covered hereby. This Non-Competition and Confidentiality Agreement is governed by the laws of the State of Michigan without regard it its conflict of law provisions and may not be amended or modified except with a writing that specifically amends this Agreement and is signed by Executive and the Chief Executive Officer of Flagstar.

[Signature page follows]

FLAGSTAR BANK, FSB	FLAGSTAR BANCORP, INC.
By: ____________________________	By: ____________________________
Name: ___________________________	Name: ___________________________
Title: ____________________________	Title: ____________________________
Date: ____________________________	Date: ____________________________

EXECUTIVE

Signature__________________________ Date: __________________________

Name (Printed):_____________________

EXHIBIT 21

Subsidiaries of Registrant

(As of December 31, 2020)

Name	State or Jurisdiction of Incorporation or Organization
Douglas Insurance Agency, Inc.	Michigan
Flagstar Bank, FSB	United States of America
Flagstar Investment, LLC	Michigan
Flagstar Mortgage Securities, LLC	Delaware
Flagstar Opportunities Fund Limited Partnership	Michigan
Flagstar Opportunities, LLC	Michigan
Flagstar Real Estate Holdings, Inc.	Michigan
Flagstar Reinsurance Company	Vermont
Flagstar REO, LLC	Delaware
Flagstar Statutory Trust II	Connecticut
Flagstar Statutory Trust III	Delaware
Flagstar Statutory Trust IV	Delaware
Flagstar Statutory Trust V	Delaware
Flagstar Statutory Trust VI	Delaware
Flagstar Statutory Trust VII	Delaware
Flagstar Statutory Trust VIII	Delaware
Flagstar Statutory Trust IX	Delaware
Flagstar Statutory Trust X	Delaware
Grass Lake Insurance Agency, Inc.	Michigan
Lenderful, LLC	Michigan
Long Lake MSR, Inc.	Maryland
Long Lake REIT	Maryland
Propshop Mortgage, LLC	Delaware
REIT #1, Inc.	Michigan
REIT #2, Inc.	Michigan
REIT Holding Co #1, Inc.	Michigan
REIT Holding Co #2, Inc.	Michigan

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-229851 and No. 333-225397) and Form S-8 (No. 333-218207 and No. 333-211558) of Flagstar Bancorp, Inc. of our report dated February 26, 2021 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers, LLP

Detroit, Michigan

February 26, 2021

EXHIBIT 31.1

SECTION 302 CERTIFICATION

I, Alessandro P. DiNello, certify that:

1) I have reviewed this annual report on Form 10-K of Flagstar Bancorp, Inc. (the "registrant");

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 the 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 registrants’ internal control over financial reporting that occurred during the registrants’ most recent fiscal quarter (the registrants’ fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent 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.

Dated: February 26, 2021

/s/ Alessandro P. DiNello

Alessandro P. DiNello
President and Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

SECTION 302 CERTIFICATION

I, James K. Ciroli, certify that:

1) I have reviewed this annual report on Form 10-K of Flagstar Bancorp, Inc. (the "registrant");

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 the 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 registrants’ internal control over financial reporting that occurred during the registrants’ most recent fiscal quarter (the registrants’ fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5) The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent 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.

Dated: February 26, 2021

/s/ James K. Ciroli

James K. Ciroli Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

SECTION 906 CERTIFICATION

In connection with the annual report of Flagstar Bancorp, Inc. (the "Company") on Form 10-K for the period ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alessandro P. DiNello, President and Chief Executive Officer of the Company, certify, to the best of my knowledge, 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.

Dated: February 26, 2021

/s/ Alessandro P. DiNello

Alessandro P. DiNello President and Chief Executive Officer (Principal Executive Officer)

EXHIBIT 32.2

SECTION 906 CERTIFICATION

In connection with the annual report of Flagstar Bancorp, Inc. (the "Company") on Form 10-K for the period ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James K. Ciroli, Chief Financial Officer of the Company, certify, to the best of my knowledge, 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.

Dated: February 26, 2021

/s/ James K. Ciroli

James K. Ciroli
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Public Exhibit 7

Flagstar Bancorp Quarterly Report on Form 10-Q for the Quarterly Period ended March 31, 2021

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 March 31, 2021
OR

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

For the transition period from _________ to _________

Commission File Number: 001-16577

Flagstar Bancorp, Inc.
(Exact name of registrant as specified in its charter).

Michigan	**38-3150651**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)
5151 Corporate Drive, Troy, Michigan	**48098-2639**
(Address of principal executive offices)	(Zip code)

(248) 312-2000
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and formal fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐.
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐.
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐.
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.
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	**FBC**	**New York Stock Exchange**

As of May 6, 2021, 52,752,606 shares of the registrant's common stock, $0.01 par value, were issued and outstanding.

FLAGSTAR BANCORP, INC.
FORM 10-Q
FOR THE QUARTER ENDED March 31, 2021
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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	HOLA	Home Owners' Loan Act
AFS	Available-for-Sale	Home equity	Second Mortgages, HELOANs, HELOCs
Agencies	Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association, Collectively	HPI	Housing Price Index
ALCO	Asset Liability Committee	HTM	Held-to-Maturity
ALLL	Allowance for Loan Losses	LGG	Loans with Government Guarantees
AOCI	Accumulated Other Comprehensive Income (Loss)	LHFI	Loans Held-for-Investment
ASU	Accounting Standards Update	LHFS	Loans Held-for-Sale
Basel III	Basel Committee on Banking Supervision Third Basel Accord	LIBOR	London Interbank Offered Rate
C&I	Commercial and Industrial	LTV	Loan-to-Value Ratio
CDARS	Certificates of Deposit Account Registry Service	Management	Flagstar Bancorp's Management
CD	Certificates of Deposit	MBS	Mortgage-Backed Securities
CECL	Current Expected Credit Losses	MD&A	Management's Discussion and Analysis
CET1	Common Equity Tier 1	MSR	Mortgage Servicing Rights
CLTV	Combined Loan-to-Value Ratio	N/A	Not Applicable
Common Stock	Common Shares	N/M	Not Meaningful
CRE	Commercial Real Estate	NBV	Net Book Value
Deposit Beta	The change in the annualized cost of our deposits, compared to the change in the Federal Reserve discount rate	NPL	Nonperforming Loan
DOJ	United States Department of Justice	NYSE	New York Stock Exchange
DOJ Liability	2012 Settlement Agreement with the Department of Justice	OCC	Office of the Comptroller of the Currency
		OCI	Other Comprehensive Income (Loss)
DTA	Deferred Tax Asset	PPP	Paycheck Protection Program
EVE	Economic Value of Equity	QTL	Qualified Thrift Lending
Fannie Mae	Federal National Mortgage Association	Regulatory Agencies	Board of Governors of the Federal Reserve, Office of the Comptroller of the Currency, U.S. Department of the Treasury, Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, Securities and Exchange Commission
FASB	Financial Accounting Standards Board		
FBC	Flagstar Bancorp		
FDIC	Federal Deposit Insurance Corporation	REO	Real estate owned and other nonperforming assets, net
Federal Reserve	Board of Governors of the Federal Reserve System	RMBS	Residential Mortgage-Backed Securities
FHA	Federal Housing Administration	RWA	Risk Weighted Assets
FHLB	Federal Home Loan Bank	SEC	Securities and Exchange Commission
FICO	Fair Isaac Corporation	SNC	Shared National Credit
FOAL	Fallout-Adjusted Locks	SOFR	Secured Oversight Financing Rate
FRB	Federal Reserve Bank	TARP preferred	TARP Fixed Rate Cumulative Perpetual Preferred Stock, Series C
Freddie Mac	Federal Home Loan Mortgage Corporation	TDR	Troubled Debt Restructuring
FTE	Full Time Equivalent Employees	TPO	Third Party Originator
GAAP	United States Generally Accepted Accounting Principles	UPB	Unpaid Principal Balance
GNMA	Government National Mortgage Association	U.S. Treasury	United States Department of Treasury
HELOC	Home Equity Lines of Credit	VIE	Variable Interest Entities
HELOAN	Home Equity Loan	XBRL	eXtensible Business Reporting Language
HFI	Held-for-Investment		

PART I. FINANCIAL INFORMATION

ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following is Management's Discussion and Analysis of the financial condition and results of operations of Flagstar Bancorp, Inc. for the first quarter of 2021, which should be read in conjunction with the financial statements and related notes set forth in Part I, Item 1 of this Form 10-Q and Part II, Item 8 of Flagstar Bancorp, Inc.'s 2020 Annual Report on Form 10-K for the year ended December 31, 2020.

Certain statements in this Form 10-Q, including but not limited to statements included within Management’s Discussion and Analysis of Financial Condition and Results of Operations, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These statements are based on the current beliefs and expectations of our Management. Actual results may differ from those set forth in forward-looking statements. See Forward-Looking Statements on page 41 of this Form 10-Q, Part II, Item 1A, Risk Factors of this Form 10-Q and Part I, Item 1A, Risk Factors of Flagstar Bancorp, Inc.'s 2020 Annual Report on Form 10-K for the year ended December 31, 2020. Additional information about Flagstar can be found on our website at www.flagstar.com.

Where we say "we," "us," "our," the "Company," "Bancorp" or "Flagstar," we usually mean Flagstar Bancorp, Inc. However, in some cases, a reference will include our wholly-owned subsidiary Flagstar Bank, FSB (the "Bank"). See the Glossary of Abbreviations and Acronyms on page 3 for definitions used throughout this Form 10-Q.

Introduction

We are a savings and loan holding company founded in 1993. Our business is primarily conducted through our principal subsidiary, the Bank, a federally chartered stock savings bank founded in 1987. We provide commercial and consumer banking services, and we are the 6th largest bank mortgage originator in the nation and the 6th largest subservicer of mortgage loans nationwide. At March 31, 2021, we had 5,418 full-time equivalent employees. Our common stock is listed on the NYSE under the symbol "FBC".

Our relationship-based business model leverages our full-service bank’s capabilities and our national mortgage platform to create and build financial solutions for our customers. At March 31, 2021, we operated 158 full-service banking branches that offer a full set of banking products to consumer, commercial, and government customers. Our banking footprint spans Michigan, Indiana, California, Wisconsin, Ohio and contiguous states.

We originate mortgages through a network of brokers and correspondents in all 50 states and our own loan officers, which includes our direct lending team, from 87 retail locations in 27 states and 3 call centers. We are also a leading national servicer of mortgage loans and provide complementary ancillary offerings including MSR lending, servicing advance lending and MSR recapture services.

Strategic Merger with New York Community Bancorp, Inc.

On April 26, 2021, it was announced that New York Community Bancorp, Inc. ("NYCB") and Flagstar had entered into a definitive merger agreement (the "Merger Agreement") under which the two companies will combine in an all stock merger. Under the terms of the Merger Agreement, Flagstar shareholders will receive 4.0151 shares of NYCB common stock for each Flagstar share they own. The new company will have over $87 billion in assets and operate nearly 400 traditional branches in nine states and 87 loan production offices across a 28 state footprint. The transaction is expected to close by the end of 2021, subject to customary closing conditions, including regulatory approvals and approval by each company's shareholders.

Operating Segments

Our operations are conducted through our three operating segments: Community Banking, Mortgage Originations, and Mortgage Servicing. For further information, see MD&A - Operating Segments and Note 17 - Segment Information.

Results of Operations

The following table summarizes our results of operations for the periods indicated:

	Three Months Ended,			1Q21 vs. 4Q20	1Q21 vs. 1Q20
	March 31, 2021	December 31, 2020	March 31, 2020	Change	Change
	(Dollars in millions, except share data)				
Net interest income	$ 189	$ 189	$ 148	$ —	$ 41
(Benefit) provision for credit losses	(28)	2	14	(30)	(42)
Total noninterest income	324	332	154	(8)	170
Total noninterest expense	347	314	232	33	115
Provision for income taxes	45	51	10	(6)	35
Net income	$ 149	$ 154	$ 46	$ (5)	$ 103
Income per share					
Basic	$ 2.83	$ 2.86	$ 0.80	$ (0.03)	$ 2.03
Diluted	$ 2.80	$ 2.83	$ 0.80	$ (0.03)	$ 2.83
Weighted average shares outstanding:					
Basic	52,675,562	53,912,584	56,655,865	(1,237,022)	(3,980,303)
Diluted	53,297,803	54,343,966	57,189,923	(1,046,163)	(3,892,120)

The following table summarizes our adjusted results of operations for the periods indicated:

	Three Months Ended,			1Q21 vs. 4Q20	1Q21 vs. 1Q20
	March 31, 2021	December 31, 2020	March 31, 2020	Change	Change
	(Dollars in millions, except share data)				
Net interest income	$ 189	$ 189	$ 148	$ —	$ 41
(Benefit) provision for credit losses	(28)	2	14	(30)	(42)
Total noninterest income	324	332	154	(8)	170
Total noninterest expense	312	314	232	(2)	80
Provision for income taxes	53	51	10	2	43
Net income	$ 176	$ 154	$ 46	$ 22	$ 130
Income per share					
Basic	$ 3.34	$ 2.86	$ 0.80	$ 0.48	$ 2.54
Diluted	$ 3.31	$ 2.83	$ 0.80	$ 0.48	$ 2.83

The following table summarizes certain selected ratios and statistics for the periods indicated:

	Three Months Ended,		
	March 31, 2021	December 31, 2020	March 31, 2020
Selected Ratios:			
Interest rate spread (1)	2.55 %	2.44 %	2.31 %
Net interest margin	2.82 %	2.78 %	2.81 %
Adjusted net interest margin (2)	3.02 %	2.98 %	2.81 %
Return on average assets	1.98 %	2.08 %	0.78 %
Adjusted return on average assets (2) (3)	2.34 %	2.08 %	0.78 %
Return on average common equity	25.73 %	27.58 %	9.82 %
Return on average tangible common equity (2)	27.99 %	30.13 %	11.46 %
Adjusted return on average tangible common equity (2) (3)	32.97 %	30.13 %	11.46 %
Common equity-to-assets ratio	8.01 %	7.09 %	6.87 %
Common equity-to-assets ratio (average for the period)	7.71 %	7.54 %	7.92 %
Efficiency ratio	67.7 %	60.4 %	76.9 %
Adjusted efficiency ratio (2)	60.8 %	59.1 %	76.9 %
Selected Statistics:			
Book value per common share	$ 44.71	$ 41.79	$ 32.46
Tangible book value per share (2)	$ 41.77	$ 38.80	$ 29.52
Number of common shares outstanding	52,752,600	52,656,067	56,729,789

(1) Interest rate spread is the difference between the yield earned on average interest-earning assets for the period and the rate of interest paid on average interest-bearing liabilities.
(2) See Use of Non-GAAP Financial Measures for further information.
(3) Excludes goodwill, intangible assets and the associated amortization. See Non-GAAP Reconciliation for further information.

Overview

Net income was $149 million, or $2.80 per diluted share for the quarter ended March 31, 2021 compared to fourth quarter 2020 net income of $154 million, or $2.83 per diluted share. When adjusted for the $35 million final settlement expense for the DOJ Liability, net income was $176 million, or $3.31 per diluted share, for the first quarter 2021.

Our benefit for credit losses for the quarter ended March 31, 2021 was $28 million, compared to a provision for credit losses of $2 million for the fourth quarter 2020. Our benefit for credit losses recorded for the first quarter of 2021 reflects the impact of improved economic forecasts along with a $16 million recovery on a previously charged-off commercial loan. Although our economic forecasts are improved, we continue to believe that uncertainty persists regarding the economic recovery, especially as it relates to consumer loan forbearance and the CRE sector.

Net interest income in the first quarter was $189 million, flat as compared to the quarter ended December 31, 2020. The results primarily reflect higher loans held-for-sale average balances, the full quarter impact of the early extinguishment of senior notes and the impact of lower rates on deposits, offsetting the impact of lower average balances and yields on loans-held-for investment.

Compared to the fourth quarter 2020, noninterest income decreased $8 million. This decrease was primarily driven by lower transactional loan fees and charges which were impacted by a decrease in the gross number of loans being boarded and deboarded onto our servicing platform this quarter and lower revenue associated with loans in forbearance and lower mortgage revenues, primarily a $5 million decrease in net gain on loan sales. Fallout-adjusted locks increased $0.3 billion, or 3 percent, to $12.3 billion and we maintained strong gain on sale margins, which decreased 9 basis points, to 1.84 percent for the first quarter 2021, as compared to 1.93 percent for the fourth quarter 2020.

Noninterest expense increased $33 million during the first quarter 2021 as compared to the fourth quarter 2020 primarily due to the $35 million final settlement expense for the DOJ Liability.

Net Interest Income

The following table presents details on our net interest margin and net interest income on a consolidated basis:

	Three Months Ended,								
	March 31, 2021			December 31, 2020			March 31, 2020		
	Average Balance	Interest	Annualized Yield/ Rate	Average Balance	Interest	Annualized Yield/ Rate	Average Balance	Interest	Annualized Yield/ Rate
	(Dollars in millions)								
Interest-Earning Assets									
Loans held-for-sale	$ 7,464	$ 53	2.83 %	$ 5,672	$ 42	2.99 %	$ 5,248	$ 49	3.72 %
Loans held-for-investment									
Residential first mortgage	2,132	17	3.20 %	2,353	19	3.23 %	3,062	27	3.51 %
Home equity	820	7	3.50 %	890	8	3.69 %	1,019	12	4.73 %
Other	1,040	12	4.79 %	1,001	13	5.15 %	816	12	5.77 %
Total consumer loans	3,992	36	3.68 %	4,244	40	3.78 %	4,897	51	4.14 %
Commercial real estate	3,042	26	3.36 %	3,064	27	3.40 %	2,949	34	4.61 %
Commercial and industrial	1,486	13	3.53 %	1,447	13	3.55 %	1,667	19	4.52 %
Warehouse lending	6,395	64	4.00 %	6,948	71	3.99 %	2,310	25	4.30 %
Total commercial loans	10,923	103	3.76 %	11,459	111	3.78 %	6,926	78	4.48 %
Total loans held-for-investment (1)	14,915	139	3.73 %	15,703	151	3.78 %	11,823	129	4.34 %
Loans with government guarantees	2,502	4	0.56 %	2,478	5	0.73 %	811	3	1.38 %
Investment securities	2,210	12	2.21 %	2,493	14	2.27 %	3,060	19	2.47 %
Interest-earning deposits	87	—	0.14 %	754	—	0.11 %	208	1	1.75 %
Total interest-earning assets	27,178	$ 208	3.06 %	27,100	$ 212	3.09 %	21,150	$ 201	3.78 %
Other assets	2,887			2,537			2,263		
Total assets	$ 30,065			$ 29,637			$ 23,413		
Interest-Bearing Liabilities									
Retail deposits									
Demand deposits	$ 1,852	$ —	0.07 %	$ 1,842	$ —	0.07 %	$ 1,587	$ 3	0.75 %
Savings deposits	3,945	1	0.14 %	3,847	2	0.20 %	3,384	9	1.07 %
Money market deposits	685	—	0.06 %	693	—	0.07 %	687	1	0.32 %
Certificates of deposit	1,293	4	0.96 %	1,415	5	1.18 %	2,254	12	2.24 %
Total retail deposits	7,775	5	0.25 %	7,797	7	0.33 %	7,912	25	1.28 %
Government deposits	1,773	1	0.22 %	1,579	1	0.26 %	1,131	3	1.15 %
Wholesale deposits and other	1,031	4	1.59 %	1,010	4	1.69 %	581	4	2.39 %
Total interest-bearing deposits	10,579	10	0.38 %	10,386	12	0.46 %	9,624	32	1.33 %
Short-term FHLB advances and other	2,779	1	0.17 %	1,598	1	0.20 %	3,566	12	1.35 %
Long-term FHLB advances	1,200	3	1.03 %	1,200	3	1.03 %	794	3	1.29 %
Other long-term debt	453	5	4.11 %	598	7	4.47 %	496	6	5.33 %
Total interest-bearing liabilities	$ 15,011	$ 19	0.51 %	$ 13,782	$ 23	0.65 %	$ 14,480	$ 53	1.46 %
Noninterest-bearing deposits									
Retail deposits and other	2,270			2,155			1,395		
Custodial deposits (2)	7,194			8,527			4,776		
Total noninterest bearing deposits	9,464			10,682			6,171		
Other liabilities	3,271			2,938			908		
Stockholders' equity	2,319			2,235			1,854		
Total liabilities and stockholders' equity	$ 30,065			$ 29,637			$ 23,413		
Net interest-earning assets	$ 12,167			$ 13,318			$ 6,671		
Net interest income		$ 189			$ 189			$ 148	
Interest rate spread (3)			2.55 %			2.44 %			2.31 %
Net interest margin (4)			2.82 %			2.78 %			2.81 %
Ratio of average interest-earning assets to interest-bearing liabilities			181.1 %			196.6 %			146.1 %
Total average deposits	$ 20,043			$ 21,068			$ 15,795		

(1) Includes nonaccrual loans. For further information on nonaccrual loans, see Note 4 - Loans Held-for-Investment.
(2) Includes noninterest-bearing custodial deposits that arise due to the servicing of loans for others.
(3) Interest rate spread is the difference between rates of interest earned on interest-earning assets and rates of interest paid on interest-bearing liabilities.
(4) Net interest margin is net interest income divided by average interest-earning assets.

The following table presents the dollar amount of changes in interest income and interest expense for the components of interest-earning assets and interest-bearing liabilities. The table distinguishes between the changes related to average outstanding balances (changes in volume while holding the initial rate constant) and the changes related to average interest rates (changes in average rates while holding the initial balance constant). The rate/volume variances are allocated to rate. Rate and volume variances are calculated on each line separate as an indication of the magnitude. Line items may not aggregate to the totals due to mix changes.

	Three Months Ended March 31, 2021 versus December 31, 2020 Increase (Decrease) Due to:			Three Months Ended March 31, 2021 versus March 31, 2020 Increase (Decrease) Due to:		
	Rate	Volume	Total	Rate	Volume	Total
	(Dollars in millions)					
Interest-Earning Assets						
Loans held-for-sale	$ (2)	$ 13	$ 11	$ (11)	$ 15	$ 4
Loans held-for-investment						
Residential first mortgage	—	(2)	(2)	(2)	(8)	(10)
Home equity	—	(1)	(1)	(3)	(2)	(5)
Other	(2)	1	(1)	(3)	3	—
Total consumer loans	(2)	(2)	(4)	(6)	(9)	(15)
Commercial real estate	(1)	—	(1)	(9)	1	(8)
Commercial and industrial	—	—	—	(4)	(2)	(6)
Warehouse lending	(1)	(6)	(7)	(2)	41	39
Total commercial loans	(3)	(5)	(8)	(17)	42	25
Total loans held-for-investment	(5)	(7)	(12)	(21)	31	10
Loans with government guarantees	(1)	—	(1)	(1)	2	1
Investment securities	—	(2)	(2)	(2)	(5)	(7)
Interest-earning deposits and other	—	—	—	—	(1)	(1)
Total interest-earning assets	$ (5)	$ 1	$ (4)	$ (37)	$ 44	$ 7
Interest-Bearing Liabilities						
Interest-bearing deposits	$ (2)	$ —	$ (2)	$ (25)	$ 3	$ (22)
Short-term FHLB advances and other borrowings	(1)	1	—	(8)	(3)	(11)
Long-term FHLB advances	—	—	—	(1)	1	—
Other long-term debt	—	(2)	(2)	—	(1)	(1)
Total interest-bearing liabilities	(6)	2	(4)	(36)	2	(34)
Change in net interest income	$ 1	$ (1)	$ —	$ (1)	$ 42	$ 41

Comparison to Prior Quarter

Net interest income in the first quarter 2021 was $189 million, flat to the fourth quarter 2020. Higher LHFS average balances were offset by lower balances in the warehouse and other HFI portfolios. Average earnings assets increased $78 million, reflecting increases of $1.0 billion in average total loans, partially offset by a $667 million decrease in interest-earning deposits deployed to fund these loans and a $283 million decrease in average investment securities due to runoff.

The net interest margin increased 4 basis points to 2.82 percent for the quarter ended March 31, 2021, as compared to 2.78 percent for the quarter ended December 31, 2020. Excluding the impact from LGG in forbearance that have not been repurchased and do not accrue interest, adjusted net interest margin expanded 4 basis points to 3.02 percent in the first quarter, compared to adjusted net interest margin of 2.98 percent in the prior quarter. The increase in the net interest margin was primarily driven by lower rates on deposits and the impact from the early redemption of the higher cost senior notes due July 15, 2021. Retail banking deposit rates decreased 5 basis points driven by the expiration of promotional rates on some of our savings deposits and the maturity of higher cost time deposits.

LHFI averaged $14.9 billion for the first quarter of 2021, decreasing $0.8 billion, or 5 percent, from the prior quarter. The decrease was primarily driven by $0.6 billion, or 8 percent, lower average warehouse loan balances consistent with the volume decrease in the overall mortgage market and $0.3 billion, or 6 percent, lower average consumer loans, primarily attributable to a decrease in our residential first mortgage portfolio as loans paid off.

Average total deposits were $20.0 billion in the first quarter 2021, decreasing $1.0 billion, or 5 percent, from the fourth quarter 2020. A $1.3 billion, or 16 percent, decline in average custodial deposits driven by a decrease in refinance activity more than offset a $0.3 billion increase in average retail banking and government deposits.

Comparison to Prior Year Quarter

Net interest income increased $41 million, for the quarter ended March 31, 2021, compared to the same period in 2020. The 28 percent increase was driven by growth in average interest-earning assets led by the warehouse and LHFS portfolios. In addition, net interest margin increased 1 basis point to 2.82 percent for the quarter ended March 31, 2021, as compared to 2.81 percent for the quarter ended March 31, 2020.

Average interest-earnings assets increased $6.0 billion due primarily to growth in the warehouse and LHFS portfolios which both benefited from the favorable mortgage environment and improvements in market share. Average LGG increased $1.7 billion due to an increase in average GNMA loans in forbearance which are eligible for repurchase.

Average interest-bearing liabilities increased $0.5 billion, driven by increases of $0.6 billion and $0.4 billion in government deposits and long-term FHLB borrowings partially offset by a decrease of $0.3 billion in short-term FHLB borrowings. The increase in average government deposits was driven by an increase in municipal deposits stemming from stimulus related to COVID-19 that allowed for the easing of municipality deposit limits causing average balances to remain higher. The increase in average long-term FHLB borrowings was used to fund asset growth while taking advantage of the lower interest rate environment. Average total deposits increased $4.2 billion driven by higher custodial deposits from growth in our subservicing portfolio and higher refinance activity. Additionally, retail deposits increased due to the growth in average customer balances which grew from the impact of COVID-19 on customer behavior and spending patterns.

Provision for Credit Losses

The benefit for credit losses was $28 million for the quarter ended March 31, 2021, as compared to a $2 million provision for credit losses for the quarter ended December 31, 2020, reflecting the impact from improved economic forecasts and $13 million of net recoveries during the quarter. The net recoveries for the quarter were driven by a $16 million recovery on a previously charged-off commercial loan. Excluding the $16 million recovery, the net charge-off ratio remained low for the quarter at only 8 basis points of LHFI. Although our economic forecasts are improved, we continue to believe that uncertainty persists regarding the economic recovery, especially as it affects consumer loan forbearance and the CRE sector.

The benefit for credit losses was $28 million for the quarter ended March 31, 2021, as compared to a provision for credit losses of $14 million for the quarter ended March 31, 2020. We adopted CECL on January 1, 2020, and the $14 million provision recorded in the first quarter of 2020 reflects changes in the economic forecast, including the onset of the COVID-19 pandemic, and judgment we applied related to those forecasts as a result of the ongoing COVID-19 pandemic.

For further information on the provision for credit losses see MD&A - Credit Quality.

Noninterest Income

The following tables provide information on our noninterest income and other mortgage metrics:

	Three Months Ended,			1Q21 vs. 4Q20	1Q21 vs. 1Q20
	March 31, 2021	**December 31, 2020**	**March 31, 2020**	**Change**	**Change**
		(Dollars in millions)			
Net gain on loan sales	$ 227	$ 232	$ 90	$ (5)	$ 137
Loan fees and charges	42	48	23	(6)	19
Net return on mortgage servicing rights	—	—	6	—	(6)
Loan administration income	27	25	12	2	15
Deposit fees and charges	8	8	9	—	(1)
Other noninterest income	20	19	14	1	6
Total noninterest income	$ 324	$ 332	$ 154	$ (8)	$ 170

	Three Months Ended,			1Q21 vs. 4Q20	1Q21 vs. 1Q20
	March 31, 2021	**December 31, 2020**	**March 31, 2020**	**Change**	**Change**
			(Dollars in millions)		
Mortgage rate lock commitments (fallout-adjusted) (1)(3)	$ 12,300	$ 12,000	$ 11,200	$ 300	$ 1,100
Mortgage loans closed (3)	$ 13,800	$ 13,100	$ 8,600	$ 700	$ 5,200
Mortgage loans sold and securitized (3)	$ 13,700	$ 12,000	$ 7,500	$ 1,700	$ 6,200
Net margin on mortgage rate lock commitments (fallout-adjusted) (1)(2)	1.84 %	1.93 %	0.80 %	(0.09)%	1.04 %
Net margin on loans sold and securitized	1.65 %	1.92 %	1.19 %	(0.27)%	0.46 %

(1) Fallout-adjusted refers to mortgage rate lock commitments which are adjusted by estimates of the percentage of mortgage loans in the pipeline that are not expected to close based on our historical experience and the impact of changes in interest rates.
(2) Gain on sale margin is based on net gain on loan sales (excludes net gain on loan sales of $3 million from loans transferred from LHFI during the three months ended December 31, 2020. There was no net gain on loan sales from loans transferred from LHFI during the three months ended March 31, 2021 and March 31, 2020) to fallout-adjusted mortgage rate lock commitments.
(3) Rounded to nearest hundred million.

Comparison to Prior Quarter

Noninterest income decreased $8 million for the quarter ended March 31, 2021, compared to the quarter ended December 31, 2020, primarily due to the following:

- Net gain on loan sales decreased $5 million to $227 million, as compared to $232 million in the fourth quarter 2020. FOALs increased $0.3 billion, or 3 percent, to $12.3 billion while gain on sale margins decreased 9 basis points, to 1.84 percent for the first quarter 2021, as compared to 1.93 percent for the fourth quarter 2020.

- Loan fees and charges decreased $6 million to $42 million for the first quarter of 2021, compared to $48 million for the fourth quarter 2020, primarily due to a decrease in the gross number of loans being boarded and deboarded onto our servicing platform this quarter and lower revenue associated with loans in forbearance.

- Net return on mortgage servicing rights was $0.4 million in the first quarter of 2021, consistent with the net return for the fourth quarter of 2020. Refinance activity remained elevated compared to historical norms as favorable mortgage rates persisted during the quarter impacting prepayment speeds and overall net return on mortgage servicing rights.

Comparison to Prior Year Quarter

Noninterest income increased $170 million for the quarter ended March 31, 2021, compared to the quarter ended March 31, 2020, primarily due to the following:

- Net gain on loan sales increased $137 million, primarily due to $1.1 billion higher FOALs and a 104 basis point improvement in our gain on sale margin. This was driven by favorable market conditions, which allowed us to grow our direct retail channel and optimize profitability.
- Loan fees and charges increased $19 million primarily driven by an increase in retail closings along with $2 million higher subservicing ancillary fees driven by fees related to forbearance programs.
- Loan administration income increased $15 million, driven primarily by a decline in LIBOR-based fees paid to sub-servicing customers on custodial deposits along with $2 million higher subservice fee income due to an increase in the average number of loans being subserviced and an increase in the number of loans past due as a result of forbearance which are charged a higher servicing rate.
- Other noninterest income increased $6 million primarily due to a $3 million increase in gains on other asset sales.
- Net return on mortgage servicing rights, including the impact of hedges, decreased $6 million largely attributable to higher prepayments, partially offset by higher servicing fees due to an increase in the average number of loans being serviced.

Noninterest Expense

The following table sets forth the components of our noninterest expense:

	Three Months Ended,			1Q21 vs. 4Q20	1Q21 vs. 1Q20
	March 31, 2021	December 31, 2020	March 31, 2020	Change	Change
	(Dollars in millions)				
Compensation and benefits	$ 144	$ 125	$ 102	$ 19	$ 42
Occupancy and equipment	46	44	41	2	5
Commissions	62	70	29	(8)	33
Loan processing expense	21	24	17	(3)	4
Legal and professional expense	8	11	6	(3)	2
Federal insurance premiums	6	5	6	1	—
Intangible asset amortization	3	3	3	—	—
Other noninterest expense	57	32	28	25	29
Total noninterest expense	$ 347	$ 314	$ 232	$ 33	$ 115
Efficiency ratio	67.7 %	60.4 %	76.9 %	7.3 %	(9.2)%
Number of FTE employees	5,418	5,214	4,415	204	1,003

Comparison to Prior Quarter

Noninterest expense increased $33 million for the quarter ended March 31, 2021, compared to the quarter ended December 31, 2020 primarily due to the following:

- Other noninterest expense increased $25 million from the prior quarter driven by a $35 million increase due to the final settlement expense for the DOJ Liability partially offset by a $7 million loss recognized on the early redemption of senior notes in the fourth quarter of 2020.
- Compensation and benefits expense increased $19 million from the prior quarter. This was primarily due to a 4 percent increase in FTE resulting from efforts to expand capacity in the mortgage and servicing businesses along with a seasonal increase in 401k contributions and payroll taxes due to the start of a new tax year.
- Commissions decreased $8 million, primarily in the TPO channel. The prior quarter included the impact of the higher annual payout factors which reset at the beginning of the new year and lower current quarter revenue in the TPO channel.

- Loan processing expense decreased $3 million primarily driven by a decrease in expenses related to deboarding loans from our servicing platform.

Comparison to Prior Year Quarter

Noninterest expense increased $115 million for the quarter ended March 31, 2021, compared to the quarter ended March 31, 2020 primarily due to the following:

- Compensation and benefits increased $42 million, primarily due to a 23 percent increase in average FTE which was impacted by hiring in default servicing given a ramp up in loss mitigation efforts and adding variable mortgage closing capacity along with an increase in incentive compensation attributed to stronger financial results.

- Commissions and loan processing increased $33 million, respectively, primarily driven by $5.2 billion, or 61 percent, higher mortgage closings along with a shift in channel mix from TPO to retail which supports a higher gain on sale but also has higher commission rates and costs.

- Other noninterest expense increased $29 million primarily driven by a $35 million increase due to the final settlement expense for the DOJ Liability partially offset by certain performance-related earn out adjustments recorded in the first quarter of 2020 related to our Opes Advisors acquisition.

- Occupancy and equipment increased $5 million primarily related to costs associated with the increase in FTE.

- Loan processing expense increased $4 million primarily driven by a $5 billion, or 60 percent, increase in mortgage closings.

Provision for Income Taxes

Our provision for income taxes for the quarter ended March 31, 2021, was $45 million and our effective tax rate was 23.0 percent, as compared to $51 million and an effective rate of 24.8 percent for the quarter ended December 31, 2020. Our effective tax rate decreased from the prior quarter primarily due to the $2 million impact resulting from the sale of stock in the fourth quarter of 2020 by a shareholder that formerly held more than 50 percent of our outstanding shares.

Operating Segments

Our operations are conducted through three operating segments: Community Banking, Mortgage Originations, and Mortgage Servicing. The Other segment includes the remaining reported activities. The operating segments have been determined based on the products and services offered and reflect the manner in which financial information is currently evaluated by Management. Each of the operating segments is complementary to each other and because of the interrelationships of the segments, the information presented is not indicative of how the segments would perform if they operated as independent entities.

We charge the lines of business for the net charge-offs that occur. In addition to this amount, we charge them for the change in loan balances during the period, applied at the budgeted credit loss factor. The difference between the consolidated provision (benefit) for credit losses and the sum of total net charge-offs and the change in loan balances is assigned to the “Other” segment, which includes the changes related to the economic forecasts, model changes, qualitative adjustments and credit downgrades. The amount assigned to “Other” is allocated back to the lines of business through other noninterest expense.

For detail on each segment's objectives, strategies, and priorities, please read this section in conjunction with Note 17 - Segment Information.

Community Banking

Our Community Banking segment serves commercial, governmental and consumer customers in our banking footprint which spans throughout Michigan, Indiana, California, Wisconsin, Ohio and contiguous states. We also serve home builders, correspondents, and commercial customers on a national basis. The Community Banking segment originates and purchases loans, while also providing deposit and fee based services to consumer, business, and mortgage lending customers.

Our commercial customers operate in a diversified range of industries including financial, insurance, service, manufacturing, and distribution. We offer financial products to these customers for use in their normal business operations, as well as provide financing of working capital, capital investments, and equipment. Additionally, our CRE business supports income producing real estate and home builders. The Community Banking segment also offers warehouse lines of credit to non-bank mortgage lenders.

Our Community Banking segment has seen continued growth driven by our warehouse portfolio which has benefited from the robust mortgage market during 2020 and 2021. In addition, we continue to maintain our disciplined underwriting in this business. In the quarter ended March 31, 2021, our average commercial loan portfolio has decreased 5 percent to $10.9 billion and our average consumer loan portfolio has decreased 6 percent to $4.0 billion. Average deposits for the three months ended March 31, 2021 increased 13 percent to $11.8 billion, compared to $10.4 billion for the same period in 2020 driven primarily by higher customer balances.

Community Banking	Three Months Ended,			1Q21 vs. 4Q20	1Q21 vs. 1Q20
	March 31, 2021	December 31, 2020	March 31, 2020	Change	Change
	(Dollars in millions)				
Summary of Operations					
Net interest income	$ 156	$ 175	$ 104	$ (19)	$ 52
(Benefit) provision for credit losses	(14)	—	8	(14)	(22)
Net interest income after (benefit) provision for credit losses	170	175	96	(5)	74
Net loss on loan sales	—	(1)	—	1	—
Loan administration expense	—	—	(1)	—	1
Other noninterest income	18	18	16	—	2
Total noninterest income	18	17	15	1	3
Compensation and benefits	31	29	27	2	4
Commissions	1	1	1	—	—
Loan processing expense	1	1	2	—	(1)
Other noninterest expense	25	40	44	(15)	(19)
Total noninterest expense	58	71	74	(13)	(16)
Income before indirect overhead allocations and income taxes	130	121	37	9	93
Indirect overhead allocation	(10)	(9)	(9)	(1)	(1)
Provision for income taxes	25	24	6	1	19
Net income	$ 95	$ 88	$ 22	$ 7	$ 73
Key Metrics					
Number of FTE employees	1,273	1,264	1,274	9	(1)
Number of bank branches	158	158	160	—	(2)

Comparison to Prior Quarter

The Community Banking segment reported net income of $95 million for the quarter ended March 31, 2021, compared to net income of $88 million for the quarter ended December 31, 2020. The $7 million increase was driven by the following:

- Net interest income decreased $19 million primarily driven by a decrease in warehouse loan volume and lower yields on earning assets, partially offset by the impact of lower interest rates on borrowing costs, especially core deposits due to the expiration of promotional rates on some of our savings deposits and the maturity of higher cost time deposits.

- Other noninterest expense decreased $15 million primarily driven by lower intersegment expense allocations primarily related to the benefit from credit losses recorded due to improved economic forecasts.

- The benefit from credit losses was $14 million in the first quarter 2021, compared to no benefit in the prior quarter, primarily due to a $16 million recovery on a previously charged-off loan.

Comparison to Prior Year Quarter

The Community Banking segment reported net income of $95 million for the quarter ended March 31, 2021, compared to $22 million for the quarter ended March 31, 2020. The increase was driven by the following:

- Net interest income increased $52 million driven by higher average loan and deposit balances, led by our warehouse business partially offset by lower margins due to interest rate cuts that have occurred over the past year.

- Compensation and benefits expense increased $4 million due to the impact of COVID-19 on the first quarter of 2020 compared to our strong performance in the first quarter of 2021, especially in our warehouse business.

- The benefit from credit losses was $14 million in the first quarter 2021 primarily due to a $16 million recovery on a previously charged-off loan. An $8 million provision on credit losses was recorded in the first quarter of 2020 primarily as a result of pre-pandemic loan growth.

- Other noninterest expense decreased $19 million primarily driven by lower intersegment expense allocations primarily related to the benefit from credit losses recorded due to the improved economic forecasts and a decrease in intersegment expense allocations related to growth in our loan portfolios.

Mortgage Originations

We are a leading national originator of residential first mortgages. Our Mortgage Originations segment utilizes multiple distribution channels to originate or acquire one-to-four family residential mortgage loans on a national scale, primarily to sell. Subsequent to sale, we retain certain mortgage servicing rights which are reported at their fair value. The fair value includes service fee revenues, a cost to service which is an intercompany allocation paid to our servicing business, and other financial line impacts. We originate and retain certain mortgage loans in our LHFI portfolio which generate interest income in the Mortgage Originations segment.

Mortgage Originations	Three Months Ended,			1Q21 vs. 4Q20	1Q21 vs. 1Q20
	March 31, 2021	December 31, 2020	March 31, 2020	Change	Change
			(Dollars in millions)		
Summary of Operations					
Net interest income	$ 56	$ 44	$ 42	$ 12	$ 14
Benefit for credit losses	(2)	(3)	(3)	1	1
Net interest income after benefit for credit losses	58	47	45	11	13
Net gain on loan sales	227	232	90	(5)	137
Loan fees and charges	24	24	14	—	10
Loan administration expense	(10)	(10)	(7)	—	(3)
Net return on mortgage servicing rights	—	—	6	—	(6)
Other noninterest income	3	3	1	—	2
Total noninterest income	244	249	104	(5)	140
Compensation and benefits	54	50	31	4	23
Commissions	61	70	28	(9)	33
Loan processing expense	11	10	7	1	4
Other noninterest expense	22	22	26	—	(4)
Total noninterest expense	148	152	92	(4)	56
Income before indirect overhead allocations and income taxes	154	144	57	10	97
Indirect overhead allocation	(19)	(15)	(12)	(4)	(7)
Provision for income taxes	28	27	9	1	19
Net income	$ 107	$ 102	$ 36	$ 5	$ 71
Key Metrics					
Mortgage rate lock commitments (fallout-adjusted) (1)(2)	$ 12,300	$ 12,000	$ 11,200	$ 300	$ 1,100
Noninterest expense to closing volume	1.07 %	1.16 %	1.08 %	—	—
Number of FTE employees	2,083	2,001	1,513	82	570

(1) Fallout-adjusted refers to mortgage rate lock commitments which are adjusted by a percentage of mortgage loans in the pipeline that are not expected to close based on our historical experience and the impact of changes in interest rates.
(2) Rounded to nearest hundred million.

Comparison to Prior Quarter

The Mortgage Originations segment reported net income of $107 million for the quarter ended March 31, 2021 as compared to $102 million for the quarter ended December 31, 2020. The increase was driven by the following:

- Net interest income increased $12 million driven by higher average LHFS balances resulting from increased mortgage production.
- Compensation and benefit expense increased $4 million due to the increase in FTE.
- Commissions decreased $9 million, primarily in the TPO channel. The prior quarter included the impact of the higher annual payout factors which reset at the beginning of the new year and lower current quarter revenue in the TPO channel.

- Net gain on loan sales decreased $5 million to $227 million, as compared to $232 million in the fourth quarter 2020. FOAL increased $0.3 billion, or 3 percent, to $12.3 billion and gain on sale margins remained strong, decreasing by 9 basis points, to 1.84 percent for the first quarter 2021, as compared to 1.93 percent for the fourth quarter 2020.

Comparison to Prior Year Quarter

The Mortgage Originations segment reported net income of $107 million for the quarter ended March 31, 2021 and $36 million for the quarter ended March 31, 2020. The increase was driven by the following:

- Net gain on loan sales increased $137 million, primarily due to $1.1 billion higher FOALs and a 104 basis point improvement in our gain on sale margin. This was driven by favorable market conditions, which allowed us to grow our direct retail channel and increase the mix of retail closings (34 percent during the first three months of 2021 compared to 23 percent for the first three months of 2020).

- Net interest income increased $14 million primarily due to $2.2 billion higher average LHFS balances resulting from increased mortgage production.

- Loan fees and charges, commissions and loan processing expense all increased due to $5.2 billion higher closings and increased retail mix.

- Net return on mortgage servicing rights, including the impact of hedges, decreased $6 million largely attributable to higher prepayments, partially offset by higher servicing fees due to growth in the average number of loans being serviced.
- Other noninterest expense decreased $4 million primarily driven by lower intersegment expense allocations primarily related to the benefit from credit losses recorded due to the improved economic forecasts.

- Loan administration expense decreased $3 million due to an increase in subservicing fee allocations.

Mortgage Servicing

The Mortgage Servicing segment services loans when we hold the MSR asset, and subservices mortgage loans for others through a scalable servicing platform on a fee for service basis. The loans we service generate custodial deposits which provide a stable funding source supporting interest-earning asset generation in the Community Banking and Mortgage Originations segments. We earn income from other segments for the use of non-interest bearing escrows. Revenue for serviced and subserviced loans is earned on a contractual fee basis, with the fees varying based on our responsibilities and the delinquency or payment status of the underlying loans. Along with these contractual fees, we may also collect ancillary fees related to these loans. The Mortgage Servicing segment also services residential mortgages for our LHFI portfolio in the Community Banking segment and our own MSR portfolio in the Mortgage Originations segment for which it earns intersegment revenue on a fee per loan basis. Our continued growth in our subservicing business and the strength of our platform has made us the 6th largest subservicer in the nation.

Mortgage Servicing	Three Months Ended, March 31, 2021	December 31, 2020	March 31, 2020	1Q21 vs. 4Q20 Change	1Q21 vs. 1Q20 Change
	(Dollars in millions)				
Summary of Operations					
Net interest income	$ 4	$ 5	$ 4	$ (1)	$ —
Loan fees and charges	18	23	9	(5)	9
Loan administration income	40	39	36	1	4
Total noninterest income	58	62	45	(4)	13
Compensation and benefits	16	13	10	3	6
Loan processing expense	8	12	7	(4)	1
Other noninterest expense	22	22	19	—	3
Total noninterest expense	46	47	36	(1)	10
Income before indirect overhead allocations and income taxes	16	20	13	(4)	3
Indirect overhead allocation	(6)	(4)	(5)	(2)	(1)
Provision for income taxes	2	3	2	(1)	—
Net income	$ 8	$ 13	$ 6	$ (5)	$ 2
Key Metrics					
Average number of residential loans serviced (1)	1,117,000	1,095,000	1,087,000	22,000	30,000
Number of FTE employees	721	630	478	91	243

(1) Rounded to nearest thousand.

The following table presents loans serviced and the number of accounts associated with those loans:

	March 31, 2021		December 31, 2020		March 31, 2020	
	Unpaid Principal Balance (1)	Number of accounts	Unpaid Principal Balance (1)	Number of accounts	Unpaid Principal Balance (1)	Number of accounts
	(Dollars in millions)					
Loan Servicing						
Subserviced for others (2)	$ 197,053	921,126	$ 178,606	867,799	$ 193,037	916,989
Serviced for others (3)	40,402	160,511	38,026	151,081	23,439	102,338
Serviced for own loan portfolio (4)	9,965	66,363	10,079	66,519	8,539	63,085
Total loans serviced	$ 247,420	1,148,000	$ 226,711	1,085,399	$ 225,015	1,082,412

(1) UPB, net of write downs, does not include premiums or discounts.
(2) Loans subserviced for a fee for non-Flagstar owned loans or MSRs. Includes temporary short-term subservicing performed as a result of sales of servicing-released MSRs.
(3) Loans for which Flagstar owns the MSR.
(4) Includes LHFI (residential first mortgage, home equity and other consumer), LHFS (residential first mortgage), LGG (residential first mortgage), and repossessed assets.

Comparison to Prior Quarter

The Mortgage Servicing segment reported net income of $8 million for the quarter ended March 31, 2021, compared to net income of $13 million for the quarter ended December 31, 2020. Loan fees and charges decreased $5 million driven by lower ancillary fees and loan processing expense decreased $4 million primarily driven by a decrease in expenses related to deboarding loans from our servicing platform. These decreases were partially offset by a $3 million increase in compensation and benefits expense driven primarily by higher FTE including hiring in default servicing to service the population of loans in forbearance.

Comparison to Prior Year Quarter

The Mortgage Servicing segment reported net income of $8 million for the quarter ended March 31, 2021, compared to net income of $6 million for the quarter ended March 31, 2020. The $2 million increase in net income was driven by a $13 million increase in noninterest income, a result of a decline in LIBOR-based fees paid to sub-servicing customers on custodial deposits, higher ancillary income driven by increases in forbearance and loss mitigation activities, and higher subservice fee income due to an increase in the average number of subserviced loans as well as an increase in the number of delinquent loans serviced which carry a higher servicing fee. This was partially offset by a $6 million increase in compensation and benefits expense primarily due to business growth, including bringing default servicing in-house in late 2020. In addition, other noninterest expense increased $3 million driven by an increase in loans serviced and other expenses, including software costs and corporate allocations.

Other

The Other segment includes the treasury functions, which include the impact of interest rate risk management, balance sheet funding activities and the investment securities portfolios, as well as other expenses of a corporate nature, including corporate staff, risk management, and legal expenses which are charged to the line of business segments. The Other segment charges each operating segment a daily funds transfer pricing rate on their average assets which resets more rapidly than the underlying borrowing costs resulting in an asset sensitive position. In addition, the Other segment includes revenue and expenses not directly assigned or allocated to the Community Banking, Mortgage Originations or Mortgage Servicing segments.

Other	Three Months Ended,			1Q21 vs. 4Q20	1Q21 vs. 1Q20
	March 31, 2021	December 31, 2020	March 31, 2020	Change	Change
	(Dollars in millions)				
Summary of Operations					
Net interest income	$ (27)	$ (35)	$ (2)	$ 8	$ (25)
(Benefit) provision for credit losses	(12)	5	9	(17)	(21)
Net interest income after (benefit) provision for credit losses	(15)	(40)	(11)	25	(4)
Net gain on loan sales	—	1	—	(1)	—
Loan fees and charges	—	1	—	(1)	—
Loan administration expense	(3)	(4)	(16)	1	13
Other noninterest income	7	6	6	1	1
Total noninterest income	4	4	(10)	—	14
Compensation and benefits	43	33	34	10	9
Commissions	—	(1)	—	1	—
Loan processing expense	1	—	1	1	—
Other noninterest expense	51	11	(5)	40	56
Total noninterest expense	95	43	30	52	65
Income before indirect overhead allocations and income taxes	(106)	(79)	(51)	(27)	(55)
Indirect overhead allocation	35	28	26	7	9
Provision for income taxes	(10)	(3)	(7)	(7)	(3)
Net loss	$ (61)	$ (48)	$ (18)	$ (13)	$ (43)
Key Metrics					
Number of FTE employees	1,340	1,319	1,149	21	191

Comparison to Prior Quarter

The Other segment reported a net loss of $61 million, for the quarter ended March 31, 2021, compared to a net loss of $48 million for the quarter ended December 31, 2020. The $13 million higher loss was primarily driven by a $35 million final settlement expense for the DOJ Liability, partially offset by an $8 million increase in net interest income as a result of the Bank’s overall asset sensitive position and the lower average rates throughout the first quarter. A benefit for credit losses of $12 million was recorded in the first quarter of 2021 due primarily to improved economic forecasts. The (benefit) provision for credit losses is directly allocated to the other applicable segments through other noninterest expense. The majority of all other activity within the Other segment largely offsets and is allocated back to the operating segments, recorded as a contra other noninterest expense.

Comparison to Prior Year Quarter

The Other segment reported a net loss of $61 million, for the quarter ended March 31, 2021, compared to a net loss of $18 million for the quarter ended March 31, 2020. The $43 million decrease was primarily due to a $25 million decrease in net interest income as a result of the Bank’s overall asset sensitive position and the lower average rates during the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. The benefit for credit losses was $12 million in the first quarter 2021 compared to a provision of $5 million in the first quarter 2020. The variance is the result of improving economic forecasts as compared to forecasts at the initial onset of the pandemic. The difference between the consolidated provision for credit losses and the sum of total net charge-offs and the change in loan balances is still assigned to the Other segment. This amount includes changes related to the economic forecasts, model changes, qualitative adjustments and credit downgrades. The provision for credit losses is then directly allocated to the other applicable segments through other noninterest expense. In addition, other noninterest expense includes a $35 million final settlement expense for the DOJ Liability. The majority of all other activity within the Other segment largely offsets and is allocated back to the operating segments, recorded as contra other noninterest expense.

Risk Management

Certain risks are inherent in our business and include, but are not limited to, operational, strategic, credit, regulatory compliance, legal, reputational, liquidity, market and cybersecurity. We continuously invest in our risk management activities which are focused on ensuring we properly identify, measure and manage such risks across the entire enterprise to maintain safety and soundness and maximize profitability. We hold capital to protect us from unexpected loss arising from these risks.

A comprehensive discussion of risks affecting us can be found in the Risk Factors section included in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020 and in Part II, Item 1A of this Quarterly Report on Form 10-Q. Some of the more significant processes used to manage and control credit, market, liquidity and operational risks are described in the following paragraphs.

Credit Risk

Credit risk is the risk of loss to us arising from an obligor’s inability or failure to meet contractual payment or performance terms. We provide loans, extend credit, and enter into financial derivative contracts, all of which have related credit risk. We manage credit risk using a thorough process designed to ensure we make prudent and consistent credit decisions. The process was developed with a focus on utilizing risk-based limits and credit concentrations while emphasizing diversification on a geographic, industry and customer level. The process utilizes documented underwriting guidelines, comprehensive documentation standards, and ongoing portfolio monitoring including the timely review and resolution of credits experiencing deterioration. These activities, along with the management of credit policies and credit officers’ delegated authority, are centrally managed by our credit risk team.

We maintain credit limits in compliance with regulatory requirements. Under HOLA, 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 the Tier 2 capital. This limit was $419 million as of March 31, 2021. We maintain a more conservative maximum internal Bank credit limit than required by HOLA, of $100 million to any one borrower/obligor relationship, with the exception of warehouse borrower/obligor relationships which have a higher internal Bank limit of $150 million. During 2020, the Board approved the extension of short-term “overlines” to certain warehouse borrowers as all advances are fully collateralized by residential mortgage loans and this asset class has had very low levels of historical loss, resulting in a temporary increase of the warehouse borrower limit to $200 million. We have a tracking and reporting process to monitor lending concentration levels, and all new commercial credit exposures to a single or related borrower that exceed $50 million and all new warehouse credit exposures to a single or related borrower that exceed $75 million must be approved by the Board of Directors.

Our commercial loan portfolio has been built on our relationship-based lending strategy. We provide financing and banking products to our commercial customers in our core banking footprint and will follow those established customer relationships to meet their financing needs in areas outside of our footprint. We have also formed relationship lending on a national scale through our home builder finance and warehouse lending businesses. At March 31, 2021, we had $11.1 billion in our commercial loan portfolio with our warehouse lending and home builder finance businesses accounting for 66 percent of the total. Of the remaining commercial loans in our portfolio, the majority of CRE and C&I loans were with customers who have established relationships within our core banking footprint.

Credit risk within the commercial loan portfolio is managed using concentration limits based on line of business, industry, geography and product type. This is managed through the use of strict underwriting guidelines detailed in credit policies, ongoing loan level reviews, monitoring of the concentration limits and continuous portfolio risk management reporting. The commercial credit policy outlines the risks and underwriting requirements and provides a framework for all credit and lending activities. Our commercial loan credit policies consider maturity and amortization terms, maximum LTVs, minimum debt service coverage ratios, construction loan monitoring procedures, appraisal requirements, pro-forma analysis requirements and thresholds for product specific advance rates.

We typically originate loans on a recourse basis with full or partial guarantees. On a limited basis, we may approve loans without recourse if sufficient consideration is provided in the loan structure. Non-recourse loans primarily have low LTVs, strong cash flow coverage or other mitigating factors supporting the lack of a guaranty. These guidelines also require an appraisal of pledged collateral prior to closing and on an as-needed basis when market conditions justify. We contract with a variety of independent licensed professional firms to conduct appraisals that are in compliance with our internal commercial credit and appraisal policies and regulatory requirements.

Our commercial loan portfolio includes leveraged lending. The Bank defines a transaction as leveraged when two or more of the following conditions exist: 1) proceeds from the loan are used for buyouts, acquisitions, recapitalization or capital distributions, 2) the borrower's total funded debt to EBITDA ratio is greater than four or Senior Funded Debt to EBITDA ratio is greater than three, 3) the borrower has a high debt to net worth ratio within its industry or sector as defined by internal limits, and 4) debt leverage significantly exceeds industry norms or historical levels for leverage as defined by internal limits. Leveraged lending transactions typically result in leverage ratios that are significantly above industry norms or historical levels. Our leveraged lending portfolio and other loan portfolios with above-average default probabilities tend to behave similarly during a downturn in the general economy or a downturn within a specific sector. Consequently, we take steps to avoid undue concentrations by setting limits consistent with our appetite for risk and our financial capacity. In addition, there are specific underwriting conditions set for our leveraged loan portfolio and there is additional emphasis on certain items beyond the standard underwriting process including synergies, collateral shortfall and projections.

Our commercial loan portfolio also includes loans that are part of the SNC Program. A SNC is defined as any loan or loan commitment totaling at least $100 million that is shared by three or more federally regulated institutions. On an annual basis, a joint regulatory task force performs a risk assessment of all SNCs. When completed, these risk ratings are shared and our risk rating must be no better than the risk rating listed in the SNC assessment. Exposure and credit quality for SNCs are carefully monitored and reported internally.

For our CRE portfolio, including owner and nonowner-occupied properties and home builder finance lending, we obtain independent appraisals as part of our underwriting and monitoring process. These appraisals are reviewed by an internal appraisal group that is independent from our sales and credit teams.

The home builder finance group is a national relationship-based lending platform that focuses on markets with strong housing fundamentals and higher population growth potential. The team primarily originates construction and development

loans. We generally lend in metropolitan areas or counties where verifiable market statistics and data are readily available to support underwriting and ongoing monitoring. We also evaluate the jurisdictions and laws, demographic trends (age, population and income), housing characteristics and economic indicators (unemployment, economic growth, household income trends) for the geographies where our borrowers primarily operate. We engage independent licensed professionals to supply market studies and feasibility reports, environmental assessments and project site inspections to complement the procedures we perform internally. Further, we perform ongoing monitoring of the projects including periodic inspections of collateral and annual portfolio and individual credit reviews.

The consumer loan portfolio has been built on strong underwriting criteria and within concentration limits intended to diversify our risk profile. We have built our consumer loan portfolio by adding high quality first mortgage loans to our balance sheet making up 52 percent of our total consumer loan portfolio at March 31, 2021.

Loans Held-for-Investment

The following table summarizes the amortized cost of our LHFI by category:

	March 31, 2021	% of Total	December 31, 2020	% of Total	Change
			(Dollars in millions)		
Consumer loans					
Residential first mortgage	$ 1,998	13.5 %	$ 2,266	14.0 %	$ (268)
Home equity (1)	781	5.2 %	856	5.2 %	(75)
Other	1,049	7.0 %	1,004	6.2 %	45
Total consumer loans	3,828	25.7 %	4,126	25.4 %	(298)
Commercial loans					
Commercial real estate	3,084	20.7 %	3,061	18.9 %	23
Commercial and industrial	1,424	9.6 %	1,382	8.5 %	42
Warehouse lending	6,551	44.0 %	7,658	47.2 %	(1,107)
Total commercial loans	11,059	74.3 %	12,101	74.6 %	(1,042)
Total loans held-for-investment	$ 14,887	100.0 %	$ 16,227	100.0 %	$ (1,340)

(1) Includes second mortgages, HELOCs and HELOANs.

Prior to March 2020 we had continued to strengthen our Community Banking segment by growing our consumer and CRE LHFI. Due to the COVID-19 pandemic, subsequent to March 2020 we have focused on managing credit in our CRE and C&I portfolios. The decrease in our commercial loan portfolio of $1.0 billion, or 9 percent, is mainly due to warehouse repayments outpacing advances from December 31, 2020 to March 31, 2021. Our consumer loan portfolio decreased $298 million, or 7 percent, from December 31, 2020 to March 31, 2021 as a $45 million increase in other consumer loans was more than offset by a $268 million decrease in residential first mortgage loans due to higher refinance activity and lower new closings to the HFI portfolio.

Residential first mortgage loans. We originate or purchase 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 LHFI 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 March 31, 2021, loans in this portfolio had an average current FICO score of 736 and an average current LTV of 55 percent.

The following table presents amortized cost of our total residential first mortgage LHFI by major category:

	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Estimated LTVs (1)		
Less than 80% and current FICO scores (2):		
Equal to or greater than 660	$ 1,230	$ 1,408
Less than 660	60	65
80% and greater and current FICO scores (2):		
Equal to or greater than 660	592	685
Less than 660	116	108
Total	$ 1,998	$ 2,266
Geographic region		
California	$ 685	$ 806
Michigan	440	435
Texas	122	150
Florida	97	108
Washington	91	126
New York	53	55
Colorado	46	57
Illinois	42	51
Arizona	39	50
New Jersey	31	34
Other	352	394
Total	$ 1,998	$ 2,266

(1) LTVs reflect loan balance at the date reported, as a percentage of property values as appraised at loan closing.
(2) FICO scores are updated at least on a quarterly basis or more frequently, if available.

The following table presents amortized cost of our total residential first mortgage LHFI as of March 31, 2021, by year of closing:

	2021	2020	2019	2018	2017 and Prior	Total
	(Dollars in millions)					
Residential first mortgage loans	$ 109	$ 325	$ 481	$ 217	$ 866	$ 1,998
Percent of total	5.5 %	16.2 %	24.1 %	10.9 %	43.3 %	100.0 %

Home equity. Our home equity portfolio includes HELOANs, second mortgage loans, and HELOCs. These loans require full documentation and 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 variable-rate loans that contain a 10-year interest only draw period followed by a 20-year amortizing period. As of March 31, 2021, loans in this portfolio had an average current FICO score of 747 and an average CLTV of 50 percent. The decrease in CLTV from the previous quarter is primarily due to a reduction in average outstanding customer balances. At March 31, 2021, HELOCs and HELOANs in a first lien position totaled $196 million.

Other consumer loans. Our other consumer loan portfolio consists of secured and unsecured loans originated through our indirect lending business, third party closings and our Community Banking segment.

The following table presents amortized cost of our other consumer loan portfolio by purchase type:

	March 31, 2021		December 31, 2020	
	Balance	% of Portfolio	Balance	% of Portfolio
	(Dollars in millions)			
Indirect lending	$ 791	76 %	$ 744	74 %
Point of sale	214	20 %	211	21 %
Other	44	4 %	49	5 %
Total other consumer loans	$ 1,049	100 %	$ 1,004	100 %

Other consumer loans were $1.0 billion at March 31, 2021 and December 31, 2020, respectively. Our non-auto, boat and recreational vehicle indirect lending businesses were consistent with prior quarter, and as of March 31, 2021, 67 percent is secured by boats and 33 percent are secured by recreational vehicles and our point of sale portfolio. As of March 31, 2021, loans in our indirect portfolio had an average current FICO score of 747. Point of sale loans consist of unsecured consumer installment loans through a third-party financial technology company who also provides us a level of credit loss protection.

Commercial real estate loans. The CRE portfolio contains loans collateralized by diversified property types which are primarily income producing in the normal course of business. The majority of our retail exposure is to neighborhood centers and single tenant locations, which include pharmacies and hardware stores. Generally, the maximum LTV is 80 percent, or 90 percent for owner-occupied real estate, and the minimum debt service coverage is 1.20. Our CRE loans primarily earn interest at a variable rate.

Our national home builder finance program within our commercial portfolio contained $2.0 billion in commitments with $768 million in outstanding loans as of March 31, 2021. Certain of these loans are collateralized and included in our CRE portfolio while the remaining loans are unsecured and included in our C&I portfolio.

As of March 31, 2021, our CRE portfolio included $198 million of SNCs and one leveraged lending loan of $4 million. The SNC portfolio had sixteen borrowers with an average amortized cost of $12 million and an average commitment of $17 million. There were no nonperforming SNC or leveraged loans as of March 31, 2021, and no SNC or leveraged loans outstanding were rated as special mention or substandard.

The following table presents amortized cost of our total CRE LHFI by collateral location and collateral type:

	MI	TX	CA	CO	OH	Other	Total	% by collateral type
	(Dollars in millions)							
March 31, 2021								
Home builder	$ 28	$ 183	$ 141	$ 124	$ —	$ 208	$ 684	22.2 %
Owner occupied	287	3	26	—	6	54	376	12.2 %
Multi family	215	100	57	—	55	119	546	17.7 %
Retail (1)	156	—	6	4	55	64	285	9.2 %
Office	189	19	—	—	4	72	284	9.2 %
Hotel	152	—	25	—	25	95	297	9.6 %
Senior living facility	89	25	—	—	45	48	207	6.8 %
Industrial	66	—	28	—	—	38	132	4.3 %
Parking garage/lot	48	9	1	—	—	36	94	3.1 %
Land-residential (2)	6	—	7	—	—	13	26	0.8 %
Shopping Mall	—	—	16	—	—	—	16	0.5 %
Single family residence (3)	2	—	—	—	—	2	4	0.1 %
All other (4)	7	47	24	—	—	55	133	4.3 %
Total	$ 1,245	$ 386	$ 331	$ 128	$ 190	$ 804	$ 3,084	100.0 %
Percent by state	40.3 %	12.5 %	10.7 %	4.2 %	6.2 %	26.1 %	100.0 %	

(1) Includes multipurpose retail space, neighborhood centers, shopping centers and single-use retail space.
(2) Loans secured by land. Land residential includes development and unimproved vacant land.
(3) Loans secured by 1-4 single family residence properties.
(4) All other primarily includes: mini-storage facilities, data centers, movie theaters, etc.

Commercial and industrial loans. C&I LHFI facilities typically include lines of credit and term loans and leases to businesses for use in normal business operations to finance working capital, equipment and capital purchases, acquisitions and expansion projects. We lend to customers with a history of profitability and a long-term business model. Generally, leverage conforms to industry standards and the minimum debt service coverage is 1.20 times. The majority of our C&I loans earn interest at a variable rate.

As of March 31, 2021, our C&I portfolio included $629 million of SNCs. We are the lead bank on 15 percent of the SNCs. The finance and insurance sector and the services sector comprised the majority of the portfolio's NBV with 39 and 26 percent of the balance, respectively. The SNC portfolio had forty-six borrowers with an average amortized cost of $14 million and an average commitment of $27 million. There were no NPLs, $1 million of loans were rated as special mention, and loans totaling $21 million of amortized cost were rated as substandard as of March 31, 2021.

As of March 31, 2021, our C&I portfolio included $309 million of leveraged lending, of which $155 million were SNCs. The manufacturing sector comprised 48 percent of the leveraged lending portfolio, and the financial and insurance sector comprised 19 percent. There were $15 million in NPLs as of March 31, 2021, and loans totaling $45 million and $27 million were rated as special mention and substandard, respectively. Included in the financial and insurance sector within our C&I portfolio are $162 million in loans outstanding to 4 borrowers that are collateralized by MSR assets. Our amounts outstanding to those borrowers range from $10 million to $85 million and the ratio of the loan outstanding to the fair market value of the collateral ranges from 18 percent to 44 percent.

The following table presents amortized cost of our total C&I LHFI by borrower's geographic location and industry type as defined by North American Industry Classification System:

	MI	CA	OH	IN	WI	TX	MN	NY	FL	SC	Other	Total	% by industry
	(Dollars in millions)												
March 31, 2021													
Financial & Insurance	$ 38	$ 24	$ 18	$ 15	$ 10	$ 30	$ 85	$ 82	$ 48	$ 59	$ 68	$ 477	33.6 %
Services	119	11	2	4	—	18	21	—	—	—	133	308	21.6 %
Manufacturing	159	6	30	1	8	13	—	—	—	—	45	262	18.2 %
Home Builder Finance	—	12	—	—	—	10	—	—	60	—	2	84	5.9 %
Rental & Leasing	96	—	—	—	—	—	—	—	—	—	38	134	9.4 %
Distribution	74	15	1	1	—	—	—	—	—	—	15	106	7.4 %
Healthcare	2	15	1	—	—	—	—	—	—	—	2	20	1.4 %
Government & Education	2	2	—	—	—	—	—	—	—	—	12	16	1.3 %
Servicing Advances	—	—	—	—	—	—	—	—	—	—	13	13	0.9 %
Commodities	1	—	—	1	—	—	—	—	—	—	2	4	0.3 %
Total	$ 491	$ 85	$ 52	$ 22	$ 18	$ 71	$ 106	$ 82	$ 108	$ 59	$ 330	$ 1,424	100.0 %
Percent by state	34.5 %	6.0 %	3.6 %	1.5 %	1.3 %	5.0 %	7.4 %	5.8 %	7.6 %	4.1 %	23.2 %	100.0 %	

Warehouse lending. We have a national 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. In response to COVID-19, we have increased credit requirements for government loans and lowered the advance rate for loans that we believe have higher risk.

Underlying mortgage loans are predominantly originated using the Agencies' underwriting standards. The guideline for debt to tangible net worth is 15 to 1. The aggregate committed amount of adjustable-rate warehouse lines of credit granted to other mortgage lenders at March 31, 2021 was $11.0 billion, of which $6.6 billion was outstanding, compared to $10.5 billion at December 31, 2020, of which $7.7 billion was outstanding.

Credit Quality

Our focus on effectively managing credit risk through our careful underwriting standards and processes has resulted in strong trends in certain credit quality characteristics in our loan portfolios. The credit quality of our loan portfolios is demonstrated by low delinquency levels, minimal charge-offs and low levels of NPLs.

For all loan categories within the consumer and commercial loan portfolio, loans are placed on nonaccrual status when any portion of principal or interest is 90 days past due (or nonperforming), or earlier when we become aware of information

indicating that collection of principal and interest is in doubt. While it is the goal of Management to collect on loans, we attempt to work out a satisfactory repayment schedule or modification with past due borrowers and will undertake foreclosure proceedings if the delinquency is not satisfactorily resolved. Our practices regarding past due loans are designed to both assist borrowers in meeting their contractual obligations and minimize losses incurred by the Bank. When a loan is placed on nonaccrual status, the accrued interest income is reversed. Loans return to accrual status when principal and interest become current and are anticipated to be fully collectible.

Nonperforming assets

The following table sets forth our nonperforming assets:

	March 31, 2021	December 31, 2020
	(Dollars in millions)	
LHFI		
Residential first mortgage	$ 24	$ 23
Home equity	5	3
Other consumer	2	2
Commercial real estate	3	3
Commercial and industrial	15	15
Total nonperforming LHFI	49	46
TDRs		
Residential first mortgage	8	8
Home equity	3	2
Total nonperforming TDRs	11	10
Total nonperforming LHFI and TDRs (1)	60	56
Real estate and other nonperforming assets, net	7	8
LHFS	9	9
Total nonperforming assets	$ 76	$ 73
Nonperforming assets to total assets (2)	0.23 %	0.21 %
Nonperforming LHFI and TDRs to LHFI	0.40 %	0.34 %
Nonperforming assets to LHFI and repossessed assets (2)	0.45 %	0.40 %

(1) Includes less than 90 day past due performing loans placed on nonaccrual. Interest is not being accrued on these loans.
(2) Ratio excludes LHFS, which are recorded at fair value.

The following table sets forth activity related to our total nonperforming LHFI and TDRs:

	Three Months Ended,	
	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Beginning balance	$ 56	$ 45
Additions	10	15
Reductions	—	—
Principal payments	(3)	(3)
Charge-offs	(1)	(1)
Return to performing status	(2)	—
Transfers to REO	—	—
Total nonperforming LHFI and TDRs (1)	$ 60	$ 56

(1) Includes less than 90 day past due performing loans which are deemed nonaccrual. Interest is not being accrued on these loans.

Delinquencies

The following table sets forth loans 30-89 days past due in our LHFI portfolio:

	March 31, 2021		December 31, 2020	
	Amount	% of LHFI	Amount	% of LHFI
	(Dollars in millions)			
Performing loans past due 30-89:				
Consumer loans				
Residential first mortgage	$ 9	0.06 %	$ 8	0.05 %
Home equity	1	0.01 %	2	0.01 %
Other consumer	5	0.03 %	5	0.03 %
Total consumer loans	15	0.10 %	15	0.09 %
CRE	—	N/M	20	0.12 %
C&I	—	N/M	2	0.01 %
Total commercial loans	—	N/M	22	0.13 %
Total performing loans past due 30-89 days	$ 15	0.10 %	$ 37	0.22 %

For further information, see Note 4 - Loans Held-for-Investment.

Payment Deferrals

Beginning in March 2020, as a response to COVID-19, we offered our consumer borrowers principal and interest payment deferrals, forbearance and/or extensions. Consumer borrowers were not required to provide proof of hardship to be granted forbearance or payment deferral. Typically, payment history is the primary tool used to identify consumer borrowers who are experiencing financial difficulty. Forbearance or payment deferrals make this determination more challenging. In addition, consumer borrowers who have requested forbearance or payment deferrals are not being aged and remain in the aging category they were in prior to forbearance or payment deferral while they remain in a forbearance or payment deferral status.

The table below summarizes borrowers in our consumer loan portfolios that are in forbearance or were granted a payment deferral:

	As of March 31, 2021			As of December 31, 2020		
	Number of Borrowers	UPB	Percent of Portfolio	Number of Borrowers	UPB	Percent of Portfolio
	(Dollars in millions)					
Loans Held-For-Investment						
Consumer loans						
Residential first mortgage	660	$ 189	10.6 %	697	$ 209	9.3 %
Home equity	168	15	3.7 %	315	28	3.4 %
Other consumer	120	4	1.3 %	418	14	1.4 %
Total consumer loan deferrals/forbearance	948	$ 208	6.7 %	1,430	$ 251	6.2 %
Loans Held-For-Sale						
Residential first mortgage	84	$ 39	0.6 %	80	$ 39	6.8 %

Commercial borrowers who requested and were in payment deferral as of March 31, 2021, totaled $13 million, all of which were deferrals of both principal and interest payments. Commercial borrowers who have requested payment deferrals are not being aged and remain in the aging category they were in prior to payment deferral.

The table below summarizes borrowers in our commercial loan portfolios that have requested and received payment deferral:

	As of March 31, 2021			As of December 31, 2020		
	Number of Borrowers	UPB	Percent of Portfolio	Number of Borrowers	UPB	Percent of Portfolio
	(Dollars in millions)					
Loans Held-For-Investment						
Other	1	$ —	— %	1	$ —	— %
Total C&I deferrals	1	—	— %	1	—	— %
Hotel	1	5	1.5 %	1	14	5.0 %
Land	—	—	— %	1	5	21.2 %
Other	2	8	6.1 %	2	3	2.2 %
Total CRE deferrals	3	13	0.4 %	4	22	— %
Warehouse deferrals	—	—	— %	—	—	— %
Total commercial loan deferrals (1)	4	$ 13	0.2 %	5	$ 22	— %

(1) Percent shown excludes warehouse loans.

The table below summarizes the percent of our residential loan servicing portfolio in forbearance as of March 31, 2021:

	Total Population		Loans in Forbearance				Total Loans in Forbearance	
			Borrowers making January, February and March Payments		Remaining Borrowers			
	Unpaid Principal Balance (1)	Number of accounts	Unpaid Principal Balance (1)	Number of accounts	Unpaid Principal Balance (1)	Number of accounts	Percent of UPB	Percent of Accounts
	(Dollars in millions)							
Loan servicing								
Subserviced for others (2)	$ 197,053	921,126	$ 1,867	9,848	$ 12,445	56,817	7.3 %	7.2 %
Serviced for others (3) (4)	40,402	160,510	396	1,862	2,796	11,387	7.9 %	8.3 %
Serviced for own loan portfolio (5)	9,965	66,364	48	357	526	2,126	5.8 %	3.7 %
Total loans serviced	$ 247,420	1,148,000	$ 2,311	12,067	$ 15,767	70,330	7.3 %	7.2 %

(1) UPB, net of write downs, does not include premiums or discounts.
(2) Loans subserviced for a fee for non-Flagstar owned loans or MSRs. Includes temporary short-term subservicing performed as a result of sales of servicing-released MSRs.
(3) Loans for which Flagstar owns the MSR.
(4) Of the $1.8 billion of GNMA repurchase options on the balance sheet as of March 31, 2021, $1.8 billion relates to loans in forbearance and are included in remaining borrowers.
(5) Includes LHFI (residential first mortgage, home equity and other consumer), LHFS (residential first mortgage), and LGG (residential first mortgage).

The table below summarizes the percent of our residential loan servicing portfolio in forbearance as of December 31, 2020:

	Total Population		Loans in Forbearance: Borrowers making October, November and December Payments		Loans in Forbearance: Remaining Borrowers		Total Loans in Forbearance	
	Unpaid Principal Balance (1)	Number of accounts	Unpaid Principal Balance (1)	Number of accounts	Unpaid Principal Balance (1)	Number of accounts	Percent of UPB	Percent of Accounts
	(Dollars in millions)							
Loan servicing								
Subserviced for others (2)	$ 178,614	867,825	$ 1,785	8,851	$ 13,036	59,704	8.3 %	7.9 %
Serviced for others (3)	38,014	151,038	402	1,773	3,023	12,343	9.0 %	9.3 %
Serviced for own loan portfolio (4)	10,083	66,536	69	574	487	2,064	5.5 %	4.0 %
Total loans serviced	$ 226,711	1,085,399	$ 2,256	11,198	$ 16,546	74,111	8.3 %	7.9 %

(1) UPB, net of write downs, does not include premiums or discounts.
(2) Loans subserviced for a fee for non-Flagstar owned loans or MSRs. Includes temporary short-term subservicing performed as a result of sales of servicing-released MSRs.
(3) Loans for which Flagstar owns the MSR.
(4) Of the $1.9 billion of GNMA repurchase options on the balance sheet as of December 31, 2020, $1.8 billion relates to loans in forbearance and are included in remaining borrowers.
(5) Includes LHFI (residential first mortgage, home equity and other consumer), LHFS (residential first mortgage), and LGG (residential first mortgage).

As the MSR owner for loans serviced for others, the Agencies require us to advance payments on past due loans as follows:

	Principal and Interest	Taxes and Insurance
Fannie Mae and Freddie Mac	4 months	No time limit
GNMA	No time limit	No time limit

We believe that we have ample liquidity to handle servicing advances related to these loans. We initially provide advances on a short-term basis for loans we subservice and are reimbursed by the MSR owner. Our advance receivable for our subserviced loans is therefore insignificant.

Troubled debt restructurings (held-for-investment)

TDRs are modified loans in which a borrower demonstrates financial difficulties and for which a concession has been granted as a result. Nonperforming TDRs are included in nonaccrual loans. TDRs remain in nonperforming status until a borrower has made payments and is current for at least six consecutive months. Performing TDRs are not considered to be nonaccrual so long as we believe that all contractual principal and interest due under the restructured terms will be collected.

Since March 2020, as a response to COVID-19, we have offered our consumer and commercial customers principal and interest payment deferrals and extensions. We considered these programs in the context of whether or not the short-term modifications of these loans would constitute a TDR. We considered the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), interagency guidance and related guidance from the FASB, which provided that short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief are not required to be accounted for as TDRs. As a result, we have determined that these loans are not TDRs. We believe our application of the referenced guidance and accounting for these programs is appropriate.

The following table sets forth a summary of TDRs by performing status:

	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Performing TDRs		
Consumer Loans		
Residential first mortgage	$ 20	$ 19
Home equity	11	12
Total consumer loans	31	31
Commercial Loans		
Commercial real estate	5	5
Total commercial loans	5	5
Total performing TDRs	36	36
Nonperforming TDRs		
Nonperforming TDRs	5	4
Nonperforming TDRs, performing for less than six months	6	6
Total nonperforming TDRs	11	10
Total TDRs	$ 47	$ 46

At March 31, 2021 our total TDR loans were consistent with December 31, 2020, primarily due to principal payments and payoffs out pacing new additions. Of our total TDR loans, 76 percent and 77 percent were in performing status at March 31, 2021 and December 31, 2020, respectively. For further information, see Note 4 - Loans Held-for-Investment.

Allowance for Credit Losses

The ACL represents Management's estimate of lifetime losses in our LHFI portfolio which have not yet been realized. For further information see Note 1 - Basis of Presentation and Note 4 - Loans Held-for-Investment.

The following tables present the changes in the ACL balance for the three months ended March 31, 2021:

	Three Months Ended March 31, 2021								
	Residential First Mortgage	Home Equity	Other Consumer	Commercial Real Estate	Commercial and Industrial	Warehouse Lending	Total LHFI Portfolio (1)	Unfunded Commitments	Total ACL
	(Dollars in millions)								
Beginning allowance balance	$ 49	$ 25	$ 39	$ 84	$ 51	$ 4	$ 252	$ 28	$ 280
Provision (benefit) for credit losses:									
Loan volume	(3)	(1)	1	1	1	—	(1)	(4)	(5)
Economic forecast (2)	(3)	(2)	(3)	11	(5)	—	(2)	—	(2)
Credit (3)	3	1	—	(8)	(1)	—	(5)	—	(5)
Qualitative factor adjustments (4)	(1)	(3)	(4)	(4)	9	—	(3)	—	(3)
Charge-offs	(2)	—	(1)	—	(1)	—	(4)	—	(4)
Recoveries	—	—	1	—	16	—	17	—	17
Provision for net charge-offs	$ 2	$ —	$ —	$ —	$ (15)	$ —	(13)	$ —	(13)
Ending allowance balance	$ 45	$ 20	$ 33	$ 84	$ 55	$ 4	$ 241	$ 24	$ 265

(1) Excludes loans carried under the fair value option.
(2) Includes changes in the lifetime loss rate based on current economic forecasts as compared to forecasts used in the prior quarter.
(3) Includes changes in the probability of default and severity of default based on current borrower and guarantor characteristics, as well as individually evaluated reserves.
(4) Includes $4 million of unallocated reserve attributed to various portfolios for presentation purposes.

The ACL was $265 million at March 31, 2021, compared to $280 million at December 31, 2020. The decrease in the allowance is primarily reflective of changes in our economic forecast. We continued to apply judgment related to those forecasts and underlying borrower credit as a result of the ongoing COVID-19 pandemic. We utilized the Moody’s March scenarios in our forecast: a growth forecast, weighted at 30 percent; a baseline forecast, weighted at 40 percent; and an adverse forecast, weighted at 30 percent. The resulting composite forecast for the first quarter of 2021 was slightly better than the scenario used in the fourth quarter 2020. Unemployment ends 2021 at 6 percent and will continue to recover in 2022. GDP recovers throughout 2021 from current levels and does not return to pre-COVID level until 2025. HPI stays flat throughout 2021. We judgmentally decreased the qualitative reserves by $3 million, driven by a decrease in the model output from Moody's adverse scenario, partially offset by our judgment relating to industries and borrowers we believe could be more

exposed to the stressful conditions in our forecast, uncertainty related to loans in forbearance and our judgment regarding economic uncertainty including the impact from additional government stimulus.

The ACL as a percentage of LHFI was 1.8 percent as of March 31, 2021 compared to 1.7 percent as of December 31, 2020. Excluding warehouse, the allowance as a percentage of LHFI was 3.1 percent at March 31, 2021 compared to 3.2 percent at December 31, 2020. At March 31, 2021, we had a 2.6 percent and 1.5 percent allowance coverage on our consumer loan portfolio and our commercial loan portfolio, respectively.

The following tables set forth certain information regarding the allocation of our allowance to each loan category, including the allowance amount as a percentage of amortized cost and average loan life:

	March 31, 2021				
	LHFI Portfolio (1)	Percent of Portfolio	Allowance Amount (2)	Allowance as a Percent of Loan Portfolio	Weighted Average Loan Life
Consumer loans					
Residential first mortgage	$ 1,982	13.3 %	$ 45	2.3 %	5
Home equity	780	5.2 %	20	2.6 %	3
Other consumer	1,049	7.1 %	34	3.2 %	3
Total consumer loans	3,811	25.6 %	99	2.6 %	
Commercial loans					
Commercial real estate	$ 3,084	20.7 %	$ 100	3.2 %	2
Commercial and industrial	1,424	9.6 %	60	4.2 %	2
Warehouse lending	6,551	44.1 %	6	0.1 %	—
Total commercial loans	11,059	74.4 %	166	1.5 %	
Total consumer and commercial loans	$ 14,870	100.0 %	$ 265	1.8 %	
Total consumer and commercial loans excluding warehouse	$ 8,319	55.9 %	$ 259	3.1 %	

(1) Excludes loans carried under the fair value option.
(2) Includes ALLL and reserve for unfunded commitments.

	December 31, 2020				
	LHFI Portfolio (1)	Percent of Portfolio	Allowance Amount (2)	Allowance as a Percent of Loan Portfolio	Weighted Average Loan Life
Consumer loans					
Residential first mortgage	$ 2,251	13.9 %	$ 49	2.2 %	4
Home equity	854	5.3 %	25	2.9 %	3
Other consumer	1,004	6.2 %	40	4.0 %	3
Total consumer loans	4,109	25.4 %	114	2.8 %	
Commercial loans					
Commercial real estate	$ 3,060	18.9 %	$ 103	3.4 %	2
Commercial and industrial	1,382	8.5 %	57	4.1 %	2
Warehouse lending	7,658	47.2 %	6	0.1 %	—
Total commercial loans	12,100	74.6 %	166	1.4 %	
Total consumer and commercial loans	$ 16,209	100.0 %	$ 280	1.7 %	
Total consumer and commercial loans excluding warehouse	$ 8,551	52.8 %	$ 274	3.2 %	

(1) Excludes loans carried under the fair value option.
(2) Includes ALLL and reserve for unfunded commitments.

Market Risk

Market risk is the risk of reduced earnings and/or declines in the net market value of the balance sheet due to changes in market rates. Our primary market risk is interest rate risk which impacts our net interest income, fee income related to interest sensitive activities such as mortgage closing and servicing income, and loan and deposit demand.

We are subject to interest rate risk due to:

- The maturity or repricing of assets and liabilities at different times or for different amounts
- Differences in short-term and long-term market interest rate changes
- The remaining maturity of various assets or liabilities may shorten or lengthen as interest rates change

Our ALCO, which is composed of our executive officers and certain members of other management, monitors interest rate risk on an ongoing basis in accordance with policies approved by our Board of Directors. The ALCO reviews interest rate positions and considers the impact projected interest rate scenarios have on earnings, capital, liquidity, business strategies, and other factors. However, Management has the latitude to change interest rate positions within certain limits if, in Management's judgment, the change will enhance profitability or minimize risk.

To assess and manage interest rate risk, sensitivity analysis is used to determine the impact on earnings and the net market value of the balance sheet across various interest rate scenarios, balance sheet trends, and strategies.

Net interest income sensitivity

Management uses a simulation model to analyze the sensitivity of net interest income to changes in interest rates across various interest rate scenarios which demonstrates the level of interest rate risk inherent in the existing balance sheet. The analysis holds the current balance sheet values constant and does not take into account management intervention. In addition, we assume certain correlation rates, often referred to as a "deposit beta", for interest-bearing deposits, wherein the rates paid to customers change relative to changes in benchmark interest rates. The effect on net interest income over a 12-month time horizon due to hypothetical changes in market interest rates is presented in the table below. In this interest rate shock simulation, as of the periods presented, interest rates have been adjusted by instantaneous parallel changes rather than in a ramp simulation which applies interest rate changes over time. All rates, short-term and long-term, are changed by the same amount (e.g. plus 100 basis points) resulting in the shape of the yield curve remaining unchanged.

	March 31, 2021		
Scenario	**Net interest income**	**$ Change**	**% Change**
	(Dollars in millions)		
100	$ 802	$ 93	13.1 %
Constant	709	—	— %

	December 31, 2020		
Scenario	**Net interest income**	**$ Change**	**% Change**
	(Dollars in millions)		
100	$ 791	$ 94	13.5 %
Constant	697	—	— %

In the net interest income simulations, our balance sheet exhibits asset sensitivity. When interest rates rise our net interest income increases. Conversely, when interest rates fall our net interest income decreases. At March 31, 2021, the $12 million increase in net interest income in the constant scenario as compared to that at December 31, 2020 was primarily driven by the growth in our interest earning assets partially offset by lower short-term market rates.

The net interest income sensitivity analysis has certain limitations and makes various assumptions. Key elements of this interest rate risk exposure assessment include maintaining a static balance sheet and parallel rate shocks. Future interest rates not moving in a parallel manner across the yield curve, how the balance sheet will respond and shift based on a change in future interest rates and how the Company will respond are not included in this analysis and limit the predictive value of these scenarios.

Economic value of equity

Management also utilizes EVE, a point in time analysis of the economic value of our current balance sheet position, which measures interest rate risk over a longer term. The EVE calculation represents a hypothetical valuation of equity, and is defined as the market value of assets, less the market value of liabilities, adjusted for the market value of off-balance sheet instruments. The assessment of both the short-term earnings (Net Interest Income Sensitivity) and long-term valuation (EVE) approaches, rather than Net Interest Income Sensitivity alone provides a more comprehensive analysis of interest rate risk exposure.

There are assumptions and inherent limitations in any methodology used to estimate the exposure to changes in market interest rates and as such, sensitivity calculations used in this analysis are hypothetical and should not be considered to be predictive of future results. This analysis evaluates risks to the current balance sheet only and does not incorporate future growth assumptions. Additionally, the analysis assumes interest rate changes are instantaneous and the new rate environment is constant but does not include actions Management may undertake to manage risk in response to interest rate changes. Each rate

scenario reflects unique prepayment and repricing assumptions. Management derives these assumptions by considering published market prepayment expectations, repricing characteristics, our historical experience, and our asset and liability management strategy. This analysis assumes that changes in interest rates may not affect or could partially affect certain instruments based on their characteristics.

The following table is a summary of the changes in our EVE that are projected to result from hypothetical changes in market interest rates as well as our internal policy limits for changes in our EVE based on the different scenarios. The interest rates, as of the dates presented, are adjusted by instantaneous parallel rate increases and decreases as indicated in the scenarios shown in the table below.

March 31, 2021					December 31, 2020					
Scenario	EVE	EVE %	$ Change	% Change	Scenario	EVE	EVE %	$ Change	% Change	Policy Limits for % Change
(Dollars in millions)										
300	$ 4,599	14.9 %	$ 807	21.3 %	300	$ 3,948	12.7 %	$ 890	29.1 %	(22.5)%
200	$ 4,406	14.2 %	$ 614	16.2 %	200	$ 3,755	12.1 %	$ 697	22.8 %	(15.0)%
100	$ 4,146	13.4 %	$ 354	9.3 %	100	$ 3,474	11.2 %	$ 416	13.6 %	(7.5)%
Current	$ 3,792	12.2 %	$ —	— %	Current	$ 3,058	9.9 %	$ —	— %	— %

Our balance sheet exhibits asset sensitivity in various interest rate scenarios. The increase in EVE as rates rise is the result of the amount of assets that would be expected to reprice exceeding the amount of liabilities expected to reprice. At March 31, 2021 and December 31, 2020, for each scenario shown, the percentage change in our EVE is within our Board policy limits.

Derivative financial instruments

As a part of our risk management strategy, we use derivative financial instruments to minimize fluctuation in earnings caused by market risk. We use forward sales commitments to hedge our unclosed mortgage closing pipeline and funded mortgage LHFS. All of our derivatives and mortgage loan production originated for sale are accounted for at fair market value. Changes to our unclosed mortgage closing pipeline are based on changes in fair value of the underlying loan, which is impacted most significantly by changes in interest rates and changes in the probability that the loan will not fund within the terms of the commitment, referred to as a fallout factor or, inversely, a pull-through rate. Market risk on interest rate lock commitments and mortgage LHFS is managed using corresponding forward sale commitments. The adequacy of these hedging strategies, and the ability to fully or partially hedge market risk, rely on various assumptions or projections, including a fallout factor, which is based on a statistical analysis of our actual rate lock fallout history. For further information, see Note 8 - Derivative Financial Instruments and Note 16 - Fair Value Measurements.

Mortgage Servicing Rights (MSRs)

Our MSRs are sensitive to interest rate volatility and are highly susceptible to prepayment risk, basis risk, market volatility and changes in the shape of the yield curve. We utilize derivatives, including interest rate swaps and swaptions, as part of our overall hedging strategy to manage the impact of changes in the fair value of the MSRs, however these risk management strategies do not completely eliminate repricing risk. Our hedging strategies rely on assumptions and projections regarding assets and general market factors, many of which are outside of our control. For further information, see Note 7 - Mortgage Servicing Rights, Note 8 - Derivative Financial Instruments and Note 16 - Fair Value Measurements.

Liquidity Risk

Liquidity risk is the risk that we will not have sufficient funds, at a reasonable cost, to meet current and future cash flow needs as they become due. The liquidity of a financial institution reflects the ability to, at a reasonable cost, meet loan demand, to accommodate possible outflows in deposits and to take advantage of interest rate and market opportunities. The ability of a financial institution to meet current financial obligations is a function of the balance sheet structure, the ability to liquidate assets, and access to various sources of funds.

Parent Company Liquidity

The Company currently obtains its liquidity primarily from dividends from the Bank. The primary uses of the Company's liquidity are debt service, operating expenses and the payment of cash dividends to shareholders, which were

increased to $0.06 per share in the first quarter 2021. The Company holds $150 million of subordinated debt which is scheduled to mature on November 1, 2030. At March 31, 2021, the Company held $22 million of cash on deposit at the Bank, for approximately 0.7 years of future cash outflows for an amount sufficient to service the subordinated debt, pay dividends and cover the operating expenses of the Company. In April 2021, the Bank remitted a $51 million payment to the Company and at April 30, 2021 the Company held $71 million of cash on deposit at the Bank, for approximately 2.2 years of future cash outflows for an amount sufficient to service the subordinated debt, pay dividends and cover the operating expense of the Company.

The OCC and the FRB regulate all capital distributions made by the Bank, directly or indirectly, to the holding company, including dividend payments. Whether an application or notice is required is based on a number of factors including whether the institution qualifies for expedited treatment under the OCC rules and regulations or if the total amount of all capital distributions (including each proposed capital distribution) for the applicable calendar year exceeds net income for that year to date plus the retained net income for the preceding two years, or the Bank would not be at least adequately capitalized following the dividend. Additional restrictions on dividends apply if the Bank fails the QTL test. As of March 31, 2021, the Bank is in compliance with the QTL test. At March 31, 2021, the Bank is able to pay dividends to the holding company of approximately $626 million without submitting an application to the OCC and remain well capitalized.

Bank Liquidity

Our primary sources of funding are deposits from retail and government customers, custodial deposits related to loans we service and FHLB borrowings. We use the FHLB of Indianapolis as a significant source for funding our residential mortgage origination business due to the flexibility in terms which allows us to borrow or repay borrowings as daily cash needs require. The amount we can borrow, or the value we receive for the assets pledged to our liquidity providers, varies based on the amount and type of pledged collateral, as well as the perceived market value of the assets and the "haircut" of the market value of the assets. That value is sensitive to the pricing and policies of our liquidity providers and can change with little or no notice.

Further, other sources of liquidity include our LHFS portfolio and unencumbered investment securities. We primarily originate agency-eligible LHFS and therefore the majority of new residential first mortgage loan closings are readily convertible to cash, either by selling them as part of our monthly agency sales, RMBS, private party whole loan sales, or by pledging them to the FHLB and borrowing against them. In addition, we have the ability to sell unencumbered investment securities or use them as collateral. At March 31, 2021, we had $1.9 billion available in unencumbered investment securities.

Our primary measure of liquidity is a ratio of ready liquidity to volatile funding, the volatile funds coverage ratio (“VFCR”). The VFCR is a liquidity coverage ratio that is customized to our business and ensures we have adequate coverage to meet our liquidity needs during times of liquidity stress. Volatile funds are the portion of the Bank’s funding identified as being at a higher risk of runoff in times of stress. Ready liquidity consists of cash on reserve at the Federal Reserve and unused borrowing capacity provided by the loan and investments portfolios. The VFCR is calculated, reported, and forecasted daily as part of our liquidity management framework and was within internal policy compliance at 105 percent as of March 31, 2021.

Our liquidity position is continuously monitored and adjustments are made to the balance between sources and uses of funds as deemed appropriate. We balance the liquidity of our loan assets to our available funding sources. Our LHFI portfolio is funded with stable core deposits whereas our warehouse loans and LHFS may be funded with FHLB borrowings and custodial deposits. Warehouse loans are typically more liquid than other loan assets, as loans are paid within a short amount of time, when the lender sells the loan to an outside investor or, in some instances, to the Bank. As not all asset categories require the same level of liquidity, our loan-to-deposit ratio shows how we manage our liquidity position, how much liquidity we have and the agility of our balance sheet. The Company's average HFI loan-to-deposit ratio, was 74.4 percent for the three months ended March 31, 2021. Excluding warehouse loans, which have draws that typically pay off within a few weeks, and custodial deposits, which represent mortgage escrow accounts on deposit with the Bank, the average HFI loan-to-deposit ratio was 66.3 percent for the three months ended March 31, 2021.

As governed and defined by our policy, we maintain adequate excess liquidity levels appropriate to cover unanticipated liquidity needs. In addition to this liquidity, we also maintain targeted minimum levels of unused borrowing capacity as another cushion against unexpected liquidity needs. Each business day, we forecast 90 days of daily cash needs. This allows us to determine our projected near-term daily cash fluctuations and also to plan and adjust, if necessary, future activities. As a result, in an adverse environment, we believe we would be able to make adjustments to operations as required to meet the liquidity needs of our business, including adjusting deposit rates to increase deposits, planning for additional FHLB borrowings, accelerating sales of LHFS (agencies and/or private), selling LHFI or investment securities, borrowing through the

use of repurchase agreements, reducing closings, making changes to warehouse funding facilities, or borrowing from the discount window.

The following table presents primary sources of funding as of the dates indicated:

	March 31, 2021	December 31, 2020	Change
		(Dollars in millions)	
Retail deposits	$ 10,018	$ 9,971	$ 47
Government deposits	1,911	1,765	146
Wholesale deposits	1,190	1,031	159
Custodial deposits	6,301	7,206	(905)
Total deposits	19,420	19,973	(553)
FHLB advances and other short-term debt	3,945	5,100	(1,155)
Other long-term debt	396	641	(245)
Total borrowed funds	4,341	5,741	(1,400)
Total funding	$ 23,761	$ 25,714	$ (1,953)

The following table presents certain liquidity sources and borrowing capacity as of the dates indicated:

	March 31, 2021	December 31, 2020	Change
		(Dollars in millions)	
Federal Home Loan Bank advances			
Outstanding advances	$ 3,615	$ 4,615	$ (1,000)
Borrowing capacity:			
Line of credit	30	30	—
Collateralized borrowing capacity	$ 3,265	2,360	905
Total unused borrowing capacity	3,295	2,390	905
FRB discount window			
Collateralized borrowing capacity	1,373	1,374	(1)
Unencumbered investment securities			
Agency - Commercial (1)	1,075	1,263	(188)
Agency - Residential (1)	727	815	(88)
Municipal obligations	22	23	(1)
Corporate debt obligations	62	62	—
Other	1	1	—
Total unencumbered investment securities	1,887	2,164	(277)
Total liquidity sources and borrowing capacity	$ 10,170	$ 10,543	$ (373)

(1) These are not currently pledged to the FHLB but are eligible to be pledged, at our discretion.

Deposits

The following table presents the composition of our deposits:

	March 31, 2021		December 31, 2020		
	Balance	% of Deposits	Balance	% of Deposits	Change
			(Dollars in millions)		
Retail deposits					
Branch retail deposits					
Savings accounts	$ 3,566	18.4 %	$ 3,437	17.2 %	$ 129
Certificates of deposit/CDARS (1)	1,218	6.3 %	1,355	6.8 %	(137)
Demand deposit accounts	1,858	9.6 %	1,726	8.6 %	132
Money market demand accounts	501	2.6 %	490	2.5 %	11
Total branch retail deposits	7,143	36.8 %	7,008	35.1 %	135
Commercial deposits (2)					
Demand deposit accounts	2,237	11.5 %	2,294	11.5 %	(57)
Savings accounts	469	2.4 %	461	2.3 %	8
Money market demand accounts	168	0.9 %	208	1.0 %	(40)
Total commercial retail deposits	2,874	14.8 %	2,963	14.8 %	(89)
Total retail deposits	$ 10,017	51.6 %	$ 9,971	49.9 %	$ 46
Government deposits					
Savings accounts	$ 840	4.3 %	$ 778	3.9 %	$ 62
Demand deposit accounts	531	2.7 %	529	2.6 %	2
Certificates of deposit/CDARS (1)	541	2.8 %	458	2.3 %	83
Total government deposits	1,912	9.8 %	1,765	8.8 %	147
Custodial deposits (3)	6,301	32.4 %	7,206	36.1 %	(905)
Wholesale deposits	1,190	6.1 %	1,031	5.2 %	159
Total deposits (4)	$ 19,420	100.0 %	$ 19,973	100.0 %	$ (553)

(1) The aggregate amount of certificates of deposit with a minimum denomination of $100,000 was approximately $1.2 billion and $1.3 billion at March 31, 2021 and December 31, 2020, respectively.
(2) Contains deposits from commercial and business banking customers.
(3) Represents investor custodial accounts and escrows controlled by us in connection with loans serviced or subserviced for others that have been placed on deposit with the Bank.
(4) Total exposure related to uninsured deposits over $250,000 was approximately $5.6 billion and $5.9 billion at March 31, 2021 and December 31, 2020, respectively.

Total deposits decreased $553 million, or 3 percent, at March 31, 2021 compared to December 31, 2020, primarily driven by a decrease in custodial deposits.

We utilize local governmental agencies and other public units as an additional source for deposit funding. At March 31, 2021, we were required to hold collateral for certain Michigan, California, Indiana, Wisconsin and Ohio government deposits based on a variety of factors including, but not limited to, the size of individual deposits, FDIC limits and external bank ratings. At March 31, 2021, collateral held on government deposits was $157 million. At March 31, 2021, government deposit accounts included $541 million of certificates of deposit with maturities typically less than one year and $1.4 billion of checking and savings accounts.

Custodial deposits arise due to our servicing or subservicing of loans for others and represent the portion of the investor custodial accounts on deposit with the Bank. For certain subservice agreements, these deposits require us to credit the MSR owner interest against subservicing income. This cost is a component of net loan administration income.

We participate in the CDARS program, through which certain customer CDs are exchanged for CDs of similar amounts from other participating banks and customers may receive FDIC insurance up to $50 million. This program helps the Bank secure larger deposits and attract and retain customers. At March 31, 2021, we had $108 million of total CDs enrolled in the CDARS program, a decrease of $16 million from December 31, 2020.

FHLB Advances

The FHLB provides loans, also referred to as advances, on a fully collateralized basis, to savings banks and other member financial institutions. We are required to maintain a minimum amount of qualifying collateral securing FHLB advances. In the event of default, the FHLB advance is similar to a secured borrowing, whereby the FHLB has the right to sell the pledged collateral to settle the fair value of the outstanding advances.

We rely upon advances from the FHLB as a source of funding for the closing or purchase of loans for sale in the secondary market and for providing duration specific short-term and long-term financing. The outstanding balance of FHLB advances fluctuates from time to time depending on our current inventory of mortgage LHFS and the availability of lower cost funding sources. Our portfolio includes short-term fixed rate advances and long-term fixed rate advances.

We are currently authorized through a resolution of our Board of Directors to apply for advances from the FHLB using approved loan types as collateral, which includes residential first mortgage loans, HELOC, and CRE loans. As of March 31, 2021, our Board of Directors authorized and approved a line of credit with the FHLB of up to $10 billion, which is further limited based on our total assets and qualified collateral, as determined by the FHLB. At March 31, 2021, we had $3.6 billion of advances outstanding and an additional $3.3 billion of collateralized borrowing capacity available at the FHLB.

Federal Reserve Discount Window

We have arrangements with the FRB of Chicago to borrow from its discount window. The discount window is a borrowing facility that we may utilize for short-term liquidity needs arising from special or unusual circumstances. The amount we are allowed to borrow is based on the lendable value of the collateral that we provide. To collateralize the line, we pledge investment securities and loans that are eligible based on FRB of Chicago guidelines.

At March 31, 2021, we pledged collateral, which included commercial loans, municipal bonds, and agency bonds, to the FRB of Chicago amounting to $2.0 billion with a lendable value of $1.4 billion. At December 31, 2020, we pledged collateral to the FRB of Chicago amounting to $1.9 billion with a lendable value of $1.4 billion. We do not typically utilize this available funding source, and at March 31, 2021 and December 31, 2020, we had no borrowings outstanding against this line of credit.

Other Unsecured Borrowings

We have access to overnight federal funds purchased lines with other Federal Reserve member institutions. We utilize this source of funding for short-term liquidity needs, depending on the availability and cost of our other funding sources. At March 31, 2021 we had $330 million of borrowings outstanding under this source of funding. Additional borrowing capacity under this and other sources of funding can vary depending on market conditions.

Debt

As part of our overall capital strategy, we previously raised capital through the issuance of junior subordinated notes to our special purpose trusts formed for the offerings, which issued Tier 1 qualifying preferred stock ("trust preferred securities"). The trust preferred securities are callable by us at any time. Interest is payable on a quarterly basis; however, we may defer interest payments for up to 20 quarters without default or penalty. At March 31, 2021, we are current on all interest payments. Additionally, we have $150 million of subordinated debt outstanding (the "Notes"), which matures on November 1, 2030. On December 23, 2020, we provided notice of redemption on $246 million of senior debt outstanding at December 31, 2020 (“Senior Notes”), which settled on January 22, 2021.

Operational Risk

Operational risk is the risk to current or projected financial condition and resilience arising from inadequate or failed internal processes or systems, human errors or misconduct, or adverse external events which may include vendor failures, fraudulent activities, disasters, and security risks. We continuously strive to adapt our system of internal controls to ensure compliance with laws, rules, and regulations, and to improve the oversight of our operational risk.

We evaluate internal systems, processes and controls to identify potential vulnerabilities and mitigate potential loss from cyber-attacks. The goal of this framework is to implement effective operational risk techniques and strategies, minimize operational and fraud losses, and enhance our overall performance.

Loans with Government Guarantees

Substantially all of our LGG continue to be insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs ("VA"). In the event of a government guaranteed loan borrower default, the Bank has a unilateral option to repurchase loans sold to GNMA that are 90 days past due and recover losses through a claims process from the insurer. 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 delinquent, which is not paid by the FHA until claimed. Additionally, if the Bank cures the loan, it can be resold to GNMA. If not, the Bank can begin the process of collecting the government guarantee by filing a claim in accordance with established guidelines. Certain loans within our portfolio may be subject to indemnifications and insurance limits which expose us to limited credit risk.

During the three months ended March 31, 2021, we had less than $1.8 million in net charge-offs related to LGG and have reserved for the remaining risks within other assets and as a component of our ALLL on residential first mortgages. These additional expenses or charges arise due to insurance limits on VA insured loans and FHA property foreclosure and preservation requirements that may result in a loss in excess of all, or part of, the guarantee.

Our LGG portfolio totaled $2.5 billion at March 31, 2021 and December 31, 2020. GNMA has granted borrowers with an option to seek forbearances on their mortgage repayments. $2.3 billion of GNMA loans are in forbearance as of March 31, 2021. When a GNMA loan is due, but unpaid, for three consecutive months (typically referred to as 90 days past due) the loan is required to be re-recognized on the balance sheet by the MSR owner. These loans are recorded in LGG, and the liability to repurchase the loans is recorded in loans with government guarantees repurchase options on the Consolidated Statements of Financial Condition. This resulted in $1.8 billion of repurchase options as of March 31, 2021, a $0.1 billion decrease from December 31, 2020. We have elected not to exercise these repurchase options as of March 31, 2021 because loans are not able to be modified and re-sold during the forbearance period. Our right to repurchase these loans continues as long as they remain unpaid for three consecutive months. At the prudent time, we intend to repurchase the loans which we believe will be accretive to net income by modifying and re-selling the loans or utilizing the partial claims process. During the first quarter of 2021, we repurchased $242 million of these loans.

For further information, see Note 5 - Loans with Government Guarantees and the Credit Risk - Payment Deferrals section of the MD&A.

Representation and Warranty Reserve

When we sell mortgage loans, we make customary representations and warranties to the purchasers, including sponsored securitization trusts and their insurers (primarily Fannie Mae and Freddie Mac). An estimate of the fair value of the guarantee associated with the mortgage loans is recorded in other liabilities in the Consolidated Statements of Financial Condition, which was $7 million at March 31, 2021 and December 31, 2020.

Capital

Management actively reviews and manages our capital position and strategy. We conduct quarterly capital stress tests and capital adequacy assessments which utilize internally defined scenarios. These analyses are designed to help Management and the Board better understand the integrated sensitivity of various risk exposures through quantifying the potential financial and capital impacts of hypothetical stressful events and scenarios. We make adjustments to our balance sheet composition taking into consideration potential business risks, regulatory requirements and the flexibility to support future growth. We prudently manage our capital position and work with our regulators to ensure that our capital levels are appropriate considering our risk profile.

The capital standards we are subject to include requirements contemplated by the Dodd-Frank Act as well as guidelines reached by Basel III. These risk-based capital adequacy guidelines are intended to measure capital adequacy with regard to a banking organization’s balance sheet, including off-balance sheet exposures such as unused portions of loan commitments, letters of credit, and recourse arrangements. Our capital ratios are maintained at levels in excess of those considered to be "well-capitalized" by regulators. Tier 1 leverage was 8.11 percent at March 31, 2021 providing a 311 basis point stress buffer above the minimum level needed to be considered “well-capitalized.” Additionally, total risk-based capital to RWA was 13.18 percent at March 31, 2021 providing a 318 basis point buffer above the minimum level needed to be considered "well-capitalized".

Dodd-Frank Act Section 171, commonly known as the Collins Amendment, established minimum Tier 1 leverage and risk-based capital requirements for insured depository institutions, depository institution holding companies, and non-bank

financial companies that are supervised under the Federal Reserve. Under the amendment, certain hybrid securities, such as trust preferred securities, may be included in Tier 1 capital for bank holding companies that had total assets below $15 billion as of December 31, 2009. As we were below $15 billion in assets as of December 31, 2009, the trust preferred securities classified as long-term debt on our balance sheet will be included as Tier 1 capital, unless we complete an acquisition of a depository institution holding company or a depository institution and we report total assets greater than $15 billion in the quarter in which the acquisition occurs. Should that event occur, our trust preferred securities would be included in Tier 2 capital.

Regulatory Capital

The Bank and Flagstar are subject to the Basel III-based U.S. rules, including capital simplification in 2020.

On March 27, 2020, in response to COVID-19, U.S. banking regulators issued an interim final rule that allows banking organizations the option to delay the initial adoption impact of CECL on regulatory capital for two years followed by a three-year transition period. During the two-year delay we will add back to CET1 capital 100 percent of the initial adoption impact of CECL plus 25 percent of the cumulative quarterly changes in the ACL (i.e., quarterly transitional amounts). After two years, starting on January 1, 2022, the quarterly transitional amounts along with the initial adoption impact of CECL will be phased out of CET1 capital over the three-year period.

For the period presented, the following table sets forth our capital ratios as well as our excess capital over well-capitalized minimums.

Flagstar Bancorp	**Actual**		**Well-Capitalized Under Prompt Corrective Action Provisions**		**Excess Capital Over Well-Capitalized Minimum**
	Amount	**Ratio**	**Amount**	**Ratio**	**Capital Simplification**
			(Dollars in millions)		
March 31, 2021					
Tier 1 leverage capital (to adjusted avg. total assets)	2,423	8.11 %	1,494	5.0 %	$ 929
Common equity Tier 1 capital (to RWA)	2,183	10.31 %	1,376	6.5 %	807
Tier 1 capital (to RWA)	2,423	11.45 %	1,693	8.0 %	730
Total capital (to RWA)	2,790	13.18 %	2,116	10.0 %	674

As presented in the table above, our constraining capital ratio is our total capital to risk weighted assets at 13.18 percent. It would take a $674 million after-tax loss, with the balance sheet remaining constant, for our total risk-based capital ratio to fall below the level considered to be "well-capitalized".

As of March 31, 2021, we had $428 million in MSRs, $86 million in DTAs arising from temporary differences and no material investments in unconsolidated financial institutions or minority interest which drive differences between our current capital ratios. For additional information on our capital requirements, see Note 14 - Regulatory Matters.

Use of Non-GAAP Financial Measures

In addition to results presented in accordance with GAAP, this report includes certain non-GAAP financial measures. We believe these non-GAAP financial measures provide additional information that is useful to investors in helping to understand the underlying performance and trends of the Company.

Non-GAAP financial measures have inherent limitations, which are not required to be uniformly applied and are not audited. Readers should be aware of these limitations and should be cautious with respect to the use of such measures. To mitigate these limitations, we have practices in place to ensure that these measures are calculated using the appropriate GAAP or regulatory components in their entirety and to ensure that our performance is properly reflected to facilitate consistent period-to-period comparisons. Our method of calculating these non-GAAP measures may differ from methods used by other companies. Although we believe the non-GAAP financial measures disclosed in this report enhance investors' understanding of our business and performance, these non-GAAP measures should not be considered in isolation, or as a substitute for those financial measures prepared in accordance with GAAP. Where non-GAAP financial measures are used, the most directly comparable GAAP or regulatory financial measure, as well as the reconciliation to the most directly comparable GAAP or regulatory financial measure, can be found in this report.

Tangible book value per share, adjusted return on average tangible common equity, adjusted return on average assets, adjusted noninterest expense, adjusted provision for income taxes, adjusted net income, adjusted basic earnings per share, adjusted diluted earnings per share, adjusted net interest margin and adjusted efficiency ratio. The Company believes that these non-GAAP financial measures provide a meaningful representation of its operating performance on an ongoing basis for investors, securities analysts, and others. Management uses these measures to assess performance of the Company against its peers and evaluate overall performance.

The following tables provide a reconciliation of non-GAAP financial measures.

	March 31, 2021	December 31, 2020	March 31, 2020
		(Dollars in millions)	
Total stockholders' equity	$ 2,358	$ 2,201	$ 1,842
Less: Goodwill and intangible assets	155	157	167
Tangible book value/Tangible common equity	$ 2,203	$ 2,044	$ 1,675
Number of common shares outstanding	52,752,600	52,656,067	56,729,789
Tangible book value per share	$ 41.77	$ 38.80	$ 29.52
Net income	$ 149	$ 154	$ 46
Plus: Intangible asset amortization, net of tax	2	2	2
Tangible net income	$ 151	$ 156	$ 48
Total average equity	$ 2,319	$ 2,235	$ 1,854
Less: Average goodwill and intangible assets	156	159	169
Total average tangible equity	$ 2,163	$ 2,076	$ 1,685
Return on average tangible common equity	27.99 %	30.13 %	11.46 %
Adjustment to remove DOJ	4.98 %	— %	— %
Adjusted return on average tangible common equity	32.97 %	30.13 %	11.46 %
Return on average assets	1.98 %	2.08 %	0.78 %
Adjustment to remove DOJ	0.36 %	— %	— %
Adjusted return on average assets	2.34 %	2.08 %	0.78 %

	March 31, 2021	December 31, 2020	March 31, 2020
		(Dollars in millions)	
Noninterest expense	$ 347	$ 314	$ 232
Adjustment to remove DOJ expense	35	—	—
Adjusted noninterest expense	$ 312	$ 314	$ 232
Provision for income taxes	$ 45	$ 51	$ 10
Tax impact on adjustment to remove DOJ settlement expense	(8)	—	—
Adjusted provision for income taxes	$ 53	$ 51	$ 10
Net income	$ 149	$ 154	$ 46
Adjusted net income	$ 176	$ 154	$ 46
Weighted average common shares outstanding	52,675,562	53,912,584	56,655,865
Weighted average diluted common shares	53,297,803	54,343,966	57,189,923
Adjusted basic earnings per share	$ 3.34	$ 2.86	$ 0.80
Adjusted diluted earnings per share	$ 3.31	$ 2.83	$ 0.80
Net interest margin	2.82 %	2.78 %	2.81 %
Adjustment to LGG loans available for repurchase	0.20 %	0.20 %	— %
Adjusted net interest margin	3.02 %	2.98 %	2.81 %
Efficiency Ratio	68 %	60 %	77 %
Adjustment to remove DOJ settlement expense	(7)%	— %	— %
Adjusted efficiency ratio	61 %	60 %	77 %

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 and (b) fair value measurements. 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, 2020, which is available on our website, flagstar.com, under the Investor Relations section, or on the website of the Securities and Exchange Commission, at sec.gov.

Forward – Looking Statements

Certain statements in this Form 10-Q, including but not limited to statements included within the Management’s Discussion and Analysis of Financial Condition, Results of Operations, and certain statements with respect to the pending merger of Flagstar and New York Community Bancorp, Inc. ("NYCB") including without limitation the expected timing of consummation of the merger, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. In addition, we may make forward-looking statements in our other documents filed with or furnished to the Security and Exchange Commission, and our Management may make forward-looking statements orally to analysts, investors, representatives of the media, and others.

Generally, forward-looking statements are not based on historical facts but instead represent Management’s current beliefs and expectations regarding future events and are subject to significant risks and uncertainties. The COVID-19 pandemic is adversely affecting us, our customers, counterparties, employees, and third-party service providers, and the ultimate extent of the impacts on our business, financial position, results of operations, liquidity, and prospects is uncertain. Other than as required under United States securities laws, Flagstar does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements. Such statements may be identified by words such as believe, expect, anticipate, intend, plan, estimate, may increase, may fluctuate, and similar expressions or future or conditional verbs such as will, should, would, and could. Our actual results and capital and other financial conditions may differ materially from those described in the forward-looking statements depending upon a variety of factors, including without limitation: the occurrence of any event, change or other circumstances that could give rise to the right of one or both of the parties to terminate the definitive merger agreement among Flagstar, NYCB, and 615 Corp.; the outcome of any legal proceedings that may be instituted against Flagstar or NYCB; the possibility that the proposed transaction will not close when expected or at all because required regulatory, shareholder or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all, or are obtained subject to conditions that are not anticipated; the ability of Flagstar and NYCB to meet expectations regarding the timing, completion and accounting and tax treatments of the proposed transaction; the risk that any announcements relating to the proposed transaction could have adverse effects on the market price of the common stock of Flagstar and/or NYCB; the possibility that the anticipated benefits of the proposed transaction will not be realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where Flagstar and NYCB do business; certain restrictions during the pendency of the proposed transaction that may impact the parties’ ability to pursue certain business opportunities or strategic transactions; the possibility that the proposed transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; diversion of management’s attention from ongoing business operations and opportunities; the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in the proposed transaction within the expected timeframes or at all and to successfully integrate Flagstar’s operations and those of NYCB; such integration may be more difficult, time consuming or costly than expected; revenues following the proposed transaction may be lower than expected; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the proposed transaction; Flagstar’s and NYBC's success in executing their respective business plans and strategies and managing the risks involved in the foregoing; and the precautionary statements included within the discussion and analysis of our results of operations and the risk factors listed and described in Item 1A to Part I, of our Annual Report on Form 10-K for the year ended December 31, 2020, which are incorporated by reference herein, and Item 1A. to Part II, of this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.

Other than as required under United States securities laws, we do not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

Item 1. Financial Statements

Flagstar Bancorp, Inc.
Consolidated Statements of Financial Condition
(In millions, except share data)

	March 31, 2021	December 31, 2020
	(Unaudited)	
Assets		
Cash	$ 106	$ 251
Interest-earning deposits	343	372
Total cash and cash equivalents	449	623
Investment securities available-for-sale	1,764	1,944
Investment securities held-to-maturity	319	377
Loans held-for-sale ($6,941 and $7,009 measured at fair value, respectively)	7,087	7,098
Loans held-for-investment ($14 and $13 measured at fair value, respectively)	14,887	16,227
Loans with government guarantees	2,457	2,516
Less: allowance for loan losses	(241)	(252)
Total loans held-for-investment and loans with government guarantees, net	17,103	18,491
Mortgage servicing rights	428	329
Federal Home Loan Bank stock	377	377
Premises and equipment, net	393	392
Goodwill and intangible assets	155	157
Other assets	1,374	1,250
Total assets	$ 29,449	$ 31,038
Liabilities and Stockholders' Equity		
Noninterest bearing deposits	$ 10,798	$ 9,458
Interest bearing deposits	8,622	10,515
Total deposits	19,420	19,973
Short-term Federal Home Loan Bank advances and other	2,745	3,900
Long-term Federal Home Loan Bank advances	1,200	1,200
Other long-term debt	396	641
Loans with government guarantees repurchase options	1,780	1,851
Other liabilities ($70 and $35 measured at fair value, respectively)	1,550	1,272
Total liabilities	27,091	28,837
Stockholders' Equity		
Common stock $0.01 par value, 80,000,000 and 80,000,000 shares authorized; 52,752,600 and 52,656,067 shares issued and outstanding, respectively	1	1
Additional paid in capital	1,350	1,346
Accumulated other comprehensive income	54	47
Retained earnings	953	807
Total stockholders' equity	2,358	2,201
Total liabilities and stockholders' equity	$ 29,449	$ 31,038

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

Flagstar Bancorp, Inc.
Consolidated Statements of Operations
(In millions, except per share data)

	Three Months Ended March 31,	
	2021	**2020**
	(Unaudited)	
Interest Income		
Loans	$ 196	$ 181
Investment securities	12	19
Interest-earning deposits and other	—	1
Total interest income	208	201
Interest Expense		
Deposits	10	32
Short-term Federal Home Loan Bank advances and other	1	12
Long-term Federal Home Loan Bank advances	3	3
Other long-term debt	5	6
Total interest expense	19	53
Net interest income	189	148
(Benefit) provision for credit losses	(28)	14
Net interest income after provision for credit losses	217	134
Noninterest Income		
Net gain on loan sales	227	90
Loan fees and charges	42	23
Net return on mortgage servicing rights	—	6
Loan administration income	27	12
Deposit fees and charges	8	9
Other noninterest income	20	14
Total noninterest income	324	154
Noninterest Expense		
Compensation and benefits	144	102
Occupancy and equipment	46	41
Commissions	62	29
Loan processing expense	21	17
Legal and professional expense	8	6
Federal insurance premiums	6	6
Intangible asset amortization	3	3
Other noninterest expense	57	28
Total noninterest expense	347	232
Income before income taxes	194	56
Provision for income taxes	45	10
Net income	$ 149	$ 46
Net income per share		
Basic	$ 2.83	$ 0.80
Diluted	$ 2.80	$ 0.80
Weighted average shares outstanding		
Basic	52,675,562	56,655,865
Diluted	53,297,803	57,189,923

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

Flagstar Bancorp, Inc.
Consolidated Statements of Comprehensive Income
(In millions)

	Three Months Ended March 31,	
	2021	2020
	(Unaudited)	
Net income	$ 149	$ 46
Other comprehensive income, net of tax		
Investment securities	(15)	34
Derivatives and hedging activities	22	(4)
Other comprehensive income, net of tax	7	30
Comprehensive income	$ 156	$ 76

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

Flagstar Bancorp, Inc.
Consolidated Statements of Stockholders' Equity
(In millions, except share data)

	Common Stock					
	Number of Shares	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
Balance at December 31, 2020	52,656,067	$ 1	$ 1,346	$ 47	$ 807	$ 2,201
(Unaudited)						
Net income	—	—	—	—	149	149
Total other comprehensive income	—	—	—	7	—	7
Shares issued from the Employee Stock Purchase Plan	62,462	—	—	—	—	—
Stock-based compensation	33,957	—	4	—	—	4
Dividends declared and paid	114	—	—	—	(3)	(3)
Balance at March 31, 2021	52,752,600	$ 1	$ 1,350	$ 54	$ 953	$ 2,358
Balance at December 31, 2019	56,631,236	$ 1	$ 1,483	$ 1	$ 303	$ 1,788
(Unaudited)						
Net income	—	—	—	—	46	46
Total other comprehensive income	—	—	—	30	—	30
Shares issued from the Employee Stock Purchase Plan	59,252	—	—	—	—	—
Stock-based compensation	39,081	—	4	—	—	4
Dividends declared and paid	220	—	—	—	(3)	(3)
CECL ASU Adjustment to RE	—	—	—	—	(23)	(23)
Balance at March 31, 2020	56,729,789	$ 1	$ 1,487	$ 31	$ 323	$ 1,842

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

Flagstar Bancorp, Inc.
Consolidated Statements of Cash Flows
(In millions)

	Three Months Ended March 31,	
	2021	2020
	(Unaudited)	
Operating Activities		
Net cash used in operating activities	$ (320)	$ (1,515)
Investing Activities		
Proceeds from sale of AFS securities including loans that have been securitized	417	104
Collection of principal on investment securities AFS	239	77
Purchase of investment securities AFS and other	(86)	(350)
Collection of principal on investment securities HTM	58	44
Proceeds received from the sale of LHFI	35	39
Net closings, purchases, and principal repayments of LHFI	1,337	(1,706)
Acquisition of premises and equipment, net of proceeds	(11)	(17)
Net purchase of FHLB stock	—	(3)
Net proceeds from the sale of MSRs	(2)	36
Other, net	(3)	—
Net cash provided by (used in) investing activities	1,984	(1,776)
Financing Activities		
Net change in deposit accounts	(553)	906
Net change in short-term FHLB borrowings and other short-term debt	(1,155)	1,676
Proceeds from increases in FHLB long-term advances and other debt	—	350
Repayment of long-term debt	(246)	(3)
Net receipt of payments of loans serviced for others	113	298
Dividends declared and paid	(3)	(3)
Other	6	(3)
Net cash (used in) provided by financing activities	(1,838)	3,221
Net change in cash, cash equivalents and restricted cash (1)	(174)	(70)
Beginning cash, cash equivalents and restricted cash (1)	654	456
Ending cash, cash equivalents and restricted cash (1)	$ 480	$ 386
Supplemental disclosure of cash flow information		
Non-cash reclassification of LHFI to LHFS	$ 14	$ 39
Non-cash reclassification of LHFS to securitized HFS loans	$ 417	$ 2,170
MSRs resulting from sale or securitization of loans	$ 65	$ 40
Operating section supplemental disclosures		
Proceeds from sales of LHFS	$ 13,721	$ 7,674
Closings, premium paid and purchase of LHFS, net of principal repayments	$ (14,109)	$ (8,786)

(1) For further information on restricted cash, see Note 8 - Derivatives.

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

Flagstar Bancorp, Inc.
Notes to the Consolidated Financial Statements (Unaudited)

Note 1 - Basis of Presentation

The accompanying financial statements of Flagstar Bancorp, Inc. ("Flagstar," or the "Company"), including its wholly owned principal subsidiary, Flagstar Bank, FSB (the "Bank"), have been prepared using GAAP for interim financial statements. Where we say "we," "us," "our," the "Company," "Bancorp" or "Flagstar," we usually mean Flagstar Bancorp, Inc. However, in some cases, a reference to "we," "us," "our," the "Company" or "Flagstar" will include the Bank.

These consolidated financial statements do not include all of the information and footnotes required by GAAP for a full year presentation and certain disclosures have been condensed or omitted in accordance with rules and regulations of the SEC. These interim financial statements are unaudited and include, in our opinion, all adjustments necessary for a fair statement of the results for the periods indicated, which are not necessarily indicative of results which may be expected for the full year. These consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2020, which is available on our website, flagstar.com, and on the SEC website at sec.gov.

Note 2 - Investment Securities

The following table presents our investment securities:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in millions)			
March 31, 2021				
Available-for-sale securities				
Agency - Commercial	$ 879	$ 26	$ —	$ 905
Agency - Residential	699	20	(1)	718
Corporate debt obligations	75	3	—	78
Municipal obligations	26	—	—	26
Other MBS	36	—	—	36
Certificate of deposits	1	—	—	1
Total available-for-sale securities (1)	$ 1,716	$ 49	$ (1)	$ 1,764
Held-to-maturity securities				
Agency - Commercial	$ 160	$ 4	$ —	$ 164
Agency - Residential	159	6	—	165
Total held-to-maturity securities (1)	$ 319	$ 10	$ —	$ 329
December 31, 2020				
Available-for-sale securities				
Agency - Commercial	$ 1,018	$ 43	$ —	$ 1,061
Agency - Residential	707	28	—	735
Corporate debt obligations	75	2	—	77
Municipal obligations	27	1	—	28
Other MBS	42	—	—	42
Certificate of deposits	1	—	—	1
Total available-for-sale securities (1)	$ 1,870	$ 74	$ —	$ 1,944
Held-to-maturity securities				
Agency - Commercial	$ 193	$ 7	$ —	$ 200
Agency - Residential	184	9	—	193
Total held-to-maturity securities (1)	$ 377	$ 16	$ —	$ 393

(1) There were no securities of a single issuer, which are not governmental or government-sponsored, that exceeded 10 percent of stockholders' equity at March 31, 2021 or December 31, 2020.

We evaluate AFS debt securities where the value has declined below amortized cost for impairment. If we intend to sell or believe it is more likely than not that we will be required to sell the debt security, it is written down to fair value through earnings. For AFS debt securities we intend to hold, we evaluate the debt securities for expected credit losses, except for debt securities that are guaranteed by the U.S. Treasury, U.S. government agencies or sovereign entities of high credit quality for

which we apply a zero loss assumption, comprised 93 percent of our AFS portfolio as of March 31, 2021. For the remaining AFS securities, credit losses are recognized as an increase to the ACL through the credit loss provision. If any of the decline in fair value is related to market factors, that amount is recognized in OCI. We had no unrealized credit losses for the three months ended March 31, 2021 and December 31, 2020.

We separately evaluate our HTM debt securities for any credit losses. As of March 31, 2021 and December 31, 2020, our entire HTM portfolio qualified for the zero loss assumption as all securities are guaranteed by the U.S. Treasury, U.S. government agencies.

Investment securities transactions are recorded on the trade date for purchases and sales. Interest earned on investment securities, including the amortization of premiums and the accretion of discounts, are determined using the effective interest method over the period of maturity and recorded in interest income in the Consolidated Statements of Operations. Accrued interest receivable on investment securities totaled $5 million at both March 31, 2021 and December 31, 2020, and was reported in other assets on the Consolidated Statements of Financial Condition.

Available-for-sale securities

Securities AFS are carried at fair value. Unrealized gains and losses on AFS securities are reported as a component of other comprehensive income.

We purchased $86 million and $350 million of AFS securities, which were comprised of U.S. government sponsored agency MBS, certificates of deposit, and corporate debt obligations during the three months ended March 31, 2021, and March 31, 2020, respectively. In addition, we retained $18 million of passive interests in our own private MBS during the three months ended March 31, 2020. We did not retain any passive interests in our own private MBS during the three months ended March 31, 2021.

There were no sales of AFS securities during both the three months ended March 31, 2021, and March 31, 2020 other than those related to mortgage loans that had been securitized for sale in the normal course of business.

Held-to-maturity securities

Investment securities HTM are carried at amortized cost and adjusted for amortization of premiums and accretion of discounts using the interest method. Unrealized losses are not recorded to the extent they are temporary in nature.

There were no purchases or sales of HTM securities during both the three months ended March 31, 2021 and March 31, 2020.

The following table summarizes the unrealized loss positions on AFS and held-to-maturity investment securities, by duration of the unrealized loss:

	Unrealized Loss Position with Duration 12 Months and Over			Unrealized Loss Position with Duration Under 12 Months		
	Fair Value	Number of Securities	Unrealized Loss	Fair Value	Number of Securities	Unrealized Loss
	(Dollars in millions)					
March 31, 2021						
Available-for-sale securities						
Agency - Commercial	$ 7	2	$ —	$ —	—	$ —
Agency - Residential	—	—	—	84	3	(1)
Municipal obligations	—	—	—	3	1	—
Other mortgage-backed securities	—	1	—	—	—	—
Held-to-maturity securities						
Agency - Residential	$ —	—	$ —	$ —	1	$ —
December 31, 2020						
Available-for-sale securities						
Agency - Commercial	$ 3	1	$ —	$ 7	2	$ —
Agency - Residential	—	—	—	—	1	—
Corporate debt obligations	—	—	—	10	3	—
Other mortgage-backed securities	—	—	—	—	1	—
Held-to-maturity securities						
Agency - Residential	$ —	—	$ —	$ 2	3	$ —

Unrealized losses on AFS securities have not been recognized into income because almost all of the portfolio held by us are issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. The remaining unrealized losses on AFS securities are municipal securities and corporate debt obligations, all of which are considered investment grade or are de minimis. The fair value is expected to recover as the bonds approach maturity.

The following table shows the amortized cost and estimated fair value of securities by contractual maturity:

	Investment Securities Available-for-Sale			Investment Securities Held-to-Maturity		
	Amortized Cost	Fair Value	Weighted Average Yield (1)	Amortized Cost	Fair Value	Weighted Average Yield (1)
	(Dollars in millions)					
March 31, 2021						
Due in one year or less	$ 5	$ 5	2.18 %	$ —	$ —	— %
Due after one year through five years	10	10	2.83 %	10	11	2.53 %
Due after five years through 10 years	118	123	4.01 %	4	4	1.97 %
Due after 10 years	1,583	1,626	2.28 %	305	314	2.46 %
Total	$ 1,716	$ 1,764		$ 319	$ 329	

(1) Weighted-average yields are based on amortized cost weighted for the contractual maturity of each security.

We pledge investment securities, primarily agency collateralized and municipal taxable mortgage obligations, to collateralize lines of credit and/or borrowings. At March 31, 2021 and December 31, 2020, we had pledged investment securities of $224 million and $202 million, respectively.

Note 3 - Loans Held-for-Sale

The majority of our mortgage loans closed as LHFS are ultimately sold into the secondary market on a whole loan basis or by securitizing the loans into agency, government, or private label MBS. LHFS totaled $7.1 billion and $7.1 billion at March 31, 2021 and December 31, 2020, respectively. For the three months ended March 31, 2021 we had net gains on loan sales associated with LHFS of $227 million as compared to $89 million for the three months ended March 31, 2020.

At March 31, 2021 and December 31, 2020, $111 million and $31 million, respectively, of LHFS were recorded at lower of cost or fair value. We elected the fair value option for the remainder of the loans in the portfolio.

Note 4 - Loans Held-for-Investment

We classify loans that we have the intent and ability to hold for the foreseeable future or until maturity as LHFI. We report LHFI at their amortized cost, which includes the outstanding principal balance adjusted for any unamortized premiums, discounts, deferred fees and costs. The accrued interest receivable on LHFI totaled $41 million at March 31, 2021 and $43 million at December 31, 2020 and was reported in other assets on the Consolidated Statements of Financial Condition.

The following table presents our LHFI:

	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Consumer loans		
Residential first mortgage	$ 1,998	$ 2,266
Home equity	781	856
Other	1,049	1,004
Total consumer loans	3,828	4,126
Commercial loans		
Commercial real estate	3,084	3,061
Commercial and industrial	1,424	1,382
Warehouse lending	6,551	7,658
Total commercial loans	11,059	12,101
Total loans held-for-investment	$ 14,887	$ 16,227

The following table presents the UPB of our loan sales and purchases in the LHFI portfolio:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Loans Sold (1)		
Performing loans	$ 36	$ 38
Total loans sold	$ 36	$ 38
Net gain associated with loan sales (2)	$ —	$ —
Loans Purchased		
Home equity	$ —	$ —
Other consumer (3)	—	63
Total loans purchased	$ —	$ 63
Premium associated with loans purchased	$ —	$ —

(1) Upon a change in our intent, the loans were transferred to LHFS and subsequently sold.
(2) Recorded in net gain on loan sales on Consolidated Statements of Operations.
(3) Does not include point of sale flow consumer loans.

We have pledged certain LHFI, LHFS, and LGG to collateralize lines of credit and/or borrowings with the FRB of Chicago and the FHLB of Indianapolis. At March 31, 2021 and December 31, 2020, we had pledged loans of $11.3 billion and $11.6 billion, respectively.

Allowance for Credit Losses on Loans

We determine the estimate of the ACL on at least a quarterly basis. The ACL represents Management's estimate of expected lifetime losses in our LHFI portfolio, excluding loans carried under the fair value option. In addition, we record a reserve for expected lifetime losses on our unfunded commitments - see Reserve for Unfunded Commitments section below. Therefore, we record ALLL on relevant financial assets and a reserve for unfunded commitments on our Consolidated Statements of Financial Condition, collectively referred to as the ACL.

Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual terms excludes expected extensions, renewals, and modifications unless the following applies: Management has a reasonable expectation at the reporting date that a TDR will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by us.

The ACL is impacted by changes in asset quality of the portfolio, including but not limited to increases in risk rating changes in our commercial portfolio, borrower delinquencies, changes in FICO scores or changes in LTVs in our consumer portfolio. In addition, while we have incorporated our forecasted impact of COVID-19 into our ACL, the ultimate impact of COVID-19 is still uncertain, including how long economic activity will be impacted by the pandemic and what effect the unprecedented levels of government fiscal and monetary actions will have on the economy and our credit losses.

Specifically identified component. The specifically identified component of ACL related to performing TDR loans is generally measured as the difference between the recorded investment in the specific loan and the present value of the cash flows expected to be collected, discounted at the loan's original effective interest rate. Estimating the timing and amounts of future cash flow projections is highly judgmental and based upon assumptions including default rates, prepayment probability and loss severities. All of these estimates and assumptions require significant management judgment and certain assumptions are highly subjective.

Specifically identified collateral dependent NPL loans are generally measured as the difference between the recorded investment in the impaired loan and the underlying collateral value less estimated costs to sell. These estimates are dependent on third-party property valuations which may be influenced by factors such as the current and future level of home prices, the duration of current overall economic conditions, and other macroeconomic and portfolio-specific factors.

Model-based component. A general allowance is established for lifetime losses inherent on non-impaired loans by segmenting the portfolio based upon common risk characteristics. Our consumer loan portfolio is segmented into Residential First Mortgage, Home Equity and Other Consumer. Loan characteristics impacting these segments include lien position, credit quality, and loan structure. At a high-level our commercial loans are segmented into Commercial Real Estate, Commercial and Industrial, and Warehouse Lending. Loan characteristics impacting these segments include credit quality and loan structure.

We measure the allowance using the applicable dual risk rating model which measures probability of default, loss given default and exposure at default. As of March 31, 2021, we utilized the Moody’s March scenarios in our forecast: a growth forecast, weighted at 30 percent; a baseline forecast, weighted at 40 percent; and an adverse forecast, weighted at 30 percent. The resulting composite forecast for the first quarter of 2021 was slightly better than the scenario used in the fourth quarter 2020. Unemployment ends 2021 at 6 percent and will continue to recover in 2022. GDP recovers throughout 2021 from current levels and does not return to pre-COVID level until 2025. HPI stays flat throughout 2021

Qualitative adjustments. The specifically identified component analysis and the output of the model provide a reasonable starting point for our analysis, but do not, by themselves, form a sufficient basis to determine the appropriate level for the ACL. We therefore consider the qualitative factors that are likely to cause the ACL associated with our existing portfolio to differ from the output of the model. The most significant qualitative factors considered include changes in economic and business conditions, changes in nature and volume of portfolio and changes in the volume and severity of past due loans. The application of different inputs into the model calculation and the assumptions used by Management to adjust the model calculation are subject to significant management judgment and may result in actual credit losses that differ from the originally estimated amounts.

The following table presents changes in the ALLL, by class of loan:

	Residential First Mortgage (1)	Home Equity	Other Consumer	Commercial Real Estate	Commercial and Industrial	Warehouse Lending	Total
	(Dollars in millions)						
Three Months Ended March 31, 2021							
Beginning balance	$ 49	$ 25	$ 39	$ 84	$ 51	$ 4	$ 252
Benefit	(2)	(5)	(6)	—	(11)	—	(24)
Charge-offs	(2)	—	(1)	—	(1)	—	(4)
Recoveries	—	—	1	—	16	—	17
Ending allowance balance	$ 45	$ 20	$ 33	$ 84	$ 55	$ 4	$ 241
Three Months Ended March 31, 2020							
Beginning balance, prior to adoption of ASC 326	$ 22	$ 14	$ 6	$ 38	$ 22	$ 5	$ 107
Impact of adopting ASC 326	25	12	10	(14)	(6)	(4)	23
(Benefit) provision	—	(2)	—	4	2	—	4
Charge-offs	(1)	(1)	(1)	—	—	—	(3)
Recoveries	—	—	1	—	—	—	1
Ending allowance balance	$ 46	$ 23	$ 16	$ 28	$ 18	$ 1	$ 132

(1) Includes LGG.

The ALLL was $241 million at March 31, 2021 and $132 million at March 31, 2020. The increase in the allowance is reflective of changes in the economic forecasts used in the ACL models as a result of the ongoing COVID-19 pandemic and credit downgrades largely attributed to challenging economic conditions being faced by certain of our borrowers due to the pandemic.

Loans are considered to be past due when any payment of principal or interest is 30 days past the scheduled payment date. While it is the goal of Management to collect on loans, we attempt to work out a satisfactory repayment schedule or modification with past due borrowers and will undertake foreclosure proceedings if the delinquency is not satisfactorily resolved. Our practices regarding past due loans are designed to both assist borrowers in meeting their contractual obligations and minimize losses incurred by the Bank.

Beginning in March 2020, as a response to COVID-19, customers facing COVID-19 related difficulties were offered forbearance in an effort to help our borrowers get to the other side of the health crisis when we believe they will be able to fulfill all of their contractual commitments.

We cease the accrual of interest on all classes of consumer and commercial loans upon the earlier of, becoming 90 days past due, or when doubt exists as to the ultimate collection of principal or interest (classified as nonaccrual or NPLs). When a loan is placed on nonaccrual status, the accrued interest income is reversed and the loan may only return to accrual status when principal and interest become current and are anticipated to be fully collectible. We do not measure an ACL for accrued interest receivables as accrued interest is written off in a timely manner. We are not aging receivables for customers who have been granted a payment deferral in response to COVID-19 which remain in the aging category they were in at the time of payment deferral. We continue to accrue interest on these loans, consistent with our forbearance programs.

The following table sets forth the LHFI aging analysis of past due and current loans:

	30-59 Days Past Due	60-89 Days Past Due	90 Days or Greater Past Due (1)	Total Past Due	Current	Total LHFI (3) (4) (5)
			(Dollars in millions)			
March 31, 2021						
Consumer loans						
Residential first mortgage	$ 5	$ 4	$ 33	$ 42	$ 1,956	$ 1,998
Home equity	1	—	7	8	773	781
Other	4	1	2	7	1,042	1,049
Total consumer loans	10	5	42	57	3,771	3,828
Commercial loans						
Commercial real estate	—	—	3	3	3,081	3,084
Commercial and industrial	—	—	15	15	1,409	1,424
Warehouse lending	—	—	—	—	6,551	6,551
Total commercial loans	—	—	18	18	11,041	11,059
Total loans (2)	$ 10	$ 5	$ 60	$ 75	$ 14,812	$ 14,887
December 31, 2020						
Consumer loans						
Residential first mortgage	$ 4	$ 4	$ 31	$ 39	$ 2,227	$ 2,266
Home equity	1	1	5	7	849	856
Other	4	1	2	7	997	1,004
Total consumer loans	9	6	38	53	4,073	4,126
Commercial loans						
Commercial real estate	20	—	3	23	3,038	3,061
Commercial and industrial	1	—	15	16	1,366	1,382
Warehouse lending	—	—	—	—	7,658	7,658
Total commercial loans	21	—	18	39	12,062	12,101
Total loans (2)	$ 30	$ 6	$ 56	$ 92	$ 16,135	$ 16,227

(1) Includes less than 90 day past due performing loans which are deemed nonaccrual. Interest is not being accrued on these loans.
(2) Includes $8 million of past due loans accounted for under the fair value option as of March 31, 2021 and December 31, 2020.
(3) Collateral dependent loans totaled $84 million and $80 million at March 31, 2021 and December 31, 2020, respectively. The majority of these loans are secured by real estate.
(4) The interest income recognized on impaired loans was less than a million and $2 million for the three months ended March 31, 2021 and December 31, 2020, respectively.
(5) The delinquency status for loans in forbearance is frozen for loans at inception of the forbearance period and will resume when the borrower's forbearance period ends.

Interest income is recognized on nonaccrual loans using a cash basis method. Interest that would have been accrued for the three months ended March 31, 2021 was $1 million. At March 31, 2021 and December 31, 2020, we had no loans 90 days or greater past due and still accruing interest.

Reserve for Unfunded Commitments

We estimated expected credit losses over the contractual period in which we are exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. The reserve for unfunded commitments is adjusted as a provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

The reserve for unfunded commitments is reflected in other liabilities on the Consolidated Statements of Financial Condition and was $24 million as of March 31, 2021, compared to $20 million as of March 31, 2020. The increase in the reserve is due to changes in the economic forecasts used in the ACL models as a result of the ongoing COVID-19 pandemic.

The following categories of off-balance sheet credit exposures have been identified: unfunded loans with available balances, new commitments to lend that are not yet funded, and standby and commercial letters of credit. For further information, see Note 15 - Legal Proceedings, Contingencies and Commitments.

Troubled Debt Restructurings

We may modify certain loans in both our consumer and commercial loan portfolios to retain customers or to maximize collection of the outstanding loan balance. TDRs are modified loans in which a borrower demonstrates financial difficulties and for which a concession has been granted as a result. Nonperforming TDRs are included in nonaccrual loans. TDRs remain in nonperforming status until a borrower has made payments and is current for at least six consecutive months. Performing TDRs are not considered to be nonaccrual so long as we believe that all contractual principal and interest due under the restructured terms will be collected. Performing and nonperforming TDRs remain impaired as interest and principal will not be received in accordance with the original contractual terms of the loan agreement. Refer to Note 1- Description of Business, Basis of Presentation, and Summary of Significant Accounting Standards to the consolidated financial statements in the Annual Report on Form 10-K for the year ended December 31, 2020 for a description of the methodology used to determine TDRs.

Some loan modifications classified as TDRs may not ultimately result in the full collection of principal and interest, as modified, but may give rise to potential incremental losses. We measure impairments using a discounted cash flow method for performing TDRs and measure impairment based on collateral values for nonperforming TDRs.

Beginning in March 2020, as a response to COVID-19, we offered our consumer and commercial customers principal and interest payment deferrals and extensions. We considered these programs in the context of whether or not the short-term modifications of these loans would constitute a TDR. We considered the CARES Act, interagency guidance and related guidance from the FASB, which provided that short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief are not required to be accounted for as TDRs. As a result, we have determined that loan forbearance, modifications, deferrals and extensions made under these COVID-19 programs are not TDRs.

The following table provides a summary of TDRs by type and performing status:

	TDRs		
	Performing	Nonperforming	Total
	(Dollars in millions)		
March 31, 2021			
Consumer loans			
Residential first mortgage	$ 20	$ 8	$ 28
Home equity	11	3	14
Total consumer TDR loans	31	11	42
Commercial loans			
Commercial real estate	5	—	5
Total TDRs (1)(2)	$ 36	$ 11	$ 47
December 31, 2020			
Consumer loans			
Residential first mortgage	$ 19	$ 8	$ 27
Home equity	12	2	14
Total consumer TDR loans	31	10	41
Commercial loans			
Commercial real estate	5	—	5
Total TDRs (1)(2)	$ 36	$ 10	$ 46

(1) ALLL on TDR loans totaled $5 million at March 31, 2021 and December 31, 2020.
(2) Includes $2 million and $3 million of TDR loans accounted for under the fair value option at March 31, 2021 and December 31, 2020.

The following table provides a summary of newly modified TDRs:

	New TDRs		
	Number of Accounts	Pre-Modification Unpaid Principal Balance	Post-Modification Unpaid Principal Balance (1)
	(Dollars in millions)		
Three Months Ended March 31, 2021			
Residential first mortgages	6	$ 3	$ 3
Total TDR loans	6	$ 3	$ 3
Three Months Ended March 31, 2020			
Residential first mortgages	5	$ 1	$ 1
Home equity(2)(3)	2	—	—
Consumer	1		
Total TDR loans	8	$ 1	$ 1

(1) Post-modification balances include past due amounts that are capitalized at modification date.
(2) Home equity post-modification UPB reflects write downs.
(3) Includes loans carried at the fair value option.

There were no loans modified in the previous 12 months that subsequently defaulted during the three months ended March 31, 2021. All TDR classes within the consumer and commercial loan portfolios are considered subsequently defaulted when they are greater than 90 days past due within 12 months of the restructuring date.

Credit Quality

We utilize a combination of internal and external risk rating systems which are applied to all consumer and commercial loans which are used as loan-level inputs to our ACL models. Descriptions of our risk ratings as they relate to credit quality follow the ratings used by the U.S. bank regulatory agencies as listed below.

Pass. Pass assets are not impaired nor do they have any known deficiencies that could impact the quality of the asset.

Watch. Watch assets are defined as pass-rated assets that exhibit elevated risk characteristics or other factors that deserve Management’s close attention and increased monitoring. However, the asset does not exhibit a potential or well-defined weakness that would warrant a downgrade to criticized or adverse classification.

Special mention. Assets identified as special mention possess credit deficiencies or potential weaknesses deserving Management's close attention. Special mention assets have a potential weakness or pose an unwarranted financial risk that, if not corrected, could weaken the assets and increase risk in the future. Special mention assets are criticized, but do not expose an institution to sufficient risk to warrant adverse classification.

Substandard. Assets identified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified must have a well-defined weakness or weaknesses that jeopardize the full collection or liquidation of the debt. Substandard assets are characterized by the distinct possibility that we will sustain some loss if the deficiencies are not corrected. For HELOANs and other consumer loans, we evaluate credit quality based on the aging and status of payment activity and any other known credit characteristics that call into question full repayment of the asset. Substandard loans may be placed on either accrual or nonaccrual status.

Doubtful. An asset classified as doubtful has all the weaknesses inherent in one classified substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. A doubtful asset has a high probability of total or substantial loss, but because of specific pending events that may strengthen the asset, its classification as loss is deferred. Doubtful borrowers are usually in default, lack adequate liquidity or capital, and lack the resources necessary to remain an operating entity. Pending events can include mergers, acquisitions, liquidations, capital injections, the perfection of liens on additional collateral, the valuation of collateral and refinancing. Generally, pending events should be resolved within a relatively short period and the ratings will be adjusted based on the new information. Due to the high probability of loss, doubtful assets are placed on nonaccrual.

Loss. An asset classified as loss is considered uncollectible and of such little value that the continuance as a bankable asset is not warranted. This classification does not mean that an asset has absolutely no recovery or salvage value, rather that it is not practical or desirable to defer writing off the asset even though partial recovery may be affected in the future.

Consumer Loans

Consumer loans consist of open and closed-end loans extended to individuals for household, family, and other personal expenditures. Consumer loans includes other consumer product loans and loans to individuals secured by their personal residence, including first mortgage, home equity, and home improvement loans. Because consumer loans are usually relatively small-balance, homogeneous exposures, consumer loans are rated based primarily on payment performance. Payment performance is a proxy for the strength of repayment capacity and loans are generally classified based on their payment status rather than by an individual review of each loan.

In accordance with regulatory guidance, we assign risk ratings to consumer loans in the following manner:

- Consumer loans are classified as Watch once the loan becomes 60 days past due.
- Open and closed-end consumer loans 90 days or more past due are classified as Substandard.

Payment activity, credit rating and loan-to-value ratios have the most significant impact on the ACL for consumer loans. The following table presents the amortized cost in residential and consumer loans based on payment activity:

	Term Loans Amortized Cost Basis by Closing Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total	December 31, 2020
As of March 31, 2021	**2021**	**2020**	**2019**	**2018**	**2017**	**Prior**				
Consumer Loans	(Dollars in millions)									
Residential First Mortgage										
Pass	$ 108	$ 305	$ 438	$ 190	$ 223	$ 569	$ 93	$ 8	$ 1,934	$ 2,205
Watch	—	—	4	2	1	14	1	—	22	21
Substandard	—	—	3	5	2	16	—	—	26	25
Home Equity										
Pass	1	6	26	11	5	10	674	30	763	838
Watch	—	—	—	—	—	10	1	—	11	13
Substandard	—	—	1	—	—	2	1	2	6	3
Other Consumer										
Pass	96	282	294	134	3	4	228	4	1,045	1,000
Watch	—	—	—	—	—	—	—	1	1	1
Substandard	—	1	1	1	—	—	—	—	3	3
Total Consumer Loans (1)(2)	$ 205	$ 594	$ 767	$ 343	$ 234	$ 625	$ 998	$ 45	$ 3,811	$ 4,109

(1) Excludes loans carried under the fair value option.
(2) The delinquency status for loans in forbearance are frozen for loans at inception of the forbearance period and will resume when the borrower's forbearance period ends.

The following table presents the amortized cost in residential and consumer loans based on credit scores:

As of March 31, 2021	FICO Band Amortized Cost Basis by Closing Year 2021	2020	2019	2018	2017	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
Consumer Loans	(Dollars in millions)								
Residential First Mortgage									
>750	$ 29	$ 166	$ 216	$ 90	$ 147	$ 339	$ 54	$ 2	$ 1,043
700-750	65	87	138	78	67	170	27	5	637
<700	14	52	91	29	12	90	13	1	302
Home Equity									
>750	—	3	7	3	2	7	293	5	320
700-750	1	2	11	4	2	7	283	14	324
<700	—	1	9	4	1	8	100	13	136
Other Consumer									
>750	82	202	186	73	2	2	216	3	766
700-750	14	76	99	52	1	1	7	—	250
<700	—	5	10	10	—	1	5	2	33
Total Consumer Loans (1)	$ 205	$ 594	$ 767	$ 343	$ 234	$ 625	$ 998	$ 45	$ 3,811

(1) Excludes loans carried under the fair value option.

Loan-to-value ratios primarily impact the allowance on mortgages within the consumer loan portfolio. The following table presents the amortized cost in residential first mortgages and home equity based on loan-to-value ratios:

As of March 31, 2021	LTV Band Amortized Cost Basis by Closing Year 2021	2020	2019	2018	2017	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
Consumer Loans	(Dollars in millions)								
Residential First Mortgage									
>90	$ 21	$ 86	$ 231	$ 102	$ 29	$ 21	$ —	$ —	$ 490
71-90	29	141	123	51	70	273	—	—	687
55-70	51	55	51	21	69	183	1	—	431
<55	7	23	40	23	58	122	93	8	374
Home Equity									
>90	—	—	—	—	1	11	—	—	12
71-90	1	4	21	8	3	8	511	23	579
<=70	—	2	6	3	1	3	165	9	189
Total (1)	$ 109	$ 311	$ 472	$ 208	$ 231	$ 621	$ 770	$ 40	$ 2,762

(1) Excludes loans carried under the fair value option.

Commercial Loans

Risk rating and the average loan duration have the most significant impact on the ACL for commercial loans. Additional factors which impact the ACL are debt-service-coverage ratio, loan-to-value ratio, interest-coverage ratio and leverage ratio.

Internal audit conducts periodic examinations which serve as an independent verification of the accuracy of the ratings assigned. All loans are examined on at least an annual basis. Loan grades are based on different factors within the borrowing relationship: entity sales, debt service coverage, debt/total net worth, liquidity, balance sheet and income statement trends, Management experience, business stability, financing structure, and financial reporting requirements. The underlying collateral is also rated based on the specific type of collateral and corresponding LTV. The combination of the borrower and collateral risk ratings results in the final risk rating for the borrowing relationship.

Based on the most recent credit analysis performed, the amortized cost basis, by risk category for each class of loans within the commercial portfolio, is as follows:

	Term Loans Amortized Cost Basis by Closing Year						Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis		
As of March 31, 2021	2021	2020	2019	2018	2017	Prior			Total	December 31, 2020
Commercial Loans	(Dollars in million)									
Commercial real estate										
Pass	$ 73	$ 274	$ 643	$ 374	$ 269	$ 468	$ 712	$ —	$ 2,813	$ 2,805
Watch	—	23	15	27	93	49	13	—	220	166
Special mention	—	—	1	11	—	22	—	—	34	53
Substandard	—	—	3	1	—	—	13	—	17	37
Commercial and industrial										
Pass	43	109	215	93	80	35	645	—	1,220	1,200
Watch	—	1	10	24	25	—	44	—	104	106
Special mention	—	—	18	10	3	—	22	—	53	24
Substandard	1	—	8	10	2	—	26	—	47	52
Warehouse										
Pass	6,301	—	—	—	—	—	—	—	6,301	7,398
Watch	250	—	—	—	—	—	—	—	250	260
Special mention	—	—	—	—	—	—	—	—	—	—
Substandard		—	—	—	—	—	—	—	—	—
Total commercial loans	$ 6,668	$ 407	$ 913	$ 550	$ 472	$ 574	$ 1,475	$ —	$ 11,059	$ 12,101

Note 5 - Loans with Government Guarantees

Substantially all LGG are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs. FHA loans earn interest at a rate based upon the 10-year U.S. Treasury note rate at the time the underlying loan becomes delinquent, which is not paid by the FHA or the U.S. Department of Veterans Affairs until claimed. When a GNMA loan is due, but unpaid, for three consecutive months (typically referred to as 90 days past due) the loan is required to be re-recognized on the balance sheet by the MSR owner. These loans are recorded in LGG and the liability to repurchase the loans is recorded as loans with government guarantees repurchase options on the Consolidated Statements of Financial Condition. This resulted in $1.8 billion of repurchase options as of March 31, 2021, a $0.1 billion decrease from December 31, 2020. 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.

At March 31, 2021 and December 31, 2020, LGG totaled $2.5 billion.

Repossessed assets and the associated claims related to government guaranteed loans are recorded in other assets and totaled $14 million and $17 million, at March 31, 2021 and December 31, 2020, respectively.

Note 6 - Variable Interest Entities

We have no consolidated VIEs as of March 31, 2021 and December 31, 2020.

In connection with our securitization activities, we have retained a five percent interest in the investment securities of certain trusts ("other MBS") and are contracted as the subservicer 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 Financial Condition. The Bank's maximum exposure to loss is limited to our investment in the VIE, as well as the standard representations and warranties made in conjunction with the loan transfer. See Note 2 - Investment Securities and Note 16 - Fair Value Measurements, for additional information.

Note 7 - Mortgage Servicing Rights

We have investments in MSRs that result from the sale of loans to the secondary market for which we retain the servicing. We account 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. We utilize 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 8 - Derivative Financial Instruments.

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

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Balance at beginning of period	$ 329	$ 291
Additions from loans sold with servicing retained	65	40
Reductions from sales	—	(36)
Decrease in MSR fair value due to pay-offs, pay-downs, run-off, model changes, and other (1)	(39)	(22)
Changes in estimates of fair value due to interest rate risk (1) (2)	73	(50)
Fair value of MSRs at end of period	$ 428	$ 223

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

	March 31, 2021			December 31, 2020		
		Fair value			Fair value	
	Actual	10% adverse change	20% adverse change	Actual	10% adverse change	20% adverse change
	(Dollars in millions)					
Option adjusted spread	8.75 %	$ 419	$ 410	7.98 %	$ 321	$ 313
Constant prepayment rate	8.66 %	411	394	10.53 %	305	283
Weighted average cost to service per loan	$ 80.65	424	420	$ 81.24	325	321

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, see Note 16 - Fair Value Measurements.

Contractual servicing and subservicing fees. 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 Operations. Contractual subservicing fees, including late fees and other ancillary income, are included within loan administration income on the Consolidated Statements of Operations. 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:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Net return on mortgage servicing rights		
Servicing fees, ancillary income and late fees (1)	$ 31	$ 21
Decreases in MSR fair value due to pay-offs, pay-downs, run-off, model changes, and other	(39)	(22)
Changes in fair value due to interest rate risk	73	(50)
Gain (loss) on MSR derivatives (2)	(65)	58
Net transaction costs	—	(1)
Total return included in net return on mortgage servicing rights	$ —	$ 6

(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:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Loan administration income on mortgage loans subserviced		
Servicing fees, ancillary income and late fees (1)	$ 32	$ 31
Charges on subserviced custodial balances (2)	(3)	(16)
Other servicing charges	(3)	(3)
Total income on mortgage loans subserviced, included in loan administration	$ 26	$ 12

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

Note 8 - Derivative Financial Instruments

Derivative financial instruments are recorded at fair value in other assets and other liabilities on the Consolidated Statements of Financial Condition. Our policy is to present our derivative assets and derivative liabilities on the Consolidated Statements of Financial 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: We maintain a derivative portfolio of interest rate swaps, futures and forward commitments used to manage exposure to changes in interest rates, MSR asset values and to meet the needs of customers. We also enter 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. Changes in the fair value of derivatives not designated as hedging instruments are recognized on the Consolidated Statements of Operations.

Derivatives designated as hedging instruments: We have designated certain interest rate swaps as fair value hedges of investment securities AFS and residential first mortgage LHFI using the last-of-layer method. Cash flows and the profit impact associated with designated hedges are reported in the same category as the underlying hedged item.

We have also designated certain interest rate swaps as cash flow hedges on LIBOR based variable interest payments on certain custodial deposits. Changes in the fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income on the Consolidated Statements of Financial Condition and reclassified into interest expense in the same period in which the hedge transaction is recognized in earnings. We had $17 million (net-of-tax) of unrealized gains and $5 million (net-of-tax) of unrealized losses on derivatives classified as cash flow hedges recorded in AOCI as of March 31, 2021 and December 31, 2020, respectively. The estimated amount to be reclassified from other comprehensive income into earnings during the next 12 months represents $3 million of losses (net-of-tax).

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 March 31, 2021.

The following tables present the notional amount, estimated fair value and maturity of our derivative financial instruments:

	March 31, 2021 (1)		
	Notional Amount	**Fair Value (2)**	**Expiration Dates**
		(Dollars in millions)	
Derivatives in cash flow hedge relationships:			
Assets			
Interest rate swaps on custodial deposits	$ 800	$ 1	2026-2027
Derivatives in fair value hedge relationships:			
Assets			
Interest rate swaps on AFS securities	$ 450	$ —	2022-2025
Interest rate swaps on HFI residential first mortgages	100	—	2024
Total derivative assets	$ 1,350	$ 1	
Derivatives not designated as hedging instruments:			
Assets			
Futures	$ 385	$ —	2021-2023
Mortgage-backed securities forwards	11,448	233	2021
Rate lock commitments	8,176	89	2021
Interest rate swaps and swaptions	2,772	69	2021-2030
Total derivative assets	$ 22,781	$ 391	
Liabilities			
Mortgage-backed securities forwards	$ 1,089	$ 30	2021
Rate lock commitments	1,708	15	2021
Interest rate swaps	1,862	9	2021-2051
Total derivative liabilities	$ 4,659	$ 54	

(1) Variation margin pledged to, or received from, a Central Counterparty Clearing House to cover the prior day's fair value of open positions is considered settlement of the derivative position for accounting purposes.
(2) Derivative assets and liabilities are included in other assets and other liabilities on the Consolidated Statements of Financial Condition, respectively.

	December 31, 2020 (1)			
	Notional Amount	Fair Value (2)		Expiration Dates
	(Dollars in millions)			
Derivatives in cash flow hedge relationships:				
Liabilities				
Interest rate swaps on custodial deposits	$	800	1	2026-2027
Derivatives in fair value hedge relationships:				
Liabilities				
Interest rate swaps on HFI residential first mortgages		100	—	2024
Interest rate swaps on AFS securities		450	—	2022-2025
Total hedge accounting swaps	$	1,350 $	1	
Derivatives not designated as hedging instruments:				
Assets				
Futures	$	1,346 $	—	2021-2023
Mortgage-backed securities forwards		749	14	2021
Rate lock commitments		10,587	208	2021
Interest rate swaps and swaptions		1,481	59	2021-2051
Total derivative assets	$	14,163 $	281	
Liabilities				
Mortgage-backed securities forwards	$	11,194 $	98	2021
Rate lock commitments		115	—	2021
Interest rate swaps and swaptions		1,305	4	2021-2030
Total derivative liabilities	$	12,614 $	102	

(1) Variation margin pledged to or received from a Central Counterparty Clearing House to cover the prior day's fair value of open positions, is considered settlement of the derivative position for accounting purposes.
(2) Derivative assets and liabilities are included in other assets and other liabilities on the Consolidated Statements of Financial Condition, respectively.

The following tables present the derivatives subject to a master netting arrangement, including the cash pledged as collateral:

	Gross Amount	Gross Amounts Netted in the Statements of Financial Condition	Net Amount Presented in the Statements of Financial Condition	Gross Amounts Not Offset in the Statements of Financial Condition	
				Financial Instruments	Cash Collateral
			(Dollars in millions)		
March 31, 2021					
Derivatives designated as hedging instruments:					
Assets					
Interest rate swaps on AFS securities	$ —	$ —	$ —	$ —	$ 4
Interest rate swaps on custodial deposits	1	—	1	—	7
Interest rate swaps on HFI residential first mortgages	—	—	—	—	1
Total derivative assets	$ 1	$ —	$ 1	$ —	$ 12
Derivatives not designated as hedging instruments:					
Assets					
Mortgage-backed securities forwards	$ 233	$ —	$ 233	$ —	$ 172
Interest rate swaps	69	—	69	—	4
Total derivative assets	$ 302	$ —	$ 302	$ —	$ 176
Liabilities					
Mortgage-backed securities forwards	$ 30	$ —	$ 30	$ —	$ 6
Interest rate swaps and swaptions (1)	9	—	9	—	31
Total derivative liabilities	$ 39	$ —	$ 39	$ —	$ 37
December 31, 2020					
Derivatives designated as hedging instruments:					
Liabilities					
Interest rate swaps on AFS securities	$ —	$ —	$ —	$ —	$ 5
Interest rate swaps on HFI residential first mortgages	—	—	—	—	1
Interest rate swaps on custodial deposits	1	—	1	—	8
Total derivative liabilities	$ 1	$ —	$ 1	$ —	$ 14
Derivatives not designated as hedging instruments:					
Assets					
Mortgage-backed securities forwards	$ 14	$ —	$ 14	$ —	$ —
Interest rate swaps	59	—	59	—	6
Total derivative assets	$ 73	$ —	$ 73	$ —	$ 6
Liabilities					
Mortgage-backed securities forwards	$ 98	$ —	$ 98	$ —	$ 68
Interest rate swaps and swaptions (1)	4	—	4	—	26
Total derivative liabilities	$ 102	$ —	$ 102	$ —	$ 94

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

Losses of $1 million and $0 million on fair value hedging relationships of AFS securities were recorded in interest income for the three months ended March 31, 2021 and March 31, 2020, respectively.

Losses of $1 million and $0 million on cash flow hedging relationships of custodial deposits were reclassified from AOCI into loan administration income during the three months ended March 31, 2021 and March 31, 2020, respectively.

Gains and losses on fair value hedging relationships of HFI residential first mortgages for the three months ended March 31, 2021 and March 31, 2020 were de-minimis.

The fair value basis adjustment on our hedged AFS securities is included in investment securities available-for-sale on our Consolidated Statements of Financial Condition. The carrying amount of our hedged securities was $1,440 million at March 31, 2021 and $1,680 million at December 31, 2020 of which $1 million and $6 million, respectively, were due to the fair value hedge relationship. The closed portfolio of AFS securities designated in this last layer method hedge was $1,399 million par (amortized cost of $1,397 million) at March 31, 2021 and $1,615 million par (amortized cost of $1,612 million) at December 31, 2020 of which we have designated $450 million and $450 million at March 31, 2021 and December 31, 2020, respectively.

The fair value basis adjustment on our hedged fair HFI residential first mortgages is included in LHFI on our Consolidated Statements of Financial Condition. The carrying amount of our hedged loans was $221 million at March 31, 2021 of which a de-minimis amount is due to the fair value hedge relationship. We have designated $100 million of this closed portfolio of loans in a hedging relationship as of March 31, 2021. The carrying amount of our hedged loans was $240 million at December 31, 2020 of which $1 million was due to the fair value hedge relationship. We designated $100 million of this closed portfolio of loans in a hedging relationship at December 31, 2020.

At March 31, 2021, we pledged a total of $53 million related to derivative financial instruments, consisting of $23 million of cash collateral on derivative liabilities and $30 million of maintenance margin on centrally cleared derivatives. We had an obligation to return a total of $172 million of cash collateral on derivative assets at March 31, 2021. We pledged a total of $114 million related to derivative financial instruments, consisting of $84 million of cash collateral on derivatives and $30 million of maintenance margin on centrally cleared derivatives and had a de-minimis obligation to return cash on derivative assets at December 31, 2020. Within the Consolidated Statements of Financial Condition, the collateral related to derivative activity is included in other assets and other liabilities and the cash pledged as maintenance margin is restricted and included in other assets.

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

		Three Months Ended March 31,	
		2021	2020
		(Dollars in millions)	
Derivatives not designated as hedging instruments:	**Location of gain (loss)**		
Futures	Net return on mortgage servicing rights	$ —	$ 1
Interest rate swaps and swaptions	Net return on mortgage servicing rights	(47)	38
Mortgage-backed securities forwards	Net return on mortgage servicing rights	(18)	19
Rate lock commitments and MSR forwards	Net gain on loan sales	162	(100)
Interest rate swaps (1)	Other noninterest income	1	—
Total derivative gain (loss)		$ 98	$ (42)

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

Note 9 - Borrowings

Federal Home Loan Bank Advances and Other Borrowings

The following is a breakdown of our FHLB advances and other borrowings outstanding:

	March 31, 2021		December 31, 2020	
	Amount	Rate	Amount	Rate
	(Dollars in millions)			
Short-term fixed rate term advances	$ 2,415	0.17 %	$ 3,415	0.20 %
Other short-term borrowings (1)	330	0.05 %	485	0.08 %
Total short-term Federal Home Loan Bank advances and other borrowings	2,745		3,900	
Long-term fixed rate advances (2)	1,200	1.03 %	1,200	1.03 %
Total long-term Federal Home Loan Bank advances	1,200		1,200	
Total Federal Home Loan Bank advances and other borrowings	$ 3,945		$ 5,100	

(1) Includes borrowings under overnight federal funds purchased lines with other Federal Reserve member institutions.
(2) There was no current portion of fixed rate advances at both March 31, 2021 and December 31, 2020.

The following table contains detailed information on our FHLB advances and other borrowings:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Maximum outstanding at any month end	$ 4,737	$ 6,841
Average outstanding balance	$ 3,979	$ 4,359
Average remaining borrowing capacity	$ 5,484	$ 4,977
Weighted average interest rate	0.43 %	1.32 %

The following table outlines the maturity dates of our FHLB advances and other borrowings:

	March 31, 2021
	(Dollars in millions)
2021	$ 2,745
2022	200
2023	500
2024	100
Thereafter	400
Total	$ 3,945

Parent Company Senior Notes, Subordinated Notes and Trust Preferred Securities

The following table presents long-term debt, net of debt issuance costs:

	March 31, 2021		December 31, 2020	
	Amount	Interest Rate	Amount	Interest Rate
	(Dollars in millions)			
Senior Notes				
Senior notes, matures 2021	$ —	— %	$ 246	6.125 %
Subordinated Notes				
Notes, matures 2030	149	4.125 %	148	4.125 %
Trust Preferred Securities				
Floating Three Month LIBOR Plus:				
3.25%, matures 2032	26	3.45 %	26	3.50 %
3.25%, matures 2033	26	3.49 %	26	3.49 %
3.25%, matures 2033	26	3.45 %	26	3.49 %
2.00%, matures 2035	26	2.24 %	26	2.24 %
2.00%, matures 2035	26	2.24 %	26	2.24 %
1.75%, matures 2035	51	1.93 %	51	1.97 %
1.50%, matures 2035	25	1.74 %	25	1.74 %
1.45%, matures 2037	25	1.63 %	25	1.67 %
2.50%, matures 2037	16	2.68 %	16	2.72 %
Total Trust Preferred Securities	247		247	
Total other long-term debt	$ 396		$ 641	

Senior Notes

On July 11, 2016, we issued $250 million of senior notes (“Senior Notes”). These notes were scheduled to mature on July 15, 2021, but we provided notice that we would be redeeming these outstanding notes on December 23, 2020. We accrued for the liabilities associated with that redemption as of December 31, 2020, and settled the Senior Notes on January 22, 2021. As of March 31, 2021, we have no Senior Notes outstanding.

Subordinated Notes

On October 28, 2020, we issued $150 million of Subordinated Debt (the "Notes") with a maturity date of November 1, 2030. The Notes bear interest at a fixed rate of 4.125 percent through October 31, 2025, and a variable rate tied to SOFR thereafter until maturity. We have the option to redeem all or a part of the Notes beginning on November 1, 2025, and on any subsequent interest payment date. The Notes qualify as Tier 2 capital for regulatory purposes.

Trust Preferred Securities

We sponsor nine trust subsidiaries, which issued preferred stock to third party investors. We issued junior subordinated debt securities to those trusts, which we have included in long-term debt. The junior subordinated debt securities are the sole assets of those trusts. The trust preferred securities are callable by us at any time. Interest is payable quarterly; however, we may defer interest payments for up to 20 quarters without default or penalty. As of March 31, 2021, we had no deferred interest.

Note 10 - Accumulated Other Comprehensive Income (Loss)

The following table sets forth the components in AOCI:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Investment Securities		
Beginning balance	$ 52	$ 1
Unrealized gain	(20)	45
Less: Tax provision	(5)	11
Net unrealized gain	(15)	34
Other comprehensive income, net of tax	(15)	34
Ending balance	$ 37	$ 35
Cash Flow Hedges		
Beginning balance	$ (5)	$ —
Unrealized loss	26	(5)
Less: Tax benefit	5	(1)
Net unrealized loss	21	(4)
Reclassifications out of AOCI (1)	1	—
Other comprehensive loss, net of tax	22	(4)
Ending balance	$ 17	$ (4)

(1) Reclassifications are reported in noninterest income on the Consolidated Statements of Operations.

Note 11 - Earnings Per Share

Basic earnings per share, excluding dilution, is computed by dividing earnings applicable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised and converted into common stock or resulted in the issuance of common stock that could then share in our earnings.

The following table sets forth the computation of basic and diluted earnings per share of common stock:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions, except share data)	
Net income applicable to common stockholders	$ 149	$ 46
Weighted Average Shares		
Weighted average common shares outstanding	52,675,562	56,655,865
Effect of dilutive securities		
Stock-based awards	622,241	534,058
Weighted average diluted common shares	$ 53,297,803	$ 57,189,923
Earnings per common share		
Basic earnings per common share	$ 2.83	$ 0.80
Effect of dilutive securities		
Stock-based awards	(0.03)	—
Diluted earnings per common share	$ 2.80	$ 0.80

Note 12 - Stock-Based Compensation

We had stock-based compensation expense of $4 million for the three months ended March 31, 2021, and $3 million for the three months ended March 31, 2020.

Restricted Stock and Restricted Stock Units

The following table summarizes restricted stock and restricted stock units activity:

	Three Months Ended March 31, 2021	
	Shares	Weighted — Average Grant-Date Fair Value per Share
Restricted Stock and Restricted Stock Units		
Non-vested balance at beginning of period	974,186	$ 30.88
Granted	144,068	40.20
Vested	(42,449)	34.71
Canceled and forfeited	(12,520)	30.59
Non-vested balance at end of period	1,063,285	$ 32.00

2017 Employee Stock Purchase Plan

The Employee Stock Purchase Plan ("2017 ESPP") was approved on March 20, 2017, by our Board and on May 23, 2017, by our shareholders. The 2017 ESPP became effective July 1, 2017, and will remain effective until terminated by the Board. A total of 800,000 shares of the Company’s common stock were reserved and authorized for issuance for purchase under the Employee Stock Purchase Plan (ESPP) of which 287,592 remain as of March 31, 2021. There were 62,462 shares issued under the ESPP during the three months ended March 31, 2021 and the associated compensation expense was de minimis.

Note 13 - Income Taxes

The provision for income taxes in interim periods requires us to make a best estimate of the effective tax rate expected to be applicable for the full year, adjusted for any discrete items for the applicable period. This estimated effective tax rate is then applied to interim consolidated pre-tax operating income to determine the interim provision for income taxes.

The following table presents our provision for income tax and effective tax provision rate:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Income before income taxes	$ 194	$ 56
Provision for income taxes	45	10
Effective tax provision rate	23.0 %	18.5 %

We believe that it is unlikely that our unrecognized tax benefits will change by a material amount during the next 12 months. We recognize interest and penalties related to unrecognized tax benefits in provision for income taxes.

Note 14 - Regulatory Matters

Regulatory Capital

We, along with the Bank, are subject to the Basel III based U.S. capital rules, including capital simplification. Under these requirements, we must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that could have a material effect on the Consolidated Financial Statements.

To be categorized as "well-capitalized," the Company and the Bank must maintain minimum tangible capital, Tier 1 capital, common equity Tier 1, and total capital ratios as set forth in the table below. We, along with the Bank, are considered "well-capitalized" at both March 31, 2021 and December 31, 2020.

The following tables present the regulatory capital requirements under the applicable Basel III based U.S. capital rules:

Flagstar Bancorp	Actual		For Capital Adequacy Purposes		Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in millions)			
March 31, 2021						
Tier 1 capital (to adjusted avg. total assets)	$ 2,423	8.11 %	$ 1,195	4.0 %	$ 1,494	5.0 %
Common equity Tier 1 capital (to RWA)	$ 2,183	10.31 %	$ 952	4.5 %	$ 1,376	6.5 %
Tier 1 capital (to RWA)	$ 2,423	11.45 %	$ 1,270	6.0 %	$ 1,693	8.0 %
Total capital (to RWA)	$ 2,790	13.18 %	$ 1,693	8.0 %	$ 2,116	10.0 %
December 31, 2020						
Tier 1 capital (to adjusted avg. total assets)	$ 2,270	7.71 %	$ 1,178	4.0 %	$ 1,472	5.0 %
Common equity Tier 1 capital (to RWA)	$ 2,030	9.15 %	$ 999	4.5 %	$ 1,442	6.5 %
Tier 1 capital (to RWA)	$ 2,270	10.23 %	$ 1,331	6.0 %	$ 1,775	8.0 %
Total capital (to RWA)	$ 2,638	11.89 %	$ 1,775	8.0 %	$ 2,219	10.0 %

Flagstar Bank	Actual		For Capital Adequacy Purposes		Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in millions)			
March 31, 2021						
Tier 1 capital (to adjusted avg. total assets)	$ 2,523	8.45 %	$ 1,195	4.0 %	$ 1,493	5.0 %
Common equity Tier 1 capital (to RWA)	$ 2,523	11.93 %	$ 951	4.5 %	$ 1,374	6.5 %
Tier 1 capital (to RWA)	$ 2,523	11.93 %	$ 1,268	6.0 %	$ 1,691	8.0 %
Total capital (to RWA)	$ 2,740	12.96 %	$ 1,691	8.0 %	$ 2,114	10.0 %
December 31, 2020						
Tier 1 capital (to adjusted avg. total assets)	$ 2,390	8.12 %	$ 1,177	4.0 %	$ 1,472	5.0 %
Common equity Tier 1 capital (to RWA)	$ 2,390	10.77 %	$ 999	4.5 %	$ 1,443	6.5 %
Tier 1 capital (to RWA)	$ 2,390	10.77 %	$ 1,332	6.0 %	$ 1,775	8.0 %
Total capital (to RWA)	$ 2,608	11.75 %	$ 1,775	8.0 %	$ 2,219	10.0 %

Note 15 - Legal Proceedings, Contingencies and Commitments

Legal Proceedings

We and our subsidiaries are subject to various pending or threatened legal proceedings arising out of the normal course of business operations. In addition, the Bank is routinely named in civil actions throughout the country by borrowers and former borrowers relating to the closing, purchase, sale, and servicing of mortgage loans. From time to time, governmental agencies also conduct investigations or examinations of various practices of the Bank. In the course of such investigations or examinations, the Bank cooperates with such agencies and provides information as requested.

We assess the liabilities and loss contingencies in connection with pending or threatened legal and regulatory proceedings on at least a quarterly basis and establish accruals when we believe it is probable that a loss may be incurred and that the amount of such loss can be reasonably estimated. Once established, litigation accruals are adjusted, as appropriate, in light of additional information. Payments made to settle our liabilities may differ from the contingency or fair value recorded due to factors that differ from our assumptions.

At March 31, 2021, we do not believe that the amount of any reasonably possible losses in excess of any amounts accrued with respect to ongoing proceedings or any other known claims will be material to our financial statements, or that the ultimate outcome of these actions will have a materially adverse effect on our financial condition, results of operations or cash flows.

DOJ Liability

On February 24, 2012, the Bank entered into a Settlement Agreement with the DOJ under which we agreed to make future payments totaling $118 million in annual increments of up to $25 million upon meeting certain conditions. On March 30, 2021, the Bank signed a $70 million final Settlement and Dismissal Amendment (the "Amendment") with the DOJ. The Amendment required us to make a $70 million one-time restitution cash payment and removed any further obligations related to the original Settlement Agreement. We recorded a $35 million expense to adjust the fair value of the DOJ Liability through other noninterest expense in the first quarter of 2021. The fair value of the DOJ Liability was $70 million as of March 31, 2021, consistent with the Amendment. The final payment was made on April 8, 2021. See Note 16 - Fair Value Measurements.

Other litigation accruals

At March 31, 2021 and December 31, 2020, excluding the fair value liability relating to the DOJ Liability, our total accrual for contingent liabilities and settled litigation was $8 million and $7 million, respectively.

Commitments

In the normal course of business, we have various commitments outstanding which are not included on our Consolidated Statements of Financial Condition. The following table is a summary of the contractual amount of significant commitments:

	March 31, 2021	December 31, 2020
	(Dollars in millions)	
Commitments to extend credit		
Mortgage loan commitments including interest rate locks	$ 9,884	$ 10,702
Warehouse loan commitments	4,173	2,849
Commercial and industrial commitments	1,274	1,271
Other construction commitments	1,866	1,934
HELOC commitments	568	544
Other consumer commitments	174	121
Standby and commercial letters of credit	109	95

Commitments to extend credit are agreements to lend to a customer as long as there is not a violation of any condition established in the contract. Because many of these commitments expire without being drawn upon, the total commitment amounts do not necessarily represent future cash flow requirements. Commitments generally have fixed expiration dates or

other termination clauses. We evaluate each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by us, upon extension of credit is based on Management's credit evaluation of the counterparties.

These instruments involve, to varying degrees, elements of credit and interest rate risk beyond the amount recognized on the Consolidated Statements of Financial Condition. Our exposure to credit losses in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. We utilize the same credit policies in making commitments and conditional obligations as we do for balance sheet instruments. The types of credit we extend are as follows:

Mortgage loan commitments including interest-rate locks. We enter into mortgage loan commitments, including interest-rate locks with our customers. These interest-rate lock commitments are considered to be derivative instruments and the fair value of these commitments is recorded in the Consolidated Statements of Financial Condition in other assets. For further information, see Note 8 - Derivative Financial Instruments.

Warehouse loan commitments. Lines of credit provided to mortgage originators to fund loans they originate and then sell. The proceeds of the sale of the loans are used to repay the draw on the line used to fund the loans.

Commercial and industrial and other construction commitments. Conditional commitments issued under various terms to lend funds to businesses and other entities. These commitments include revolving credit agreements, term loan commitments and short-term borrowing agreements. Many of these loan commitments have fixed expiration dates or other termination clauses and may require payment of a fee. Because many of these commitments are expected to expire without being funded, the total commitment amounts do not necessarily represent future liquidity requirements.

HELOC commitments. Commitments to extend, originate or purchase credit are primarily lines of credit to consumers and have specified rates and maturity dates. Many of these commitments also have adverse change clauses, which allow us to cancel the commitment due to deterioration in the borrowers' creditworthiness or a decline in the collateral value.

Other consumer commitments. Conditional commitments issued to accommodate the financial needs of customers. The commitments are made under various terms to lend funds to consumers, which include revolving credit agreements, term loan commitments and short-term borrowing agreements.

Standby and commercial letters of credit. Conditional commitments issued to guarantee the performance of a customer to a third party. Standby letters of credit generally are contingent upon the failure of the customer to perform according to the terms of the underlying contract with the third party, while commercial letters of credit are issued specifically to facilitate commerce and typically result in the commitment being drawn on when the underlying transaction is consummated between the customer and the third party. These financial standby letters of credit irrevocably obligate the bank to pay a third party beneficiary when a customer fails to repay an outstanding loan or debt instrument.

We maintain a reserve for the estimated lifetime credit losses in unfunded commitments to extend credit. Unfunded commitments to extend credit include unfunded loans with available balances, new commitments to lend that are not yet funded, and standby and commercial letters of credit. A reserve balance of $24 million at March 31, 2021 and $28 million at December 31, 2020, respectively, is reflected in other liabilities on the Consolidated Statements of Financial Condition. See Note 4 - Loans Held-for-Investment for additional information.

Supplemental executive retirement plan with former CEO. The Company entered into a supplemental executive retirement plan ("SERP") with a former CEO in 2009. Under the plan, the former CEO was to receive a $16 million payment in August 2018. The Company fully accrued for the SERP liability during that time period and no SERP payments have been made to the former CEO. Due to the condition of the Company at the time the former CEO's employment ended, we believe that any payment under the SERP would be deemed to be a "Golden Parachute" payment and, therefore, is subject to certain banking regulations. As a result, we would need to make an application to the regulators to make a payment and certify to certain criteria. The Company does not believe that it can make such a certification. The former CEO has filed a lawsuit to compel us to make that certification and ultimately pay the liability. Final dispensation of the "SERP" is not within our control and the liability of $16 million at March 31, 2021 may be adjusted as more information is known.

Note 16 - Fair Value Measurements

We utilize fair value measurements to record or disclose the fair value on certain assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability through an orderly transaction between market participants at the measurement date. The determination of fair values of financial instruments often requires the use of estimates. In cases where quoted market values in an active market are not available, we use present value techniques and other valuation methods to estimate the fair values of our financial instruments. These valuation models rely on market-based parameters when available, such as interest rate yield curves or credit spreads. Unobservable inputs may be based on Management's judgment, assumptions and estimates related to credit quality, our future earnings, interest rates and other relevant inputs. These valuation methods require considerable judgment and the resulting estimates of fair value can be significantly affected by the assumptions made and methods used.

Valuation Hierarchy

U.S. GAAP establishes a three-level valuation hierarchy for disclosure of fair value measurements. The hierarchy is based on the transparency of the inputs used in the valuation process with the highest priority given to quoted prices available in active markets and the lowest priority given to unobservable inputs where no active market exists, as discussed below.

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets in which we can participate as of the measurement date;

Level 2 - Quoted prices for similar instruments in active markets, and other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and

Level 3 - Unobservable inputs that reflect our own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input within the valuation hierarchy that is significant to the overall fair value measurement. Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the financial instruments carried at fair value by caption on the Consolidated Statements of Financial Condition and by level in the valuation hierarchy.

	March 31, 2021			
	Level 1	Level 2	Level 3	Total Fair Value
	(Dollars in millions)			
Investment securities available-for-sale				
Agency - Commercial	$ —	$ 905	$ —	$ 905
Agency - Residential	—	718	—	718
Municipal obligations	—	26	—	26
Corporate debt obligations	—	78	—	78
Other MBS	—	36	—	36
Certificate of deposit	—	1	—	1
Loans held-for-sale				
Residential first mortgage loans	—	6,941	—	6,941
Loans held-for-investment				
Residential first mortgage loans	—	12	—	12
Home equity	—	—	2	2
Mortgage servicing rights	—	—	428	428
Derivative assets				
Rate lock commitments (fallout-adjusted)	—	—	89	89
Mortgage-backed securities forwards	—	233	—	233
Interest rate swaps and swaptions	—	69	—	69
Total assets at fair value	$ —	$ 9,019	$ 519	$ 9,538
Derivative liabilities				
Rate lock commitments (fallout-adjusted)	$ —	$ —	$ (15)	$ (15)
Mortgage backed securities forwards	—	(30)	—	(30)
Interest rate swaps	—	(9)	—	(9)
DOJ Liability	—	—	(70)	(70)
Total liabilities at fair value	$ —	$ (39)	$ (85)	$ (124)

	December 31, 2020			
	Level 1	Level 2	Level 3	Total Fair Value
	(Dollars in millions)			
Investment securities available-for-sale				
Agency - Commercial	$ —	$ 1,061	$ —	$ 1,061
Agency - Residential	—	735	—	735
Municipal obligations	—	28	—	28
Corporate debt obligations	—	77	—	77
Other MBS	—	42	—	42
Certificate of deposit	—	1	—	1
Loans held-for-sale				
Residential first mortgage loans	—	7,009	—	7,009
Loans held-for-investment				
Residential first mortgage loans	—	11	—	11
Home equity	—	—	2	2
Mortgage servicing rights	—	—	329	329
Derivative assets				
Rate lock commitments (fallout-adjusted)	—	—	208	208
Mortgage-backed securities forwards	—	14	—	14
Interest rate swaps and swaptions	—	59	—	59
Total assets at fair value	$ —	$ 9,037	$ 539	$ 9,576
Derivative liabilities				
Mortgage-backed securities forwards	$ —	$ (98)	$ —	$ (98)
Interest rate swaps	—	(4)	—	(4)
DOJ Liability	—	—	(35)	(35)
Total liabilities at fair value	$ —	$ (102)	$ (35)	$ (137)

Fair Value Measurements Using Significant Unobservable Inputs

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

	Balance at Beginning of Period	Total Gains (Losses) Recorded in Earnings (1)	Purchases / Closings	Sales	Settlement	Transfers Out	Balance at End of Period
				(Dollars in millions)			
Three Months Ended March 31, 2021							
Assets							
Loans held-for-investment							
Home equity	$ 2	$ —	$ —	$ —	$ —	$ —	$ 2
Mortgage servicing rights (2)	329	34	65	—	—	—	428
Rate lock commitments (net) (2)(3)	208	(169)	205	—	—	(170)	74
Totals	$ 539	$ (135)	$ 270	$ —	$ —	$ (170)	$ 504
Liabilities							
DOJ Liability	$ (35)	$ (35)	$ —	$ —	$ —	$ —	$ (70)
Totals	$ (35)	$ (35)	$ —	$ —	$ —	$ —	$ (70)
Three Months Ended March 31, 2020							
Assets							
Loans held-for-investment							
Home equity	$ 2	$ —	$ —	$ —	$ —	$ —	$ 2
Mortgage servicing rights (2)	291	(72)	40	(36)	—	—	223
Rate lock commitments (net) (2)(3)	34	105	164	—	—	(134)	169
Totals	$ 327	$ 33	$ 204	$ (36)	$ —	$ (134)	$ 394
Liabilities							
DOJ Liability	$ (35)	$ —	$ —	$ —	$ —	$ —	$ (35)
Contingent consideration	(10)	(6)	—	—	—	—	(16)
Totals	$ (45)	$ (6)	$ —	$ —	$ —	$ —	$ (51)

(1) There were no unrealized gains (losses) recorded in OCI during the three months ended March 31, 2021 and 2020.
(2) We utilized swaptions, futures, forward agency and loan sales and interest rate swaps to manage the risk associated with MSRs 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.
(3) 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:

	Fair Value		Valuation Technique	Unobservable Input	Range (Weighted Average)	
				(Dollars in millions)		
March 31, 2021						
Assets						
Loans held-for-investment						
Home equity	$	2	Discounted cash flows	Discount rate Constant prepayment rate Constant default rate	7.2% -10.8% (9.0%) 12.6% - 18.9% (15.8%) 1.5%-2.3% (1.9%)	(1)
Mortgage servicing rights	$	428	Discounted cash flows	Option adjusted spread Constant prepayment rate Weighted average cost to service per loan	3.1% - 21.6% (8.7%) 0% - 10.5% (8.7%) $67 - $95 ($81)	(1)
Rate lock commitments (net)	$	74	Consensus pricing	Origination pull-through rate	75.8% - 87.2% (78.7%)	(1)
Liabilities						
DOJ Liability	$	(70)	Discounted cash flows	See description below	See description below	

	Fair Value		Valuation Technique	Unobservable Input	Range (Weighted Average)	
				(Dollars in millions)		
December 31, 2020						
Assets						
Loans held-for-investment						
Home equity	$	2	Discounted cash flows	Discount rate Constant prepayment rate Constant default rate	7.2% -10.8% (9.0%) 12.6% - 18.9% (15.8%) 1.5%-2.3% (1.9%)	(1)
Mortgage servicing rights	$	329	Discounted cash flows	Option adjusted spread Constant prepayment rate Weighted average cost to service per loan	3.4% - 21.2% (8.0%) 0% - 13.3% (10.5%) $67 - $95 ($81)	(1)
Rate lock commitments (net)	$	208	Consensus pricing	Closing pull-through rate	75.7% - 87.2% (77.5%)	(1)
Liabilities						
DOJ Liability	$	(35)	Discounted cash flows	See description below	See description below	

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

Recurring Significant Unobservable Inputs

Home equity. The most significant unobservable inputs used in the fair value measurement of the HELOANs are discount rates, constant prepayment rates, and default rates. The constant prepayment and default rates are based on a 12 month historical average. Significant increases (decreases) in the discount rate in isolation result in a significantly lower (higher) fair value measurement. Increases (decreases) in prepay rates in isolation result in a higher (lower) fair value and increases (decreases) in default rates in isolation result in a lower (higher) fair value.

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 March 31, 2021 and December 31, 2020, the weighted average life (in years) for the entire MSR portfolio was 6.0 and 4.2, respectively.

DOJ Liability. The significant unobservable inputs used in the fair value measurement of the DOJ Liability are the discount rate, asset growth rate, return on assets, dividend rate and potential ways we might be required to begin making DOJ Liability payments and our estimates of the likelihood of these outcomes, as further discussed in Note 15 - Legal Proceedings, Contingencies and Commitments. The DOJ Liability as of March 31, 2021 was $70 million as specified in the Amendment dated March 30, 2021.

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.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

We also have assets that are subject to measurement at fair value on a nonrecurring basis under certain conditions. The following table presents assets measured at fair value on a nonrecurring basis:

	Total (1)	Level 2	Level 3	Losses
	(Dollars in millions)			
March 31, 2021				
Residential first mortgage loans	$ 108	$ 108	$ —	$ (1)
Commercial loans	34	—	34	—
Impaired loans held-for-investment (2)				
Residential first mortgage loans	24	—	24	(3)
Repossessed assets (3)	8	—	8	(3)
Totals	$ 174	$ 108	$ 66	$ (7)
December 31, 2020				
Residential first mortgage loans	$ 30	$ 30	$ —	$ (1)
Commercial loans	57	—	57	—
Impaired loans held-for-investment (2)				
Residential first mortgage loans	24	—	24	(3)
Repossessed assets (3)	8	—	8	(3)
Totals	$ 119	$ 30	$ 89	$ (7)

(1) The fair values are determined at various dates dependent upon when certain conditions were met requiring fair value measurement.
(2) Gains (losses) reflect fair value adjustments on assets for which we did not elect the fair value option.
(3) Gains (losses) reflect write downs of repossessed assets based on the estimated fair value of the specific assets.

The following table presents the quantitative information about nonrecurring Level 3 fair value financial instruments and the fair value measurements:

	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)	
			(Dollars in millions)		
March 31, 2021					
Commercial loans	$ 34	Fair value of collateral	Market price	N/A	(1)
Impaired loans held-for-investment					
Residential first mortgage loans	$ 24	Fair value of collateral	Loss severity discount	0% - 100% (14.3%)	(2)
Repossessed assets	$ 8	Fair value of collateral	Loss severity discount	0% - 96.3% (24.2%)	(2)
December 31, 2020					
Commercial loans	57	Fair value of collateral	Market price	N/A	(1)
Impaired loans held-for-investment					
Residential first mortgage loans	$ 24	Fair value of collateral	Loss severity discount	0% - 100% (12.8%)	(2)
Repossessed assets	$ 8	Fair value of collateral	Loss severity discount	0% - 96.3% (24.5%)	(2)

(1) Fair value has been determined based on an unobservable market price.
(2) Unobservable inputs were weighted by their relative fair value of the instruments.

Nonrecurring Significant Unobservable Inputs

The significant unobservable inputs used in the fair value measurement of the impaired loans and repossessed assets are appraisals or other third-party price evaluations which incorporate measures such as recent sales prices for comparable properties.

Fair Value of Financial Instruments

The following table presents the carrying amount and estimated fair value of financial instruments that are carried either at fair value, cost, or amortized cost:

	March 31, 2021				
		Estimated Fair Value			
	Carrying Value	Total	Level 1	Level 2	Level 3
	(Dollars in millions)				
Assets					
Cash and cash equivalents	$ 449	$ 449	$ 449	$ —	$ —
Investment securities available-for-sale	1,764	1,764	—	1,764	—
Investment securities held-to-maturity	319	329	—	329	—
Loans held-for-sale	7,087	7,087	—	7,087	—
Loans held-for-investment	14,887	14,861	—	12	14,849
Loans with government guarantees	2,457	2,437	—	2,437	—
Mortgage servicing rights	428	428	—	—	428
Federal Home Loan Bank stock	377	377	—	377	—
Bank owned life insurance	359	359	—	359	—
Repossessed assets	8	8	—	—	8
Other assets, foreclosure claims	14	14	—	14	—
Derivative financial instruments, assets	391	391	—	302	89
Liabilities					
Retail deposits					
Demand deposits and savings accounts	$ (8,800)	$ (7,667)	$ —	$ (7,667)	$ —
Certificates of deposit	(1,218)	(1,225)	—	(1,225)	—
Wholesale deposits	(1,190)	(1,197)	—	(1,197)	—
Government deposits	(1,911)	(1,810)	—	(1,810)	—
Company controlled deposits	(6,301)	(6,280)	—	(6,280)	—
Federal Home Loan Bank advances and other	(3,945)	(3,963)	—	(3,963)	—
Long-term debt	(396)	(341)	—	(341)	—
DOJ Liability	(70)	(70)	—	—	(70)
Derivative financial instruments, liabilities	(54)	(54)	—	(39)	(15)

	December 31, 2020				
		Estimated Fair Value			
	Carrying Value	Total	Level 1	Level 2	Level 3
	(Dollars in millions)				
Assets					
Cash and cash equivalents	$ 623	$ 623	$ 623	$ —	$ —
Investment securities available-for-sale	1,944	1,944	—	1,944	—
Investment securities held-to-maturity	377	393	—	393	—
Loans held-for-sale	7,098	7,098	—	7,098	—
Loans held-for-investment	16,227	16,188	—	11	16,177
Loans with government guarantees	2,516	2,498	—	2,498	—
Mortgage servicing rights	329	329	—	—	329
Federal Home Loan Bank stock	377	377	—	377	—
Bank owned life insurance	356	358	—	358	—
Repossessed assets	8	8	—	—	8
Other assets, foreclosure claims	17	17	—	17	—
Derivative financial instruments	281	281	—	73	208
Liabilities					
Retail deposits					
Demand deposits and savings accounts	$ (8,616)	$ (7,864)	$ —	$ (7,864)	$ —
Certificates of deposit	(1,355)	(1,365)	—	(1,365)	—
Wholesale deposits	(1,031)	(1,047)	—	(1,047)	—
Government deposits	(1,765)	(1,706)	—	(1,706)	—
Custodial deposits	(7,206)	(7,133)	—	(7,133)	—
Federal Home Loan Bank advances	(5,100)	(5,124)	—	(5,124)	—
Long-term debt	(641)	(596)	—	(596)	—
DOJ Liability	(35)	(35)	—	—	(35)
Derivative financial instruments	(102)	(102)	—	(102)	—

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:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in millions)	
Assets		
Loans held-for-sale		
Net gain on loan sales	$ 87	$ 234
Liabilities		
DOJ Liability		
Other noninterest expense	$ 35	$ —

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:

	March 31, 2021			December 31, 2020		
	UPB	Fair Value	Fair Value Over / (Under) UPB	UPB	Fair Value	Fair Value Over / (Under) UPB
	(Dollars in millions)					
Assets						
Nonaccrual loans						
Loans held-for-sale	$ 9	$ 8	$ (1)	$ 9	$ 7	$ (2)
Loans held-for-investment	10	9	(1)	9	8	(1)
Total nonaccrual loans	$ 19	$ 17	$ (2)	$ 18	$ 15	$ (3)
Other performing loans						
Loans held-for-sale	$ 6,838	$ 6,933	$ 95	$ 6,704	$ 7,002	$ 298
Loans held-for-investment	5	5	—	5	4	(1)
Total other performing loans	$ 6,843	$ 6,938	$ 95	$ 6,709	$ 7,006	$ 297
Total loans						
Loans held-for-sale	$ 6,847	$ 6,941	$ 94	$ 6,713	$ 7,009	$ 296
Loans held-for-investment	15	14	(1)	14	12	(2)
Total loans	$ 6,862	$ 6,955	$ 93	$ 6,727	$ 7,021	$ 294
Liabilities						
DOJ Liability (1)	$ (70)	$ (70)	$ —	$ (118)	$ (35)	$ 83

(1) As of March 31, 2021, the UPB and fair value of this liability has been reported per the terms of the final Settlement and Dismissal Amendment signed on March 29, 2021. See Note 15 - Legal Proceedings, Contingencies and Commitments for further details.

Note 17 - Segment Information

Our operations are conducted through three operating segments: Community Banking, Mortgage Originations, and Mortgage Servicing. The Other segment includes the remaining reported activities. Operating segments are defined as components of an enterprise that engage in business activity from which revenues are earned and expenses are incurred for which discrete financial information is available that is evaluated regularly by executive management in deciding how to allocate resources and in assessing performance. The operating segments have been determined based on the products and services offered and reflect the manner in which financial information is currently evaluated by Management. Each segment operates under the same banking charter, but is reported on a segmented basis for this report. Each of the operating segments is complementary to each other and because of the interrelationships of the segments, the information presented is not indicative of how the segments would perform if they operated as independent entities.

The Community Banking segment originates loans, provides deposits and fee-based services to consumer, business, and mortgage lending customers through its Branch Banking, Business Banking and Commercial Banking, Government Banking and Warehouse Lending. Products offered through these groups include checking accounts, savings accounts, money market accounts, certificates of deposit, consumer loans, commercial loans, CRE loans, home builder finance loans and warehouse lines of credit. Other financial services available include consumer and corporate card services, customized treasury management solutions, merchant services and capital markets services such as loan syndications, and investment and insurance products and services. The interest income on LHFI is recognized in the Community Banking segment, excluding residential first mortgages and newly originated home equity products within the Mortgage Originations segment.

The Mortgage Originations segment originates and acquires one-to-four family residential mortgage loans to sell or hold on our balance sheet. Loans originated-to-sell comprise the majority of the lending activity. These loans are originated through mortgage branches, call centers, the Internet and third-party counterparties. The Mortgage Originations segment recognizes interest income on loans that are held-for-sale and the gains from sales associated with these loans, along with the interest income on residential mortgages and newly originated home equity products within LHFI.

The Mortgage Servicing segment services and subservices mortgage and other consumer loans for others on a fee for service basis and may also collect ancillary fees and earn income through the use of noninterest-bearing escrows. Revenue for those serviced and subserviced loans is earned on a contractual fee basis, with the fees varying based on our responsibilities and the status of the underlying loans. The Mortgage Servicing segment also services loans for our LHFI portfolio and our own LHFS portfolio in the Mortgage Originations segment, for which it earns revenue via an intercompany service fee allocation.

The Other segment includes the treasury functions, which include the impact of interest rate risk management, balance sheet funding activities and the administration of the investment securities portfolios, as well as miscellaneous other expenses of a corporate nature. In addition, the Other segment includes revenue and expenses related to treasury and corporate assets and liabilities and equity not directly assigned or allocated to the Community Banking, Mortgage Originations or Mortgage Servicing operating segments.

Revenues are comprised of net interest income (before the provision (benefit) for credit losses) and noninterest income. Noninterest expenses and a majority of provision (benefit) for income taxes, are allocated to each operating segment. Provision for credit losses is allocated to segments based on net charge-offs and changes in outstanding balances. In contrast, the level of the consolidated provision for credit losses is determined based on an allowance model using the methodologies described in Item 2 – MD&A. The net effect of the credit provision is recorded in the Other segment. Allocation methodologies may be subject to periodic adjustment as the internal management accounting system is revised and the business or product lines within the segments change.

The following tables present financial information by business segment for the periods indicated:

	Three Months Ended March 31, 2021				
	Community Banking	Mortgage Originations	Mortgage Servicing	Other (1)	Total
	(Dollars in millions)				
Summary of Operations					
Net interest income	$ 156	$ 56	$ 4	$ (27)	$ 189
Benefit for credit losses	(14)	(2)	—	(12)	(28)
Net interest income after benefit for credit losses	170	58	4	(15)	217
Net gain on loan sales	—	227	—	—	227
Loan fees and charges	—	24	18	—	42
Net return on mortgage servicing rights	—	—	—	—	—
Loan administrative (expense) income	—	(10)	40	(3)	27
Other noninterest income	18	3	—	7	28
Total noninterest income	18	244	58	4	324
Compensation and benefits	31	54	16	43	144
Commissions	1	61	—	—	62
Loan processing expense	1	11	8	1	21
Other noninterest expense	25	22	22	51	120
Total noninterest expense	58	148	46	95	347
Income (loss) before indirect overhead allocations and income taxes	130	154	16	(106)	194
Indirect overhead allocation (expense) income	(10)	(19)	(6)	35	—
Provision (benefit) for income taxes	25	28	2	(10)	45
Net income (loss)	$ 95	$ 107	$ 8	$ (61)	$ 149
Intersegment revenue (expense)	$ 14	$ (2)	$ 12	$ (24)	$ —
Average balances					
Loans held-for-sale	$ —	$ 7,464	$ —	$ —	$ 7,464
Loans with government guarantees	—	2,502	—	—	2,502
Loans held-for-investment (2)	12,806	2,079	—	30	14,915
Total assets	13,168	13,015	390	3,492	30,065
Deposits	11,804	15	7,157	1,067	20,043

(1) Includes offsetting adjustments made to reclassify income and expenses relating to operating leases and custodial deposits for subservicing clients.
(2) Includes adjustment made to reclassify operating lease assets to LHFI.

	Three Months Ended March 31, 2020				
	Community Banking	Mortgage Originations	Mortgage Servicing	Other (1)	Total
	(Dollars in millions)				
Summary of Operations					
Net interest income	$ 104	$ 42	$ 4	$ (2)	$ 148
Provision (benefit) for credit losses	8	(3)	—	9	14
Net interest income after provision (benefit) for credit losses	96	45	4	(11)	134
Net gain on loan sales	—	90	—	—	90
Loan fees and charges	—	14	9	—	23
Net return on mortgage servicing rights	—	6	—	—	6
Loan administrative (expense) income	(1)	(7)	36	(16)	12
Other noninterest income	16	1	—	6	23
Total noninterest income	15	104	45	(10)	154
Compensation and benefits	27	31	10	34	102
Commissions	1	28	—	—	29
Loan processing expense	2	7	7	1	17
Other noninterest expense	44	26	19	(5)	84
Total noninterest expense	74	92	36	30	232
Income (loss) before indirect overhead allocations and income taxes	37	57	13	(51)	56
Indirect overhead allocation (expense) income	(9)	(12)	(5)	26	—
Provision (benefit) for income taxes	6	9	2	(7)	10
Net income (loss)	$ 22	$ 36	$ 6	$ (18)	$ 46
Intersegment (expense) revenue	$ (6)	$ 1	$ 8	$ (3)	$ —
Average balances					
Loans held-for-sale	$ —	$ 5,248	$ —	$ —	$ 5,248
Loans with government guarantees	—	811	—	—	811
Loans held-for-investment (2)	8,898	2,895	—	30	11,823
Total assets	9,387	9,817	48	4,161	23,413
Deposits	10,434	—	4,777	584	15,795

(1) Includes offsetting adjustments made to reclassify income and expenses relating to operating leases and custodial deposits for subservicing clients.
(2) Includes adjustment made to reclassify operating lease assets to LHFI.

Note 18 - Recently Issued Accounting Pronouncements

Adoption of New Accounting Standards

We adopted the following ASU during the quarter ended March 31, 2021, none of which had a material impact to our financial statements:

Standard	Descriptions	Effective Date
ASU 2021-01	Reference Rate Reform (Topic 848): Scope	January 1, 2021
ASU 2019-12	Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes	January 1, 2021

Note 19 - Subsequent Event

On April 26, 2021, it was announced that New York Community Bancorp, Inc. ("NYCB") and Flagstar had entered into a definitive merger agreement (the "Merger Agreement") under which the two companies will combine in an all stock merger. Under the terms of the Merger Agreement, Flagstar shareholders will receive 4.0151 shares of NYCB common stock for each Flagstar share they own. The new company will have over $87 billion in assets and operate nearly 400 traditional branches in nine states and 87 loan production offices across a 28 state footprint. The transaction is expected to close by the end of 2021, subject to customary closing conditions, including regulatory approvals and approval by each company's shareholders.

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 March 31, 2021, 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 March 31, 2021.

(b) *Changes in Internal Controls.* 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 March 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

See Legal Proceedings in Note 15 - Legal Proceedings, Contingencies and Commitments to the Consolidated Financial Statements, which is incorporated herein by reference.

Item 1A. Risk Factors

We are reviewing and updating our risk factors to contemplate the strategic merger with New York Community Bancorp, Inc. ("NYCB"), including the following material changes from the risk factors reported in the Company's Annual Report on Form 10-K for the period ended December 31, 2020:

Failure to complete the proposed merger with NYCB could negatively affect our stock price, our future business or our financial results.

If our pending merger with NYCB is not completed for any reason, our business may be adversely affected and, without realizing any of the benefits of having completed the merger, we would be subject to a number of risks, including the following:

- We may experience negative reactions from the financial markets, including negative effects on our stock price.
- We may experience negative reactions from vendors, customers or employees.
- We will have incurred substantial expenses and will be required to pay certain costs relating to the merger, including legal, accounting, and other fees, whether or not the merger is completed.
- Our management team will have devoted substantial time and resources to matters relating to the merger and would otherwise have devoted their time and resources to other opportunities that may have been beneficial to us.

We will be subject to uncertainties while our merger with NYCB is pending, which could adversely affect our business.

Uncertainty about the effect of the merger on our employees and customers may have an adverse effect on us. These uncertainties may impair our ability to attract, retain and motivate key personnel until the merger is consummated and for a period of time thereafter, and could cause customers to seek to change their existing business relationships with us. Employee retention may be particularly challenging during this period, as employees may experience uncertainty about their roles with the surviving corporation following the merger. In addition, subject to certain exceptions, we have agreed to operate our business in the ordinary course and to refrain from taking certain actions that could adversely affect our business without NYCB’s consent. These restrictions may prevent us from pursuing attractive business opportunities that may arise prior to the completion of the merger.

The Merger Agreement may be terminated and our merger with NYCB may not be completed.

The Merger Agreement is subject to a number of customary closing conditions, including the receipt of regulatory approvals and the requisite approvals of our shareholders and NYCB’s shareholders. Conditions to the closing of the merger may not be fulfilled in a timely manner or at all, and, accordingly, the merger may be delayed or may not be completed. In addition, we and/or NYCB may elect to terminate the Merger Agreement under certain circumstances. Furthermore, if the Merger Agreement is terminated under certain circumstances, as specified by the Merger Agreement, we will be required to pay a termination fee of $90 million to NYCB.

In addition, if the Merger Agreement is terminated and we seek another merger or business combination, the market price of our common stock could decline, which could make it more difficult to find a party willing to offer equivalent or more attractive consideration than the consideration NYCB has agreed to provide in the merger.

Our ability to complete our pending merger with NYCB is subject to various regulatory approvals, which may impose conditions that could adversely affect us.

Before our pending merger with NYCB may be completed, NYCB must obtain federal and state regulatory approvals, including approval of the FRB, the FDIC, the New York Department of Financial Services and certain mortgage agencies. These regulators may impose conditions or place restrictions on the completion of the merger, and any such conditions or restrictions could have the effect of delaying completion of the merger or causing a termination of the Merger Agreement.

There can be no assurance as to whether regulatory approvals will be received, the timing of those approval, or whether any conditions will be imposed.

Shareholder litigation could prevent or delay the closing of our pending merger with NYCB or otherwise negatively affect our business and operations.

We may incur additional costs in connection with the defense or settlement of any shareholder lawsuits filed in connection with our pending merger with NYCB. Such litigation could have an adverse effect on our financial condition and results of operations and could prevent or delay the consummation of the merger.

Because the market price of NYCB's common stock may fluctuate, our shareholders cannot be certain of the precise value of the merger consideration they may receive in our proposed merger with NYCB.

At the time our pending merger with NYCB is completed, each issued and outstanding share of our common stock will be converted into the right to receive 4.0151 shares of NYCB's common stock. There will be a time lapse between each of the date of the joint proxy statement/prospectus for the shareholders' meeting to approve the merger, the date on which our shareholders vote to approve the merger, and the date on which our shareholders entitled to receive shares of NYCB's common stock actually receive such shares. The market value of NYCB's common stock may fluctuate during these periods as a result of a variety of factors, including general market and economic conditions, changes in NYCB's and our businesses, operations and prospects, the recent volatility in the prices of securities in global financial markets, the effects of the COVID-19 pandemic and regulatory considerations. Many of these factors are outside of our and NYCB's control. Consequently, at the time that our shareholders must decide whether to approve the merger, they will not know the actual market value of the shares of NYCB's common stock they will receive when the merger is completed. The actual value of the shares of NYCB's common stock received by our shareholders will depend on the market value of shares of NYCB's common stock at the time the merger is completed.

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

Sale of Unregistered Securities

The Company made no sales of unregistered securities during the quarter ended March 31, 2021.

Issuer Purchases of Equity Securities

The Company made no purchases of its equity securities during the quarter ended March 31, 2021.

Item 3. Defaults upon Senior Securities

The Company had no defaults on senior securities.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
2.1*	Agreement and Plan of Merger, dated April 24, 2021, among New York Community Bancorp, Inc., 615 Corp., and Flagstar Bancorp, Inc. (previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K).
3.1*	Second Amended and Restated Articles of Incorporation of Flagstar Bancorp, Inc. (previously filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, for the period ended June 30, 2017, and incorporated herein by reference).
3.2*	Sixth Amended and Restated Bylaws of the Company (previously filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q, for the period ended September 30, 2016, and incorporated herein by reference).
4.1*	Indenture, dated October 28, 2020, between Flagstar Bancorp, Inc. and Wilmington Trust, National Association, as Trustee (previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K, dated October 28, 2020, and incorporated herein by reference).
4.2*	First Supplemental Indenture, dated October 28, 2020, between Flagstar Bancorp, Inc. and Wilmington Trust, National Association, as Trustee (previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K, dated October 28, 2020, and incorporated herein by reference).
4.3*	Form of 4.125% Fixed-to-Floating Rate Subordinated Note due 2030 (included in Exhibit 4.2).
10.1+	Amendment to the Employment Agreement dated as of September 4, 2020, by and between Flagstar Bancorp, Inc., Flagstar Bank, FSB and Lee M. Smith.
31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32.1	Section 906 Certification, as furnished by the Chief Executive Officer
32.2	Section 906 Certification, as furnished by the Chief Financial Officer
101	Financial statements from Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2021, formatted in XBRL: (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to the Consolidated Financial Statements.

* Incorporated herein by reference

\+ Constitutes a management contract or compensation plan or arrangement

SIGNATURES

Pursuant to the requirements 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.

FLAGSTAR BANCORP, INC.
Registrant

Date: May 7, 2021

/s/ Alessandro DiNello
Alessandro DiNello
President and Chief Executive Officer
(Principal Executive Officer)

/s/ James K. Ciroli
James K. Ciroli
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 10.1

Amendment to the Employment Agreement

This Amendment to the Employment Agreement (the "**Amendment**") is made and entered into as of September 4, 2020, by and between Flagstar Bancorp, Inc., a Michigan corporation (the "**Company**"), Flagstar Bank, FSB, a federally chartered savings bank and wholly-owned subsidiary of the Company (the "**Bank**" and, together with the Company, "**Flagstar**") and Lee Smith (the "**Executive**"). The Company, the Bank and Executive are referred to collectively as the "**Parties**" and individually as a "**Party**."

WHEREAS, the Parties previously entered into an amended and restated employment agreement dated as of May 21, 2019 (the "Employment Agreement"); and

WHEREAS, Flagstar and the Executive have mutually agreed that the Chief Operating Officer position as set forth in the Employment Agreement will be eliminated, and that the Executive will immediately thereafter assume the role of President of Mortgage, reporting directly to the Chief Executive Officer of Flagstar; and

WHEREAS, the Parties have further agreed that the terms of employment as set forth under the Employment Agreement shall continue in the Executive's new role as President of Mortgage; and

WHEREAS, the Parties hereto desire to amend the Employment Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Employment Agreement.

2. Amendment to the Employment Agreement. As of the Effective Date (defined below), the Employment Agreement is hereby amended or modified as follows:

   2.1 Section 2.1 is hereby deleted in its entirety and replaced with the following:

   "2.1. Position. During the Employment Term, Executive shall serve as the President of Mortgage of the Bank."

3. Executive hereby agrees that the foregoing amendment to Section 2.1 shall not be considered "Good Reason" within the meaning of Section 5.1(c)(iii) of the Employment Agreement.

4. Delivery of Exhibit B. Executive represents and warrants that Executive has executed and delivered to Flagstar a copy of Exhibit B as attached to the Employment Agreement.

5. Date of Effectiveness; Limited Effect. This Amendment shall be effective as of September 4, 2020 (the "Effective Date"). Except as expressly provided in this Amendment, all of the terms and provisions of the Employment Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendment

contained herein will not be construed as an amendment to or waiver of any other provision of the Employment Agreement or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Effective Date, each reference in the Employment Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein" or words of like import, and each reference to the Employment Agreement in any other agreements, documents or instruments executed and delivered pursuant to, or in connection with, the Employment Agreement, will mean and be a reference to the Employment Agreement as amended by this Amendment.

6. Miscellaneous.

6.1 The headings in this Amendment are for reference only and do not affect the interpretation of this Amendment.

6.2 This Amendment may be executed in counterparts, each of which is deemed an original, but all of which constitutes one and the same agreement. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

6.3 This Amendment together with the Employment Agreement constitute the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

IN WITNESS WHEREOF, the Parties have executed this Amendment to the Employment Agreement as of the date first above written.

FLAGSTAR BANCORP, INC.

By____________________
Name: Christine M. Reid
Title: First Vice President / Secretary

FLAGSTAR BANK, FSB.

By____________________
Name: Christine M. Reid
Title: First Vice President / Secretary

EXECUTIVE

____
Name: Lee Smith

EXHIBIT 31.1

SECTION 302 CERTIFICATION

I, Alessandro P. DiNello, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Flagstar Bancorp, Inc. (the "registrant");

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 the 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 registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent 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.

Dated: May 7, 2021

/s/ Alessandro P. DiNello

Alessandro P. DiNello
President and Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.2

SECTION 302 CERTIFICATION

I, James K. Ciroli, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Flagstar Bancorp, Inc. (the "registrant");

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 the 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 registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent 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.

Dated: May 7, 2021

/s/ James K. Ciroli

James K. Ciroli Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

SECTION 906 CERTIFICATION

In connection with the quarterly report of Flagstar Bancorp, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alessandro P. DiNello, President and Chief Executive Officer of the Company, certify, to the best of my knowledge, 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.

Dated: May 7, 2021

/s/ Alessandro P. DiNello

Alessandro P. DiNello President and Chief Executive Officer (Principal Executive Officer)

EXHIBIT 32.2

SECTION 906 CERTIFICATION

In connection with the quarterly report of Flagstar Bancorp, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James K. Ciroli, Chief Financial Officer of the Company, certify, to the best of my knowledge, 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.

Dated: May 7, 2021

/s/ James K. Ciroli

James K. Ciroli
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Public Exhibit 8

Flagstar Bank Call Report for the Quarterly Period ended March 31, 2021

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency

Federal Financial Institutions Examination Council

Consolidated Reports of Condition and Income for A Bank With Domestic Offices Only - FFIEC 041

Institution Name	**FLAGSTAR BANK, FSB**
City	**TROY**
State	**MI**
Zip Code	**48098**
Call Report Report Date	**3/31/2021**
Report Type	**041**
RSSD-ID	**146672**
FDIC Certificate Number	**32541**
OCC Charter Number	**708412**
ABA Routing Number	**272471852**
Last updated on	**4/30/2021**

Federal Financial Institutions Examination Council

Consolidated Reports of Condition and Income for A Bank With Domestic Offices Only - FFIEC 041

Report at the close of business March 31, 2021

(20210331)
(RCON 9999)

This report is required by law: 12 U.S.C. §324 (State member banks); 12 U.S.C. §1817 (State non member banks); 12 U.S.C. §161 (National banks); and 12 U.S.C. §1464 (Savings associations).

Unless the context indicates otherwise, the term "bank" in this report form refers to both banks and savings associations.

This report form is to be filed by banks with domestic offices only and total consolidated assets of less than $100 billion, except those banks that file the FFIEC 051, and those banks that are advanced approaches institutions for regulatory capital purposes that are required to file the FFIEC 031.

NOTE: Each bank's board of directors and senior management are responsible for establishing and maintaining an effective system of internal control, including controls over the Reports of Condition and Income. The Reports of Condition and Income are to be prepared in accordance with federal regulatory authority instructions. The Reports of Condition and Income must be signed by the Chief Financial Officer (CFO) of the reporting bank (or by the individual performing an equivalent function) and attested to by not less than two directors (trustees) for state non member banks and three directors for state member banks, national banks, and savings associations.

I, the undersigned CFO (or equivalent) of the named bank, attest that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true and correct to the best of my knowledge and belief.

We, the undersigned directors (trustees), attest to the correctness of the Reports of Condition and Income (including the supporting schedules) for this report date and declare that the Reports of Condition and Income have been examined by us and to the best of our knowledge and belief have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true and correct.

Signature of Chief Financial Officer (or Equivalent)

Date of Signature

Director (Trustee)

Director (Trustee)

Director (Trustee)

Submission of Reports

Each bank must file its Reports of Condition and Income (Call Report) data by either:

(a) Using computer software to prepare its Call Report and then submitting the report data directly to the FFIEC's Central Data Repository (CDR), an Internet-based system for datacollection (https://cdr.ffiec.gov/cdr/), or

(b) Completing its Call Report in paper form and arranging with a software vendor or another party to convert the data in to the electronic format that can be processed by the CDR. The software vendor or other party then must electronically submit the bank's data file to the CDR.

For technical assistance with submissions to the CDR, please contact the CDR Help Desk by telephone at (888) CDR-3111, by fax at (703) 774-3946, or by e-mail at CDR.Help@cdr.ffiec.gov.

FDIC Certificate Number **32541** (RSSD 9050)

To fulfill the signature and attestation requirement for the Reports of Condition and Income for this report date, attach your bank's completed signature page (or a photocopy or a computer generated version of this page) to the hard-copy record of the data file submitted to the CDR that your bank must place in its files.

The appearance of your bank's hard-copy record of the submitted data file need not match exactly the appearance of the FFIEC's sample report forms, but should show at least the caption of each Call Report item and the reported amount.

FLAGSTAR BANK, FSB
Legal Title of Bank (RSSD 9017)

TROY
City (RSSD 9130)

MI **48098**
State Abbreviation (RSSD 9200) Zip Code (RSSD 9220)

Legal Entity Identifier (LEI)
SS1TRMSN6BRNMOREEV51 (RCON 9224)

The estimated average burden associated with this information collection is 50.4 hours per respondent and is estimated to vary from 20 to 775 hours per response, depending on individual circumstances. Burden estimates include the time for reviewing instructions, gathering and maintaining data in the required form, and completing the information collection, but exclude the time for compiling and maintaining business records in the normal course of a respondent's activities. A Federal agency may not conduct or sponsor, and an organization (or a person) is not required to respond to a collection of information, unless it displays a currently valid OMB control number. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503, and to one of the following: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551; Legislative and Regulatory Analysis Division, Office of the Comptroller of the Currency, Washington, DC 20219; Assistant Executive Secretary, Federal Deposit Insurance Corporation, Washington, DC 20429.

Consolidated Reports of Condition and Income for A Bank With Domestic Offices Only - FFIEC 041

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For information or assistance, national banks, state nonmember banks, and savings associations should contact the FDIC's Data Collection and Analysis Section, 550 17th Street, NW, Washington, DC 20429, toll free on (800) 688-FDIC(3342), Monday through Friday between 8:00 a.m. and 5:00 p.m., Eastern Time. State member banks should contact their Federal Reserve District Bank.

Primary Contact

CONF
Name (TEXT C366)

CONF
Title (TEXT C367)

CONF
E-mail Address (TEXT C368)

CONF
Area Code / Phone Number / Extension (TEXT C369)

CONF
Area Code / FAX Number (TEXT C370)

Secondary Contact

CONF
Name (TEXT C371)

CONF
Title (TEXT C372)

CONF
E-mail Address (TEXT C373)

CONF
Area Code / Phone Number / Extension (TEXT C374)

CONF
Area Code / FAX Number (TEXT C375)

USA PATRIOT Act Section 314(a) Anti-Money Laundering

Contact Information

This information is being requested to identify points-of-contact who are in charge of your bank's USA PATRIOT Act Section 314(a) information requests. Bank personnel listed could be contacted by law enforcement officers or the Financial Crimes Enforcement Network (FinCEN) for additional information related to specific Section 314(a) search requests or other anti-terrorist financing and anti- money laundering matters. Communications sent by FinCEN to the bank for purposes other than Section 314(a) notifications will state the intended purpose and should be directed to the appropriate bank personnel for review. Any disclosure of customer records to law enforcement officers or FinCEN must be done in compliance with applicable law, including the Right to Financial Privacy Act (12 U.S.C. 3401 et seq.).

Please provide information for a primary and secondary contact. Information for a third and fourth contact may be provided at the bank's option. Enter "none" for the contact's e-mail address if not available. This contact information is for the confidential use of the Agencies, FinCEN, and law enforcement officers and will not be released to the public.

Primary Contact

CONF
Name (TEXT C437)

CONF
Title (TEXT C438)

CONF
E-mail Address (TEXT C439)

CONF
Area Code / Phone Number / Extension (TEXT C440)

Secondary Contact

CONF
Name (TEXT C442)

CONF
Title (TEXT C443)

CONF
E-mail Address (TEXT C444)

CONF
Area Code / Phone Number / Extension (TEXT 8902)

Third Contact

CONF
Name (TEXT C870)

CONF
Title (TEXT C871)

CONF
E-mail Address (TEXT C368)

CONF
Area Code / Phone Number / Extension (TEXT C873)

Fourth Contact

CONF
Name (TEXT C875)

CONF
Title (TEXT C876)

CONF
E-mail Address (TEXT C877)

CONF
Area Code / Phone Number / Extension (TEXT C878)

Schedule RI - Income Statement(Form Type - 041)

Dollar amounts in thousands			
1. Interest income:			1.
a. Interest and fee income on loans:			1.a.
1. Loans secured by real estate:			1.a.1.
a. Loans secured by 1-4 family residential properties	RIAD4435	80,550	1.a.1.a.
b. All other loans secured by real estate	RIAD4436	29,883	1.a.1.b.
2. Commercial and industrial loans	RIAD4012	8,836	1.a.2.
3. Loans to individuals for household, family, and other personal expenditures:			1.a.3.
a. Credit cards	RIADB485	0	1.a.3.a.
b. Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	RIADB486	12,292	1.a.3.b.
4. Not applicable			1.a.4.
5. All other loans[1]	RIAD4058	63,915	1.a.5.
6. Total interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(5))	RIAD4010	195,476	1.a.6.
b. Income from lease financing receivables	RIAD4065	-72	1.b.
c. Interest income on balances due from depository institutions[2]	RIAD4115	30	1.c.
d. Interest and dividend income on securities:			1.d.
1. U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	RIADB488	0	1.d.1.
2. Mortgage-backed securities	RIADB489	11,133	1.d.2.
3. All other securities (includes securities issued by states and political subdivisions in the U.S.)	RIAD4060	1,066	1.d.3.
e. Not applicable			1.e.
f. Interest income on federal funds sold and securities purchased under agreements to resell	RIAD4020	0	1.f.
g. Other interest income	RIAD4518	2,027	1.g.
h. Total interest income (sum of items 1.a.(6) through 1.g)	RIAD4107	209,660	1.h.
2. Interest expense:			2.
a. Interest on deposits:			2.a.
1. Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	RIAD4508	706	2.a.1.
2. Nontransaction accounts:			2.a.2.
a. Savings deposits (includes MMDAs)	RIAD0093	1,716	2.a.2.a.
b. Time deposits of $250,000 or less	RIADHK03	6,274	2.a.2.b.
c. Time deposits of more than $250,000	RIADHK04	1,288	2.a.2.c.
b. Expense of federal funds purchased and securities sold under agreements to repurchase	RIAD4180	84	2.b.
c. Interest on trading liabilities and other borrowed money	RIAD4185	4,155	2.c.
d. Interest on subordinated notes and debentures	RIAD4200	0	2.d.
e. Total interest expense (sum of items 2.a through 2.d)	RIAD4073	14,223	2.e.
3. Net interest income (item 1.h minus 2.e)	RIAD4074	195,437	3.
4. Provision for loan and lease losses[3]	RIADJJ33	-27,930	4.
5. Noninterest income:			5.
a. Income from fiduciary activities [2]	RIAD4070	0	5.a.
b. Service charges on deposit accounts	RIAD4080	4,652	5.b.
c. Trading revenue[3]	RIADA220	226,391	5.c.
d. Income from securities-related and insurance activities			5.d.
1. Fees and commissions from securities brokerage	RIADC886	468	5.d.1.
2. Investment banking, advisory, and underwriting fees and commissions	RIADC888	0	5.d.2.

1. Includes interest and fee income on "Loans to depository institutions and acceptances of other banks," "Loans to fi nance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Other loans."
2. Includes interest income on time certificates of deposit not held for trading.
3. Institutions that have adopted ASU 2016-13 should report in item 4 the provisions for credit losses for all financial assets and off-balance-sheet credit exposures that fall within the scope of the standard.
2. For banks required to complete Schedule RC-T, items 14 through 22, income from fiduciary activities reported in Schedule RI, item 5.a, must equal the amount reported in Schedule RC-T, item 22.
3. For banks required to complete Schedule RI, Memorandum item 8, trading revenue reported in Schedule RI, item 5.c, must equal the sum of Memorandum items 8.a through 8.e.

Dollar amounts in thousands			
3. Fees and commissions from annuity sales	RIADC887	1,566	5.d.3.
4. Underwriting income from insurance and reinsurance activities	RIADC386	0	5.d.4.
5. Income from other insurance activities	RIADC387	24	5.d.5.
e. Venture capital revenue	RIADB491	0	5.e.
f. Net servicing fees	RIADB492	98,350	5.f.
g. Net securitization income	RIADB493	0	5.g.
h. Not applicable			5.h.
i. Net gains (losses) on sales of loans and leases	RIAD5416	82,536	5.i.
j. Net gains (losses) on sales of other real estate owned	RIAD5415	-466	5.j.
k. Net gains (losses) on sales of other assets[3]	RIADB496	-375	5.k.
l. Other noninterest income*	RIADB497	24,597	5.l.
m. Total noninterest income (sum of items 5.a through 5.l)	RIAD4079	437,743	5.m.
6. Not available			6.
a. Realized gains (losses) on held-to-maturity securities	RIAD3521	0	6.a.
b. Realized gains (losses) on available-for-sale debt securities	RIAD3196	0	6.b.
7. Noninterest expense:			7.
a. Salaries and employee benefits	RIAD4135	204,708	7.a.
b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	RIAD4217	16,749	7.b.
c. Not available			7.c.
1. Goodwill impairment losses	RIADC216	0	7.c.1.
2. Amortization expense and impairment losses for other intangible assets	RIADC232	2,836	7.c.2.
d. Other noninterest expense*	RIAD4092	236,426	7.d.
e. Total noninterest expense (sum of items 7.a through 7.d)	RIAD4093	460,719	7.e.
8. Not available			8.
a. Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations (item 3 plus or minus items 4, 5.m, 6.a, 6.b, and 7.e)	RIADHT69	200,391	8.a.
b. Change in net unrealized holding gains (losses) on equity securities not held for trading[4]	RIADHT70	0	8.b.
c. Income (loss) before applicable income taxes and discontinued operations (sum of items 8.a and 8.b)	RIAD4301	200,391	8.c.
9. Applicable income taxes (on item 8.c)	RIAD4302	46,154	9.
10. Income (loss) before discontinued operations (item 8.c minus item 9)	RIAD4300	154,237	10.
11. Discontinued operations, net of applicable income taxes (Describe on Schedule RI-E - Explanations)*	RIADFT28	0	11.
12. Net income (loss) attributable to bank and noncontrolling (minority) interests (sum of items 10 and 11)	RIADG104	154,237	12.
13. LESS: Net income (loss) attributable to noncontrolling (minority) interests (if net income, report as a positive value; if net loss, report as a negative value)	RIADG103	0	13.
14. Net income (loss) attributable to bank (item 12 minus item 13)	RIAD4340	154,237	14.
1. Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes	RIAD4513	72	M.1.
Memorandum item 2 is to be completed by banks with $1 billion or more in total assets 2. Income from the sale and servicing of mutual funds and annuities (included in Schedule RI, item 8)[1]	RIAD8431	1,855	M.2.
3. Income on tax-exempt loans and leases to states and political subdivisions in the U.S. (included in Schedule RI, items 1.a and 1.b)	RIAD4313	575	M.3.
4. Income on tax-exempt securities issued by states and political subdivisions in the U.S. (included in Schedule RI, item 1.d.(3))	RIAD4507	1,066	M.4.
5. Number of full-time equivalent employees at end of current period (round to nearest whole number)	RIAD4150	5418	M.5.
Memorandum item 6 is to be completed by: ** banks with $300 million or more in total assets, and* ** banks with less than $300 million in total assets that have loans to finance agricultural product and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans* 6. Interest and fee income on loans to finance agricultural production and other loans to farmers (included in Schedule RI, item 1.a.(5))[1]	RIAD4024	2	M.6.

3. Exclude net gains (losses) on sales of trading assets and held-to-maturity and available-for-sale debt securities.
*. Describe on Schedule RI-E-Explanations
*. Describe on Schedule RI-E - Explanations.
4. Item 8.b is to be completed by all institutions. See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.
1. The asset size tests and the 5 percent of total loans test are based on the total assets and total loans reported in the June 30, 2018, Report of Condition.
1. The asset size tests and the 5 percent of total loans test are based on the total assets and total loans reported in the June 30, 2018, Report of Condition.

Dollar amounts in thousands			
7. If the reporting institution has applied pushdown accounting this calendar year, report the date of the institution's acquisition (see instructions)[2]	RIAD9106	0	M.7.
8. Not applicable			M.8.
Memorandum items 9.a and 9.b are to be completed by banks with $10 billion or more in total assets. 9. Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account:[1]			M.9.
a. Net gains (losses) on credit derivatives held for trading	RIADC889	235	M.9.a.
b. Net gains (losses) on credit derivatives held for purposes other than trading	RIADC890	0	M.9.b.
Memorandum item 10 is to be completed by banks with $300 million or more in total assets. 10. Credit losses on derivatives (see instructions)[1]	RIADA251	0	M.10.
11. Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?	RIADA530	No	M.11.
Memorandum item 12 is to be completed by banks that are required to complete Schedule RC-C, Part I, Memorandum items 8.b and 8.c and is to be completed semiannually in the June and December reports only. 12. Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (included in Schedule RI, item 1.a.(1)(a))	RIADF228	NR	M.12.
Memorandum item 13 is to be completed by banks that have elected to account for assets and liabilities under a fair value option. 13. Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option:			M.13.
a. Net gains (losses) on assets	RIADF551	-86,687	M.13.a.
1. Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk	RIADF552	-2,044	M.13.a.1.
b. Net gains (losses) on liabilities	RIADF553	-35,000	M.13.b.
1. Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk	RIADF554	0	M.13.b.1.
14. Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings (included in Schedule RI, items 6.a and 6.b)[2]	RIADJ321	NR	M.14.
Memorandum item 15 is to be completed by institutions with $1 billion or more in total assets that answered "Yes" to Schedule RC-E, Memorandum item 5. 15. Components of service charges on deposit accounts in domestic offices (sum of Memorandum items 15.a through 15.d must equal Schedule RI, item 5.b):[1]			M.15.
a. Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	RIADH032	2,043	M.15.a.
b. Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	RIADH033	200	M.15.b.
c. Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	RIADH034	464	M.15.c.
d. All other service charges on deposit accounts	RIADH035	1,944	M.15.d.

2. Report the date in YYYYMMDD format. For example, a bank acquired on March 1, 2020, would report 20200301.
1. The asset size tests and the 5 percent of total loans test are based on the total assets and total loans reported in the June 30, 2018, Report of Condition.
1. The asset size tests and the 5 percent of total loans test are based on the total assets and total loans reported in the June 30, 2018, Report of Condition.
2. Memorandum item 14 is to be completed only by institutions that have not adopted ASU 2016-13.
1. The $1 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RI-A - Changes in Bank Equity Capital(Form Type - 041)

Dollar amounts in thousands			
1. Total bank equity capital most recently reported for the December 31, 2020, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	RIAD3217	**2,542,667**	1.
2. Cumulative effect of changes in accounting principles and corrections of material accounting errors*	RIADB507	**0**	2.
3. Balance end of previous calendar year as restated (sum of items 1 and 2)	RIADB508	**2,542,667**	3.
4. Net income (loss) attributable to bank (must equal Schedule RI, item 14)	RIAD4340	**154,237**	4.
5. Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions)	RIADB509	**4,995**	5.
6. Treasury stock transactions, net	RIADB510	**0**	6.
7. Changes incident to business combinations, net	RIAD4356	**0**	7.
8. LESS: Cash dividends declared on preferred stock	RIAD4470	**0**	8.
9. LESS: Cash dividends declared on common stock	RIAD4460	**25,000**	9.
10. Other comprehensive income[1]	RIADB511	**6,578**	10.
11. Other transactions with stockholders (including a parent holding company) (not included in items 5, 6, 8, or 9 above)*	RIAD4415	**-99**	11.
12. Total bank equity capital end of current period (sum of items 3 through 11) (must equal Schedule RC, item 27.a)	RIAD3210	**2,683,378**	12.

*. Describe on Schedule RI-E -- Explanations.

1. Includes, but is not limited to, changes in net unrealized holding gains (losses) on available-for-sale debt securities, changes in accumulated net gains (losses) on cash flow hedges, and pension and other postretirement plan-related changes other than net periodic benefit cost.

Schedule RI-B Part I - Charge-offs and Recoveries on Loans and Leases(Form Type - 041)

Part I includes charge-offs and recoveries through the allocated transfer risk reserve.

Dollar amounts in thousands	(Column A) Charge-offs Calendar year-to-date		(Column B) Recoveries Calendar year-to-date		
1. Loans secured by real estate:					1.
a. Construction, land development, and other land loans:					1.a.
1. 1-4 family residential construction loans	RIADC891	0	RIADC892	0	1.a.1.
2. Other construction loans and all land development and other land loans	RIADC893	0	RIADC894	47	1.a.2.
b. Secured by farmland	RIAD3584	0	RIAD3585	0	1.b.
c. Secured by 1-4 family residential properties:					1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RIAD5411	405	RIAD5412	168	1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:					1.c.2.
a. Secured by first liens	RIADC234	1,842	RIADC217	201	1.c.2.a.
b. Secured by junior liens	RIADC235	47	RIADC218	266	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties	RIAD3588	0	RIAD3589	0	1.d.
e. Secured by nonfarm nonresidential properties:					1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RIADC895	0	RIADC896	0	1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RIADC897	0	RIADC898	0	1.e.2.
2. Not applicable					2.
3. Not applicable					3.
4. Commercial and industrial loans	RIAD4638	516	RIAD4608	51	4.
5. Loans to individuals for household, family, and other personal expenditures:					5.
a. Credit cards	RIADB514	0	RIADB515	0	5.a.
b. Automobile loans	RIADK129	0	RIADK133	0	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RIADK205	933	RIADK206	267	5.c.
6. Not applicable					6.
7. All other loans[2]	RIAD4644	307	RIAD4628	15,980	7.
8. Lease financing receivables	RIAD4266	0	RIAD4267	0	8.
9. Total (sum of items 1 through 8)	RIAD4635	4,050	RIAD4605	16,980	9.
1. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RI-B, part I, items 4 and 7, above	RIAD5409	0	RIAD5410	0	M.1.
2. Not available					M.2.
Memorandum items 2.a. through 2.d. are to be completed by banks with $300 million or more in total assets: a. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RI-B, part I, item 1, above)[2]	RIAD4652	0	RIAD4662	0	M.2.a.
b. Not applicable					M.2.b.
c. Commercial and industrial loans to non-U.S. addressees (domicile) (included in Schedule RI-B, part I, item 4, above)	RIAD4646	0	RIAD4618	0	M.2.c.
d. Leases to individuals for household, family, and other personal expenditures (included in Schedule RI-B, part I, item 8, above)	RIADF185	0	RIADF187	0	M.2.d.
*Memorandum item 3 are to be completed by: * banks with $300 million or more in total assets, and * banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans:* 3. Loans to finance agricultural production and other loans to farmers (included in Schedule RI-B, part I, item 7, above)[2]	RIAD4655	0	RIAD4665	0	M.3.

Dollar amounts in thousands			
Memorandum item 4 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes. 4. Uncollectible retail credit card fees and finance charges reversed against income (i.e., not included in charge-offs against the allowance for loan and lease losses)[3]	RIADC388	NR	M.4.

Schedule RI-B Part II - Changes in Allowances for Credit Losses(Form Type - 041)

Dollar amounts in thousands	(Column A) Loans and Leases Held for Investment		(Column B) Held-to-maturity Debt Securities		(Column C) Available-for-sale Debt Securities		
1. Balance most recently reported for the December 31, 2020, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)........	RIADB522	**252,491**	RIADJH88	**0**	RIADJH94	**0**	1.
2. Recoveries (column A must equal Part I, item 9, column B, above)............	RIAD4605	**16,980**	RIADJH89	**0**	RIADJH95	**0**	2.
3. LESS: Charge-offs (column A must equal Part I, item 9, column A, above less Schedule RI-B, Part II, item 4, column A)........	RIADC079	**4,050**	RIADJH92	**0**	RIADJH98	**0**	3.
4. LESS: Write-downs arising from transfers of financial assets[3]........	RIAD5523	**0**	RIADJJ00	**0**	RIADJJ01	**0**	4.
5. Provisions for credit losses[4]........	RIAD4230	**-24,343**	RIADJH90	**0**	RIADJH96	**0**	5.
6. Adjustments (see instructions for this schedule)[*]........	RIADC233	**0**	RIADJH91	**0**	RIADJH97	**0**	6.
7. Balance end of current period (sum of items 1, 2, 5, and 6, less items 3 and 4) (column A must equal Schedule RC, item 4.c)........	RIAD3123	**241,078**	RIADJH93	**0**	RIADJH99	**0**	7.

Dollar amounts in thousands			
1. Allocated transfer risk reserve included in Schedule RI-8, Part II, item 7, column A, above........	RIADC435	**NR**	M.1.
Memorandum items 2 and 3 are to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes. 2. Separate valuation allowance for uncollectible retail credit card fees and finance charges........	RIADC389	**NR**	M.2.
3. Amount of allowance for loan and lease losses attributable to retail credit card fees and finance charges[1]........	RIADC390	**NR**	M.3.
4. Amount of allowance for post-acquisition credit losses on purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3) (included in Schedule RI-B, Part II, item 7, column A, above)[2]........	RIADC781	**NR**	M.4.
5. Provisions for credit losses on other financial assets measured at amortized cost (not included in item 5, above)[3]...	RIADJJ02	**0**	M.5.
6. Allowance for credit losses on other financial assets measured at amortized cost (not included in item 7, above)[3]...	RCONJJ03	**0**	M.6.
7. Provisions for credit losses on off-balance-sheet credit exposures[3]........	RIADMG93	**-3,587**	M.7.
8. Estimated amount of expected recoveries of amounts previously written off included within the allowance for credit losses on loans and leases held for investment (included in item 7, column A, "Balance end of current period," above)[3]........	RIADMG94	**0**	M.8.

2. Includes charge-offs and recoveries on "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."
2. The $300 million asset size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.
2. The $300 million asset size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.
3. Institutions that have adopted ASU 2016-13 should report in Memorandum item 4 uncollectible retail credit card fees and finance charges reversed against income (i.e. not included in charge-offs against the allowance for credit losses on loans and leases).
3. Institutions that have not yet adopted ASU 2016-13 should report write-downs arising from transfers of loans to a held-for-sale account in item 4, column A.
4. Institutions that have not yet adopted ASU 2016-13 should report the provision for loan and lease losses in item 5, column A and the amount reported must equal Schedule RI, item 4.
*. Describe on Schedule RI-E - Explanations.
1. Institutions that have adopted ASU 2016-13 should report in Memorandum item 3 the amount of allowance for credit losses on loans and leases attributable to retail credit card fees and finance charges.
2. Memorandum item 4 is to be completed only by institutions that have not yet adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.
3. Memorandum items 5, 6, 7, and 8 are to be completed only by institutions that have adopted ASU 2016-13.

Schedule RI-C Part I - Disaggregated Data on the Allowance for Loan and Lease Losses(Form Type - 041)

Schedule RI-C is to be completed by institutions with $1 billion or more in total assets

Dollar amounts in thousands	(Column A) Recorded Investment: Individually Evaluated for Impairment and Determined to be Impaired (ASC 310-10-35)	(Column B) Allowance Balance: Individually Evaluated for Impairment and Determined to be Impaired (ASC 310-10-35)	(Column C) Recorded Investment: Collectively Evaluated for Impairment (ASC 450-20)	(Column D) Allowance Balance: Collectively Evaluated for Impairment (ASC 450-20)	(Column E) Recorded Investment: Purchased Credit-Impaired Loans (ASC 310-30)	(Column F) Allowance Balance: Purchased Credit-Impaired Loans (ASC 310-30)	
1. Real estate loans:							1.
a. Construction loans	RCONM708 NR	RCONM709 NR	RCONM710 NR	RCONM711 NR	RCONM712 NR	RCONM713 NR	1.a.
b. Commercial real estate loans	RCONM714 NR	RCONM715 NR	RCONM716 NR	RCONM717 NR	RCONM719 NR	RCONM720 NR	1.b.
c. Residential real estate loans	RCONM721 NR	RCONM722 NR	RCONM723 NR	RCONM724 NR	RCONM725 NR	RCONM726 NR	1.c.
2. Commercial loans[3]	RCONM727 NR	RCONM728 NR	RCONM729 NR	RCONM730 NR	RCONM731 NR	RCONM732 NR	2.
3. Credit cards	RCONM733 NR	RCONM734 NR	RCONM735 NR	RCONM736 NR	RCONM737 NR	RCONM738 NR	3.
4. Other consumer loans	RCONM739 NR	RCONM740 NR	RCONM741 NR	RCONM742 NR	RCONM743 NR	RCONM744 NR	4.
5. Unallocated, if any				RCONM745 NR			5.
6. Total (for each column, sum of items 1.a through 5)[4]	RCONM746 NR	RCONM747 NR	RCONM748 NR	RCONM749 NR	RCONM750 NR	RCONM751 NR	6.

3. Include all loans and leases not reported as real estate loans, credit cards, or other consumer loans in items 1, 3, or 4 of Schedule RI-C.
4. The sum of item 6, columns B, D, and F, must equal Schedule RC, item 4.c. Item 6, column E, must equal Schedule RC-C, Part I, Memorandum item 7.b. Item 6, column F, must equal Schedule RI-B, Part II, Memorandum item 4.

Schedule RI-C Part II - Disaggregated Data on the Allowances for Credit Losses(Form Type - 041)

Dollar amounts in thousands	(Column A) Amortized Cost		(Column B) Allowance Balance		
1. Real estate loans:					1.
a. Construction loans	RCONJJ04	1,347,128	RCONJJ12	35,633	1.a.
b. Commercial real estate loans	RCONJJ05	1,776,302	RCONJJ13	46,985	1.b.
c. Residential real estate loans	RCONJJ06	5,208,681	RCONJJ14	64,556	1.c.
2. Commercial loans[3]	RCONJJ07	7,949,352	RCONJJ15	56,609	2.
3. Credit cards	RCONJJ08	0	RCONJJ16	0	3.
4. Other consumer loans	RCONJJ09	1,049,187	RCONJJ17	32,674	4.
5. Unallocated, if any			RCONJJ18	4,621	5.
6. Total (sum of items 1.a. through 5)	RCONJJ11	17,330,650	RCONJJ19	241,078	6.

Dollar amounts in thousands			
7. Securities issued by states and political subdivisions in the U.S.	RCONJJ20	0	7.
8. Mortgage-backed securities (MBS) (including CMOs, REMICs, and stripped MBS)	RCONJJ21	0	8.
9. Asset-backed securities and structured financial products	RCONJJ23	0	9.
10. Other debt securities	RCONJJ24	0	10.
11. Total (sum of items 7 through 10)[5]	RCONJJ25	0	11.

Schedule RI-E - Explanations (Form Type - 041)

Schedule RI-E is to be completed each quarter on a calendar year-to-date basis.

Detail all adjustments in Schedule RI-A and RI-B, all extraordinary items and other adjustments in Schedule RI, and all significant items of other noninterest income and other noninterest expense in Schedule RI. (See instructions for details.)

Dollar amounts in thousands			
1. Other noninterest income (from Schedule RI, item 5.l) Itemize and describe amounts greater than $100,000 that exceed 7 percent of Schedule RI, item 5.l:			1.
a. Income and fees from the printing and sale of checks	RIADC013	NR	1.a.
b. Earnings on/increase in value of cash surrender value of life insurance	RIADC014	3,402	1.b.
c. Income and fees from automated teller machines (ATMs)	RIADC016	NR	1.c.
d. Rent and other income from other real estate owned	RIAD4042	NR	1.d.
e. Safe deposit box rent	RIADC015	NR	1.e.
f. Bank card and credit card interchange fees	RIADF555	2,828	1.f.
g. Income and fees from wire transfers	RIADT047	NR	1.g.
h. Disclose component and the dollar amount of that component:			1.h.
(TEXT4461) Loan origination fee income	RIAD4461	40,868	1.h.1.
i. Disclose component and the dollar amount of that component:			1.i.
(TEXT4462) Loss on fair value option HFS loans	RIAD4462	-28,165	1.i.1.
j. Disclose component and the dollar amount of that component:			1.j.
(TEXT4463) NR	RIAD4463	NR	1.j.1.
2. Other noninterest expense (from Schedule RI, item 7.d) Itemize and describe amounts greater than $100,000 that exceed 7 percent of Schedule RI, item 7.d:			2.
a. Data processing expenses	RIADC017	NR	2.a.
b. Advertising and marketing expenses	RIAD0497	NR	2.b.
c. Directors' fees	RIAD4136	NR	2.c.
d. Printing, stationery, and supplies	RIADC018	NR	2.d.
e. Postage	RIAD8403	NR	2.e.

3. Include all loans and leases not reported as real estate loans, credit cards, or other consumer loans in items 1, 3, or 4 of Schedule RI-C,Part II.
5. Item 11 must equal Schedule RI-B, Part II, item 7, column B.

Dollar amounts in thousands			
f. Legal fees and expenses	RIAD4141	NR	2.f.
g. FDIC deposit insurance assessments	RIAD4146	CONF	2.g.
h. Accounting and auditing expenses	RIADF556	NR	2.h.
i. Consulting and advisory expenses	RIADF557	NR	2.i.
j. Automated teller machine (ATM) and interchange expenses	RIADF558	NR	2.j.
k. Telecommunications expenses	RIADF559	NR	2.k.
l. Other real estate owned expenses	RIADY923	NR	2.l.
m. Insurance expenses (not included in employee expenses, premises and fixed asset expenses, and other real estate owned expenses)	RIADY924	NR	2.m.
n. Disclose component and the dollar amount of that component:			2.n.
(TEXT4464) Loan Processing and underwriting expense	RIAD4464	20,791	2.n.1.
o. Disclose component and the dollar amount of that component:			2.o.
(TEXT4467) Net change in the fair values of financial instruments accounted for under fair value option	RIAD4467	115,198	2.o.1.
p. Disclose component and the dollar amount of that component:			2.p.
(TEXT4468) DOJ settlement expense	RIAD4468	35,000	2.p.1.
3. Discontinued operations and applicable income tax effect (from Schedule RI, item 11) (itemize and describe each discontinued operation):			3.
a. Disclose component, the gross dollar amount of that component, and its related income tax:			3.a.
(TEXTFT29) NR	RIADFT29	0	3.a.1.
3. Applicable income tax effect	RIADFT30	0	3.a.3.
b. Disclose component, the gross dollar amount of that component, and its related income tax:			3.b.
(TEXTFT31) NR	RIADFT31	0	3.b.1.
3. Applicable income tax effect	RIADFT32	0	3.b.3.
4. Cumulative effect of changes in accounting principles and corrections of material accounting errors (from Schedule RI-A, item 2) (itemize and describe all such effects):			4.
a. Effect of adoption of Current Expected Credit Losses Methodology - ASU 2016-13[1]	RIADJJ26	NR	4.a.
b. Effect of adoption of lease accounting standard - ASC Topic 842	RIADKW17	NR	4.b.
c. Disclose component and the dollar amount of that component:			4.c.
(TEXTB526) NR	RIADB526	0	4.c.1.
d. Disclose component and the dollar amount of that component:			4.d.
(TEXTB527) NR	RIADB527	0	4.d.1.
5. Other transactions with stockholders (including a parent holding company) (from Schedule RI-A, item 11) (itemize and describe all such transactions):			5.
a. Disclose component and the dollar amount of that component:			5.a.
(TEXT4498) Dividends on preferred stock	RIAD4498	-99	5.a.1.
b. Disclose component and the dollar amount of that component:			5.b.
(TEXT4499) NR	RIAD4499	0	5.b.1.
6. Adjustments to allowance for loan and lease losses (from Schedule RI-B, part II, item 6) (itemize and describe all adjustments):			6.
a. Initial allowances for credit losses recognized upon the acquisition of purchased credit-deteriorated assets on or after the effective date of ASU 2016-13[1]	RIADJJ27	NR	6.a.
b. Effect of adoption of current expected credit losses methodology on allowances for credit losses[1]	RIADJJ28	NR	6.b.
c. Disclose component and the dollar amount of that component:			6.c.
(TEXT4521) NR	RIAD4521	0	6.c.1.
d. Disclose component and the dollar amount of that component:			6.d.
(TEXT4522) NR	RIAD4522	0	6.d.1.
7. Other explanations (the space below is provided for the bank to briefly describe, at its option, any other significant items affecting the Report of Income):			7.
a. Comments?	RIAD4769	No	7.a.
b. Other explanations	TEXT4769	NR	7.b.

1. Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a and 6.b, if applicable.
1. Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a and 6.b, if applicable.
1. Only institutions that have adopted ASU 2016-13 should report amounts in items 4.a, 6.a and 6.b, if applicable.

Schedule RC - Balance Sheet(Form Type - 041)

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Dollar amounts in thousands			
1. Cash and balances due from depository institutions (from Schedule RC-A):			1.
a. Noninterest-bearing balances and currency and coin[1]	RCON0081	**106,495**	1.a.
b. Interest-bearing balances[2]	RCON0071	**344,560**	1.b.
2. Securities:			2.
a. Held-to-maturity securities (from Schedule RC-B, column A)[3]	RCONJJ34	**318,501**	2.a.
b. Available-for-sale debt securities (from Schedule RC-B, column D)	RCON1773	**1,762,421**	2.b.
c. Equity securities with readily determinable fair values not held for trading[4]	RCONJA22	**0**	2.c.
3. Federal funds sold and securities purchased under agreements to resell:			3.
a. Federal funds sold	RCONB987	**0**	3.a.
b. Securities purchased under agreements to resell[5]	RCONB989	**0**	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):			4.
a. Loans and leases held for sale	RCON5369	**7,086,754**	4.a.
b. Loans and leases held for investment	RCONB528	**17,344,001**	4.b.
c. LESS: Allowance for loan and lease losses	RCON3123	**241,078**	4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c)[7]	RCONB529	**17,102,923**	4.d.
5. Trading assets (from Schedule RC-D)	RCON3545	**265,281**	5.
6. Premises and fixed assets (including capitalized leases)	RCON2145	**257,277**	6.
7. Other real estate owned (from Schedule RC-M)	RCON2150	**7,525**	7.
8. Investments in unconsolidated subsidiaries and associated companies	RCON2130	**74,694**	8.
9. Direct and indirect investments in real estate ventures	RCON3656	**0**	9.
10. Intangible assets (from Schedule RC-M)	RCON2143	**583,063**	10.
11. Other assets (from Schedule RC-F)[6]	RCON2160	**1,483,373**	11.
12. Total assets (sum of items 1 through 11)	RCON2170	**29,392,867**	12.
13. Deposits:			13.
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E)	RCON2200	**20,347,120**	13.a.
1. Noninterest-bearing[8]	RCON6631	**9,522,565**	13.a.1.
2. Interest-bearing	RCON6636	**10,824,555**	13.a.2.
b. Not applicable			13.b.
14. Federal funds purchased and securities sold under agreements to repurchase:			14.
a. Federal funds purchased[9]	RCONB993	**330,000**	14.a.
b. Securities sold under agreements to repurchase[10]	RCONB995	**0**	14.b.
15. Trading liabilities (from Schedule RC-D)	RCON3548	**31,923**	15.
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	RCON3190	**5,421,520**	16.
17. Not applicable			17.
18. Not applicable			18.
19. Subordinated notes and debentures[8]	RCON3200	**0**	19.
20. Other liabilities (from Schedule RC-G)	RCON2930	**578,719**	20.
21. Total liabilities (sum of items 13 through 20)	RCON2948	**26,709,282**	21.

1. Includes cash items in process of collection and unposted debits.
2. Includes time certificates of deposit not held for trading.
3. Institutions that have adopted ASU 2016-13 should report in item 2.a, amounts net of any applicable allowance for credit losses, and should equal to Schedule RC-B, item 8, column A less Schedule RI-B, Part II, item 7, column B.
4. Item 2.c is to be completed by all institutions. See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.
5. Includes all securities resale agreements, regardless of maturity.
7. Institutions that have adopted ASU 2016-13 should report in item 4.c the allowance for credit losses on loans and leases.
6. Institutions that have adopted ASU 2016-13 should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.
8. Includes noninterest-bearing demand, time, and savings deposits.
9. Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."
10. Includes all securities repurchase agreements, regardless of maturity.
8. Includes limited-life preferred stock and related surplus.

Dollar amounts in thousands			
22. Not applicable			22.
23. Perpetual preferred stock and related surplus	RCON3838	0	23.
24. Common stock	RCON3230	3,000	24.
25. Surplus (exclude all surplus related to preferred stock)	RCON3839	1,538,008	25.
26. Not available			26.
a. Retained earnings	RCON3632	1,088,462	26.a.
b. Accumulated other comprehensive income[1]	RCONB530	53,908	26.b.
c. Other equity capital components[2]	RCONA130	0	26.c.
27. Not available			27.
a. Total bank equity capital (sum of items 23 through 26.c)	RCON3210	2,683,378	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries	RCON3000	207	27.b.
28. Total equity capital (sum of items 27.a and 27.b)	RCONG105	2,683,585	28.
29. Total liabilities and equity capital (sum of items 21 and 28)	RCON3300	29,392,867	29.
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2020	RCON6724	2a	M.1.
2. Bank's fiscal year-end date (report the date in MMDD format)	RCON8678	1231	M.2.

Schedule RC-A - Cash and Balances Due From Depository Institutions(Form Type - 041)

Schedule RC-A is to be completed only by banks with $300 million or more in total assets.
Exclude assets held for trading.

Dollar amounts in thousands			
1. Cash items in process of collection, unposted debits, and currency and coin:			1.
a. Cash items in process of collection and unposted debits	RCON0020	22,525	1.a.
b. Currency and coin	RCON0080	81,738	1.b.
2. Balances due from depository institutions in the U.S.	RCON0082	2,232	2.
3. Balances due from banks in foreign countries and foreign central banks	RCON0070	0	3.
4. Balances due from Federal Reserve Banks	RCON0090	344,560	4.
5. Total	RCON0010	451,055	5.

1. Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.
2. Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Schedule RC-B - Securities(Form Type - 041)

Exclude assets held for trading.

Dollar amounts in thousands	(Column A) Held-to-maturity Amortized Cost		(Column B) Held-to-maturity Fair Value		(Column C) Available-for-sale Amortized Cost		(Column D) Available-for-sale Fair Value		
1. U.S. Treasury securities	RCON0211	0	RCON0213	0	RCON1286	0	RCON1287	0	1.
2. U.S. Government agency and sponsored agency obligations (exclude mortgage-backed securities)[1]	RCONHT50	0	RCONHT51	0	RCONHT52	0	RCONHT53	0	2.
3. Securities issued by states and political subdivisions in the U.S.	RCON8496	0	RCON8497	0	RCON8498	25,853	RCON8499	26,331	3.
4. Mortgage-backed securities (MBS):									4.
a. Residential mortgage pass-through securities:									4.a.
1. Guaranteed by GNMA	RCONG300	672	RCONG301	697	RCONG302	2,506	RCONG303	2,591	4.a.1.
2. Issued by FNMA and FHLMC	RCONG304	48,393	RCONG305	50,701	RCONG306	283,827	RCONG307	288,392	4.a.2.
3. Other pass-through securities	RCONG308	0	RCONG309	0	RCONG310	0	RCONG311	0	4.a.3.
b. Other residential mortgage-backed securities (include CMOs, REMICs, and stripped MBS):									4.b.
1. Issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCONG312	109,641	RCONG313	113,705	RCONG314	412,222	RCONG315	426,285	4.b.1.
2. Collateralized by MBS issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCONG316	0	RCONG317	0	RCONG318	0	RCONG319	0	4.b.2.
3. All other residential MBS	RCONG320	0	RCONG321	0	RCONG322	36,235	RCONG323	36,315	4.b.3.
c. Commercial MBS:									4.c.
1. Commercial mortgage pass-through securities:									4.c.1.
a. Issued or guaranteed by FNMA, FHLMC, or GNMA	RCONK142	3,043	RCONK143	3,133	RCONK144	0	RCONK145	0	4.c.1.a.
b. Other pass-through securities	RCONK146	0	RCONK147	0	RCONK148	0	RCONK149	0	4.c.1.b.
2. Other commercial MBS:									4.c.2.
a. Issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCONK150	156,752	RCONK151	161,038	RCONK152	878,779	RCONK153	904,254	4.c.2.a.
b. All other commercial MBS	RCONK154	0	RCONK155	0	RCONK156	0	RCONK157	0	4.c.2.b.
5. Asset-backed securities and structured financial products:									5.
a. Asset-backed securities (ABS)	RCONC026	0	RCONC988	0	RCONC989	0	RCONC027	0	5.a.
b. Structured financial products	RCONHT58	0	RCONHT59	0	RCONHT60	0	RCONHT61	0	5.b.
6. Other debt securities:									6.
a. Other domestic debt securities	RCON1737	0	RCON1738	0	RCON1739	75,482	RCON1741	78,253	6.a.
b. Other foreign debt securities	RCON1742	0	RCON1743	0	RCON1744	0	RCON1746	0	6.b.
7. Not applicable.									7.
8. Total (sum of items 1 through 6.b)[2]	RCON1754	318,501	RCON1771	329,274	RCON1772	1,714,904	RCON1773	1,762,421	8.

Dollar amounts in thousands			
1. Pledged securities[1]	RCON0416	224,442	M.1.
2. Maturity and repricing data for debt securities (excluding those in nonaccrual status):[1]			M.2.
a. Securities issued by the U.S. Treasury, U.S. Government agencies, and states and political subdivisions in the U.S.; other non-mortgage debt securities; and mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of:[2]			M.2.a.
1. Three months or less	RCONA549	9,037	M.2.a.1.
2. Over three months through 12 months	RCONA550	5,110	M.2.a.2.
3. Over one year through three years	RCONA551	40,980	M.2.a.3.
4. Over three years through five years	RCONA552	30,947	M.2.a.4.
5. Over five years through 15 years	RCONA553	6,009	M.2.a.5.
6. Over 15 years	RCONA554	15,542	M.2.a.6.
b. Mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or next repricing date of:[2]			M.2.b.
1. Three months or less	RCONA555	0	M.2.b.1.
2. Over three months through 12 months	RCONA556	0	M.2.b.2.
3. Over one year through three years	RCONA557	0	M.2.b.3.
4. Over three years through five years	RCONA558	0	M.2.b.4.
5. Over five years through 15 years	RCONA559	220,980	M.2.b.5.
6. Over 15 years	RCONA560	119,068	M.2.b.6.
c. Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS; exclude mortgage pass-through securities) with an expected average life of:[5]			M.2.c.
1. Three years or less	RCONA561	658,892	M.2.c.1.
2. Over three years	RCONA562	974,357	M.2.c.2.
d. Debt securities with a REMAINING MATURITY of one year or less (included in Memorandum items 2.a through 2.c above)	RCONA248	4,033	M.2.d.
Memorandum item 3 is to be completed semiannually in the June and December reports only. 3. Amortized cost of held-to-maturity securities sold or transferred to available-for-sale or trading securities during the calendar year-to-date (report the amortized cost at date of sale or transfer)	RCON1778	NR	M.3.
4. Structured notes (included in the held-to-maturity and available-for-sale accounts in Schedule RC-B, items 2, 3, 5, and 6):			M.4.
a. Amortized cost	RCON8782	0	M.4.a.
b. Fair value	RCON8783	0	M.4.b.

1. Includes Small Business Administration "Guaranteed Loan Pool Certificates"; U.S. Maritime Administration obligations; Export-Import Bank participation certificates; and obligations (other than mortgage-backed securities) issued by the Farm Credit System, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Financing Corporation, Resolution Funding Corporation, the Student Loan Marketing Association, and the Tennessee Valley Authority.

1. U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

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2. For institutions that have adopted ASU 2016-13, the total reported in column A must equal Schedule RC, item 2.a, plus Schedule RI-B, Part II, item 7, column B. For institutions that have not adopted ASU 2016-13, the total reported in column A must equal Schedule RC, item 2.a. For all institutions, the total reported in column D must equal Schedule RC, item 2.b.

Dollar amounts in thousands	(Column A) Held-to-maturity Amortized Cost		(Column B) Held-to-maturity Fair Value		(Column C) Available-for-sale Amortized Cost		(Column D) Available-for-sale Fair Value		
Memorandum items 5.a through 5.f are to be completed by banks with $10 billion or more in total assets. 5. Asset-backed securities (ABS) (for each column, sum of Memorandum items 5.a through 5.f must equal Schedule RC-B, item 5.a):[1]									M.5.
a. Credit card receivables	RCONB838	0	RCONB839	0	RCONB840	0	RCONB841	0	M.5.a.
b. Home equity lines	RCONB842	0	RCONB843	0	RCONB844	0	RCONB845	0	M.5.b.
c. Automobile loans	RCONB846	0	RCONB847	0	RCONB848	0	RCONB849	0	M.5.c.
d. Other consumer loans	RCONB850	0	RCONB851	0	RCONB852	0	RCONB853	0	M.5.d.
e. Commercial and industrial loans	RCONB854	0	RCONB855	0	RCONB856	0	RCONB857	0	M.5.e.
f. Other	RCONB858	0	RCONB859	0	RCONB860	0	RCONB861	0	M.5.f.
Memorandum items 6.a through 6.g are to be completed by banks with $10 billion or more in total assets. 6. Structured financial products by underlying collateral or reference assets (for each column, sum of Memorandum items 6.a through 6.g must equal Schedule RC-B, item 5.b):[1]									M.6.
a. Trust preferred securities issued by financial institutions	RCONG348	0	RCONG349	0	RCONG350	0	RCONG351	0	M.6.a.
b. Trust preferred securities issued by real estate investment trusts	RCONG352	0	RCONG353	0	RCONG354	0	RCONG355	0	M.6.b.
c. Corporate and similar loans	RCONG356	0	RCONG357	0	RCONG358	0	RCONG359	0	M.6.c.
d. 1-4 family residential MBS issued or guaranteed by U.S. government-sponsored enterprises (GSEs)	RCONG360	0	RCONG361	0	RCONG362	0	RCONG363	0	M.6.d.
e. 1-4 family residential MBS not issued or guaranteed by GSEs	RCONG364	0	RCONG365	0	RCONG366	0	RCONG367	0	M.6.e.
f. Diversified (mixed) pools of structured financial products	RCONG368	0	RCONG369	0	RCONG370	0	RCONG371	0	M.6.f.
g. Other collateral or reference assets	RCONG372	0	RCONG373	0	RCONG374	0	RCONG375	0	M.6.g.

1. Includes held-to-maturity securities at amortized cost, available-for-sale debt securities at fair value, and equity securities with readily determinable fair values not held for trading (reported in Schedule RC, item 2.c) at fair value.

1. Includes held-to-maturity securities at amortized cost, available-for-sale debt securities at fair value, and equity securities with readily determinable fair values not held for trading (reported in Schedule RC, item 2.c) at fair value.

2. Report fixed-rate debt securities by remaining maturity and floating-rate debt securities by next repricing date.

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5. Sum of Memorandum items 2.c.(1) and 2.c.(2) plus any nonaccrual "Other mortgage-backed securities" included in Schedule RC-N, item 10, column C, must equal Schedule RC-B, sum of items 4.b and 4.c.(2), columns A and D.

1. The $10 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

1. The $10 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-C Part I - Loans and Leases(Form Type - 041)

Do not deduct the allowance for loan and lease losses or the allocated transfer risk reserve from amounts reported in this schedule. Report (1) loans and leases held for sale at the lower of cost or fair value, (2) loans and leases held for investment, net of unearned income, and (3) loans and leases accounted for at fair value under a fair value option. Exclude assets held for trading and commercial paper.

Dollar amounts in thousands	(Column A) To Be Completed by Banks with $300 Million or More in Total Assets		(Column B) To Be Completed by All Banks		
1. Loans secured by real estate:					1.
a. Construction, land development, and other land loans:					1.a.
1. 1-4 family residential construction loans			RCONF158	540,457	1.a.1.
2. Other construction loans and all land development and other land loans			RCONF159	892,209	1.a.2.
b. Secured by farmland (including farm residential and other improvements)			RCON1420	0	1.b.
c. Secured by 1-4 family residential properties:					1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit			RCON1797	770,465	1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:					1.c.2.
a. Secured by first liens			RCON5367	11,339,048	1.c.2.a.
b. Secured by junior liens			RCON5368	106,706	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties			RCON1460	222,809	1.d.
e. Secured by nonfarm nonresidential properties:					1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties			RCONF160	393,675	1.e.1.
2. Loans secured by other nonfarm nonresidential properties			RCONF161	1,122,134	1.e.2.
2. Loans to depository institutions and acceptances of other banks			RCON1288	29,250	2.
a. To commercial banks in the U.S.	RCONB531	29,250			2.a.
b. To other depository institutions in the U.S.	RCONB534	0			2.b.
c. To banks in foreign countries	RCONB535	0			2.c.
3. Loans to finance agricultural production and other loans to farmers			RCON1590	134	3.
4. Commercial and industrial loans			RCON1766	927,574	4.
a. To U.S. addressees (domicile)	RCON1763	924,862			4.a.
b. To non-U.S. addressees (domicile)	RCON1764	2,712			4.b.
5. Not applicable					5.
6. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper):					6.
a. Credit cards			RCONB538	0	6.a.
b. Other revolving credit plans			RCONB539	19,593	6.b.
c. Automobile loans			RCONK137	6,022	6.c.
d. Other consumer loans (includes single payment and installment loans other than automobile loans and all student loans)			RCONK207	1,023,572	6.d.
7. Not applicable					7.
8. Obligations (other than securities and leases) of states and political subdivisions in the U.S.			RCON2107	29,928	8.
9. Loans to nondepository financial institutions and other loans:					9.
a. Loans to nondepository financial institutions			RCONJ454	7,003,214	9.a.
b. Other loans			RCONJ464	261	9.b.
1. Loans for purchasing or carrying securities (secured and unsecured)	RCON1545	0			9.b.1.
2. All other loans (exclude consumer loans)	RCONJ451	261			9.b.2.
10. Lease financing receivables (net of unearned income)			RCON2165	3,704	10.
a. Leases to individuals for household, family, and other personal expenditures (i.e., consumer leases)	RCONF162	0			10.a.
b. All other leases	RCONF163	3,704			10.b.
11. LESS: Any unearned income on loans reflected in items 1-9 above			RCON2123	0	11.
12. Total loans and leases held for investment and held for sale (sum of items 1 through 10 minus item 11) (must equal Schedule RC, sum of items 4.a and 4.b)			RCON2122	24,430,755	12.

Dollar amounts in thousands			
1. Loans restructured in troubled debt restructurings that are in compliance with their modified terms (included in Schedule RC-C, part 1, and not reported as past due or nonaccrual in Schedule RC-N, Memorandum item 1):			M.1.
a. Construction, land development, and other land loans:			M.1.a.
1. 1-4 family residential construction loans	RCONK158	4,825	M.1.a.1.
2. Other construction loans and all land development and other land loans	RCONK159	1,298	M.1.a.2.
b. Loans secured by 1-4 family residential properties	RCONF576	64,699	M.1.b.
c. Secured by multifamily (5 or more) residential properties	RCONK160	0	M.1.c.
d. Secured by nonfarm nonresidential properties:			M.1.d.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK161	0	M.1.d.1.
2. Loans secured by other nonfarm nonresidential properties	RCONK162	0	M.1.d.2.
e. Commercial and industrial loans	RCONK256	0	M.1.e.
Memorandum items 1.e.(1) and (2) are to be completed by banks with $300 million or more in total assets (sum of Memorandum items 1.e(1) and (2) must equal Memorandum item 1.e): 1. To U.S. addressees (domicile)	RCONK163	0	M.1.e.1.
2. To non-U.S. addressees (domicile)	RCONK164	0	M.1.e.2.
f. All other loans (include loans to individuals for household, family, and other personal expenditures)	RCONK165	27	M.1.f.
1. Loans secured by farmland	RCONK166	0	M.1.f.1.
2. Not applicable			M.1.f.2.
3. Not applicable			M.1.f.3.
4. Loans to individuals for household, family, and other personal expenditures:			M.1.f.4.
a. Credit cards	RCONK098	0	M.1.f.4.a.
b. Automobile loans	RCONK203	0	M.1.f.4.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RCONK204	27	M.1.f.4.c.
Memorandum item 1.f.(5) is to be completed by: ** Banks with $300 million or more in total assets* ** Banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans* 5. Loans to finance agricultural production and other loans to farmers included in Schedule RC-C, part I, Memorandum item 1.f, above[1]	RCONK168	0	M.1.f.5.
g. Total loans restructured in troubled debt restructurings that are in compliance with their modified terms (sum of Memorandum items 1.a.(1) through 1.f)	RCONHK25	70,849	M.1.g.
2. Maturity and repricing data for loans and leases (excluding those in nonaccrual status):			M.2.
a. Closed-end loans secured by first liens on 1-4 family residential properties (reported in Schedule RC-C, part I, item 1.c.(2)(a), column B, above) with a remaining maturity or next repricing date of:			M.2.a.
1. Three months or less	RCONA564	1,014,306	M.2.a.1.
2. Over three months through 12 months	RCONA565	276,066	M.2.a.2.
3. Over one year through three years	RCONA566	267,991	M.2.a.3.
4. Over three years through five years	RCONA567	407,616	M.2.a.4.
5. Over five years through 15 years	RCONA568	873,936	M.2.a.5.
6. Over 15 years	RCONA569	7,991,354	M.2.a.6.
b. All loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column B, above) EXCLUDING closed-end loans secured by first liens on 1-4 family residential properties (reported in Schedule RC-C, part I, item 1.c.(2)(a), column B, above) with a remaining maturity or next repricing date of:			M.2.b.
1. Three months or less	RCONA570	10,204,615	M.2.b.1.
2. Over three months through 12 months	RCONA571	304,967	M.2.b.2.
3. Over one year through three years	RCONA572	829,095	M.2.b.3.
4. Over three years through five years	RCONA573	284,217	M.2.b.4.
5. Over five years through 15 years	RCONA574	726,507	M.2.b.5.
6. Over 15 years	RCONA575	710,915	M.2.b.6.
c. Loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column B, above) with a REMAINING MATURITY of one year or less (excluding those in nonaccrual status)	RCONA247	7,729,716	M.2.c.
3. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-C, part I, items 4 and 9, column B[6]	RCON2746	104,792	M.3.
4. Adjustable rate closed-end loans secured by first liens on 1-4 family residential properties (included in Schedule RC-C, part I, item 1.c.(2)(a), column B)	RCON5370	1,445,016	M.4.

1. The $300 million asset size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.
6. Exclude loans secured by real estate that are included in Schedule RC-C, Part I, items 1.a through 1.e, column B.

Dollar amounts in thousands			
To be completed by banks with $300 million or more in total assets: 5. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RC-C, Part I, items 1.a through 1.e, column B)[2]	RCONB837	**0**	M.5.
Memorandum item 6 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes. 6. Outstanding credit card fees and finance charges included in Schedule RC-C, part I, item 6.a	RCONC391	**NR**	M.6.
Memorandum items 7.a, 7.b, and 8.a are to be completed by all banks semiannually in the June and December reports only. 7. Purchased credit-impaired loans held for investment accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3) (exclude loans held for sale):[3]			M.7.
a. Outstanding balance	RCONC779	**NR**	M.7.a.
b. Amount included in Schedule RC-C, part I, items 1 through 9	RCONC780	**NR**	M.7.b.
8. Closed-end loans with negative amortization features secured by 1-4 family residential properties:			M.8.
a. Total amount of closed-end loans with negative amortization features secured by 1-4 family residential properties (included in Schedule RC-C, part I, items 1.c.(2)(a) and 1.c.(2)(b))	RCONF230	**NR**	M.8.a.
Memorandum items 8.b and 8.c are to be completed semiannually in the June and December reports only by banks that had closed-end loans with negative amortization features secured by 1-4 family residential properties (as reported in Schedule RC-C, Part I, Memorandum item 8.a) as of December 31, 2019, that exceeded the lesser of $100 million or 5 percent of total loans and leases held for investment and held for sale (as reported in Schedule RC-C, Part I, item 12, column B). b. Total maximum remaining amount of negative amortization contractually permitted on closed-end loans secured by 1-4 family residential properties	RCONF231	**NR**	M.8.b.
c. Total amount of negative amortization on closed-end loans secured by 1-4 family residential properties included in the amount reported in Memorandum item 8.a above	RCONF232	**NR**	M.8.c.
9. Loans secured by 1-4 family residential properties in process of foreclosure (included in Schedule RC-C, part I, items 1.c.(1), 1.c.(2)(a), and 1.c.(2)(b))	RCONF577	**14,308**	M.9.
10. Not applicable			M.10.

2. The $300 million asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.
3. Memorandum item 7 is to be completed only by institutions that have not yet adopted ASU 2016-13.

Dollar amounts in thousands			
11. Not applicable			M.11.

Dollar amounts in thousands	(Column A) Fair value of acquired loans and leases at acquisition date		(Column B) Gross contractual amounts receivable at acquisition date		(Column C) Best estimate at acquisition date of contractual cash flows not expected to be collected		
Memorandum items 12.a, 12.b, 12.c, and 12.d are to be completed semiannually in the June and December reports only. 12. Loans (not subject to the requirements of FASB ASC 310-30 (former AICPA Statement of Position 03-3)) and leases held for investment that were acquired in business combinations with acquisition dates in the current calendar year:[1]							M.12.
a. Loans secured by real estate	RCONG091	**NR**	RCONG092	**NR**	RCONG093	**NR**	M.12.a.
b. Commercial and industrial loans	RCONG094	**NR**	RCONG095	**NR**	RCONG096	**NR**	M.12.b.
c. Loans to individuals for household, family, and other personal expenditures	RCONG097	**NR**	RCONG098	**NR**	RCONG099	**NR**	M.12.c.
d. All other loans and all leases	RCONG100	**NR**	RCONG101	**NR**	RCONG102	**NR**	M.12.d.

Dollar amounts in thousands			
Memoranda item 13 is to be completed by banks that had construction, land development, and other land loans (as reported in Schedule RC-C, Part I, item 1.a, column B) that exceeded 100 percent of the sum of tier 1 capital (as reported in Schedule RC-R, Part I, item 26) plus the allowance for loan and lease losses or the allowance for credit losses on loans and leases, as applicable (as reported in Schedule RC, item 4.c) as of December 31, 2020. 13. Construction, land development, and other land loans in domestic offices with interest reserves:			M.13.
a. Amount of loans that provide for the use of interest reserves (included in Schedule RC-C, part I, item 1.a, column B)	RCONG376	**NR**	M.13.a.
b. Amount of interest capitalized from interest reserves on construction, land development, and other land loans that is included in interest and fee income on loans during the quarter (included in Schedule RI, item 1.a.(1)(a)(2)).	RIADG377	**NR**	M.13.b.
Memorandum item 14 is to be completed by all banks. 14. Pledged loans and leases	RCONG378	**11,301,661**	M.14.
Memorandum item 15 is to be completed for the December report only. 15. Reverse mortgages:			M.15.
a. Reverse mortgages outstanding that are held for investment (included in Schedule RC-C, item 1.c, above):			M.15.a.
1. Home Equity Conversion Mortgage (HECM) reverse mortgages	RCONJ466	**NR**	M.15.a.1.
2. Proprietary reverse mortgages	RCONJ467	**NR**	M.15.a.2.
b. Estimated number of reverse mortgage loan referrals to other lenders during the year from whom compensation has been received for services performed in connection with the origination of the reverse mortgages:			M.15.b.
1. Home Equity Conversion Mortgage (HECM) reverse mortgages	RCONJ468	**NR**	M.15.b.1.
2. Proprietary reverse mortgages	RCONJ469	**NR**	M.15.b.2.
c. Principal amount of reverse mortgage originations that have been sold during the year:			M.15.c.
1. Home Equity Conversion Mortgage (HECM) reverse mortgages	RCONJ470	**NR**	M.15.c.1.
2. Proprietary reverse mortgages	RCONJ471	**NR**	M.15.c.2.
Memorandum item 16 is to be completed by all banks. 16. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit that have converted to non-revolving closed-end status (included in item 1.c.(1) above)	RCONLE75	**5,934**	M.16.
Amounts reported in Memorandum items 17.a and 17.b will not be made available to the public on an individual institution basis. 17. Eligible loan modifications under Section 4013, Temporary Relief from Troubled Debt Restructurings, of the 2020 Coronavirus Aid, Relief, and Economic Security Act:			M.17.
a. Number of Section 4013 loans outstanding	RCONLG24	**CONF**	M.17.a.
b. Outstanding balance of Section 4013 loans	RCONLG25	**CONF**	M.17.b.

1. Institutions that have adopted ASU 2016-13 should report only loans held for investment not considered purchased credit-deteriorated in Memorandum item 12.

Schedule RC-C Part II - Loans to Small Businesses and Small Farms(Form Type - 041)

Report the number and amount currently outstanding as of the report date of business loans with "original amounts" of $1,000,000 or less and farm loans with "original amounts" of $500,000 or less. The following guidelines should be used to determine the "original amount" of a loan:
(1) For loans drawn down under lines of credit or loan commitments, the "original amount" of the loan is the size of the line of credit or loan commitment when the line of credit or loan commitment was most recently approved, extended, or renewed prior to the report date. However, if the amount currentlyoutstanding as of the report date exceeds this size, the "original amount" is the amount currently outstanding on the report date. (2) For loan participations and syndications, the "original amount" of the loan participation or syndication is the entire amount of the credit originated by the lead lender. (3) For all other loans, the "original amount" is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

Dollar amounts in thousands			
1. Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank's "Loans secured by nonfarm nonresidential properties" reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2), and all or substantially all of the dollar volume of your bank's "Commercial and industrial loans" reported in Schedule RC-C, part I, item 4, have original amounts of $100,000 or less	RCON6999	No	1.
If YES, complete items 2.a and 2.b below, skip items 3 and 4, and go to item 5. If NO and your bank has loans outstanding in either loan category, skip items 2.a and 2.b, complete items 3 and 4 below, and go to item 5. If NO and your bank has no loans outstanding in both loan categories, skip items 2 through 4, and go to item 5			
2. Report the total number of loans currently outstanding for each of the following Schedule RC-C, part I, loan categories:			2.
a. "Loans secured by nonfarm nonresidential properties" reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2)	RCON5562	NR	2.a.
b. "Commercial and industrial loans" reported in Schedule RC-C, part I, item 4[1]	RCON5563	NR	2.b.

Dollar amounts in thousands	(Column A) Number of Loans		(Column B) Amount Currently Outstanding		
3. Number and amount currently outstanding of "Loans secured by nonfarm nonresidential properties" reported in Schedule RC-C, part I, items 1.e.(1) and 1.e.(2):					3.
a. With original amounts of $100,000 or less	RCON5564	35	RCON5565	2,046	3.a.
b. With original amounts of more than $100,000 through $250,000	RCON5566	72	RCON5567	10,138	3.b.
c. With original amounts of more than $250,000 through $1,000,000	RCON5568	142	RCON5569	66,579	3.c.
4. Number and amount currently outstanding of "Commercial and industrial loans" reported in Schedule RC-C, part I, item 4:					4.
a. With original amounts of $100,000 or less	RCON5570	805	RCON5571	28,224	4.a.
b. With original amounts of more than $100,000 through $250,000	RCON5572	102	RCON5573	9,640	4.b.
c. With original amounts of more than $250,000 through $1,000,000	RCON5574	66	RCON5575	18,815	4.c.

Dollar amounts in thousands			
5. Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank's "Loans secured by farmland (including farm residential and other improvements)" reported in Schedule RC-C, part I, item 1.b, and all or substantially all of the dollar volume of your bank's "Loans to finance agricultural production and other loans to farmers" reported in Schedule RC-C, part I, item 3, have original amounts of $100,000 or less	RCON6860	No	5.
If YES, complete items 6.a and 6.b below, and do not complete items 7 and 8. If NO and your bank has loans outstanding in either loan category, skip items 6.a and 6.b and complete items 7 and 8 below. If NO and your bank has no loans outstanding in both loan categories, do not complete items 6 through 8.			
6. Report the total number of loans currently outstanding for each of the following Schedule RC-C, part I, loan categories:			6.
a. "Loans secured by farmland (including farm residential and other improvements)" reported in Schedule RC-C, part I, item 1.b	RCON5576	NR	6.a.
b. "Loans to finance agricultural production and other loans to farmers" reported in Schedule RC-C, part I, item 3	RCON5577	NR	6.b.

Dollar amounts in thousands	(Column A) Number of Loans		(Column B) Amount Currently Outstanding		
7. Number and amount currently outstanding of "Loans secured by farmland (including farm residential and other improvements)" reported in Schedule RC-C, part I, item 1.b:					7.
a. With original amounts of $100,000 or less	RCON5578	0	RCON5579	0	7.a.
b. With original amounts of more than $100,000 through $250,000	RCON5580	0	RCON5581	0	7.b.
c. With original amounts of more than $250,000 through $500,000	RCON5582	0	RCON5583	0	7.c.
8. Number and amount currently outstanding of "Loans to finance agricultural production and other loans to farmers" reported in Schedule RC-C, part I, item 3:					8.
a. With original amounts of $100,000 or less	RCON5584	0	RCON5585	0	8.a.
b. With original amounts of more than $100,000 through $250,000	RCON5586	1	RCON5587	134	8.b.
c. With original amounts of more than $250,000 through $500,000	RCON5588	0	RCON5589	0	8.c.

Schedule RC-D - Trading Assets and Liabilities(Form Type - 041)

RC-D is to be completed by banks that reported total trading assets of $10 million or more in any of the four preceding calendar quarters and all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes.

Dollar amounts in thousands			
1. U.S. Treasury securities	RCON3531	0	1.
2. U.S. Government agency obligations (exclude mortgage-backed securities)	RCON3532	0	2.
3. Securities issued by states and political subdivisions in the U.S.	RCON3533	0	3.
4. Mortgage-backed securities (MBS):			4.
a. Residential mortgage pass-through securities issued or guaranteed by FNMA, FHLMC, or GNMA	RCONG379	0	4.a.
b. Other residential MBS issued or guaranteed by U.S. Government agencies or sponsored agencies (include CMOs, REMICs, and stripped MBS)	RCONG380	0	4.b.
c. All other residential MBS	RCONG381	0	4.c.
d. Commercial MBS issued or guaranteed by U.S. Government agencies or sponsored agencies[1]	RCONK197	0	4.d.
e. All other commercial MBS	RCONK198	0	4.e.
5. Other debt securities:			5.
a. Structured financial products	RCONHT62	0	5.a.
b. All other debt securities	RCONG386	0	5.b.
6. Loans:			6.
a. Loans secured by real estate:			6.a.
1. Loans secured by 1-4 family residential properties	RCONHT63	0	6.a.1.
2. All other loans secured by real estate	RCONHT64	0	6.a.2.
b. Commercial and industrial loans	RCONF614	0	6.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCONHT65	0	6.c.
d. Other loans	RCONF618	0	6.d.
7. Not applicable			7.
8. Not applicable			8.
9. Other trading assets	RCON3541	0	9.
10. Not applicable			10.
11. Derivatives with a positive fair value	RCON3543	265,281	11.
12. Total trading assets (sum of items 1 through 11) (must equal Schedule RC, item 5)	RCON3545	265,281	12.
13. Not available			13.
a. Liability for short positions	RCON3546	0	13.a.
b. Other trading liabilities	RCONF624	0	13.b.
14. Derivatives with a negative fair value	RCON3547	31,923	14.
15. Total trading liabilities (sum of items 13.a through 14) (must equal Schedule RC, item 15)	RCON3548	31,923	15.
1. Unpaid principal balance of loans measured at fair value (reported in Schedule RC-D, items 6.a.(1) through 6.d):			M.1.
a. Loans secured by real estate:			M.1.a.
1. Loans secured by 1-4 family residential properties	RCONHT66	0	M.1.a.1.
2. All other loans secured by real estate	RCONHT67	0	M.1.a.2.
b. Commercial and industrial loans	RCONF632	0	M.1.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCONHT68	0	M.1.c.
d. Other loans	RCONF636	0	M.1.d.

1. Banks with $300 million or more in total assets should provide the requested information for "Commercial and industrial loans" based on the loans reported in Schedule RC-C, Part I, item 4.a, column A, "Commercial and industrial loans to U.S. addressees."

1. U.S. Government agencies include, but are not limited to, such agencies as the Government National Mortgage Association (GNMA), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). U.S. Government-sponsored agencies include, but are not limited to, such agencies as the Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA).

Schedule RC-E - Deposit Liabilities(Form Type - 041)

Dollar amounts in thousands	(Column A) Transaction Accounts Total transaction accounts (including total demand deposits)		(Column B) Transaction Accounts Memo: Total demand deposits (included in column A)		(Column C) Nontransaction Accounts Total nontransaction accounts (including MMDAs)		
Deposits of:							
1. Individuals, partnerships, and corporations (include all certified and official checks)	RCONB549	5,055,519			RCONB550	13,239,238	1.
2. U.S. Government	RCON2202	0			RCON2520	0	2.
3. States and political subdivisions in the U.S.	RCON2203	107,672			RCON2530	1,804,805	3.
4. Commercial banks and other depository institutions in the U.S.	RCONB551	30,103			RCONB552	109,783	4.
5. Banks in foreign countries	RCON2213	0			RCON2236	0	5.
6. Foreign governments and official institutions (including foreign central banks)	RCON2216	0			RCON2377	0	6.
7. Total (sum of items 1 through 6) (sum of columns A and C must equal Schedule RC, item 13.a)	RCON2215	5,193,294	RCON2210	5,193,294	RCON2385	15,153,826	7.

Dollar amounts in thousands			
1. Selected components of total deposits (i.e., sum of item 7, columns A and C):			M.1.
a. Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts	RCON6835	162,704	M.1.a.
b. Total brokered deposits	RCON2365	1,192,923	M.1.b.
c. Brokered deposits of $250,000 or less (fully insured brokered deposits)[2]	RCONHK05	1,192,923	M.1.c.
d. Maturity data for brokered deposits:			M.1.d.
1. Brokered deposits of $250,000 or less with a remaining maturity of one year or less (included in Memorandum item 1.c above)	RCONHK06	533,311	M.1.d.1.
2. Not applicable			M.1.d.2.
3. Brokered deposits of more than $250,000 with a remaining maturity of one year or less (included in Memorandum item 1.b above)	RCONK220	0	M.1.d.3.
e. Preferred deposits (uninsured deposits of states and political subdivisions in the U.S. reported in item 3 above which are secured or collateralized as required under state law) (to be completed for the December report only).	RCON5590	NR	M.1.e.
f. Estimated amount of deposits obtained through the use of deposit listing services that are not brokered deposits	RCONK223	0	M.1.f.
g. Total reciprocal deposits (as of the report date)	RCONJH83	223,509	M.1.g.
2. Components of total nontransaction accounts (sum of Memorandum items 2.a through 2.d must equal item 7, column C above):			M.2.
a. Savings deposits:			M.2.a.
1. Money market deposit accounts (MMDAs)	RCON6810	668,626	M.2.a.1.
2. Other savings deposits (excludes MMDAs)	RCON0352	11,533,090	M.2.a.2.
b. Total time deposits of less than $100,000	RCON6648	1,679,856	M.2.b.
c. Total time deposits of $100,000 through $250,000	RCONJ473	543,617	M.2.c.
d. Total time deposits of more than $250,000	RCONJ474	728,637	M.2.d.
e. Individual Retirement Accounts (IRAs) and Keogh Plan accounts of $100,000 or more included in Memorandum items 2.c and 2.d above	RCONF233	56,161	M.2.e.
3. Maturity and repricing data for time deposits of $250,000 or less:			M.3.
a. Time deposits of $250,000 or less with a remaining maturity or next repricing date of:[1, 2]			M.3.a.
1. Three months or less	RCONHK07	600,322	M.3.a.1.
2. Over three months through 12 months	RCONHK08	805,917	M.3.a.2.
3. Over one year through three years	RCONHK09	449,168	M.3.a.3.
4. Over three years	RCONHK10	368,066	M.3.a.4.
b. Time deposits of $250,000 or less with a REMAINING MATURITY of one year or less (included in Memorandum items 3.a.(1) and 3.a.(2) above)[3]	RCONHK11	1,406,239	M.3.b.
4. Maturity and repricing data for time deposits of more than $250,000:			M.4.
a. Time deposits of more than $250,000 with a remaining maturity or next repricing date of:[1, 4]			M.4.a.
1. Three months or less	RCONHK12	307,096	M.4.a.1.
2. Over three months through 12 months	RCONHK13	315,843	M.4.a.2.
3. Over one year through three years	RCONHK14	100,288	M.4.a.3.
4. Over three years	RCONHK15	5,410	M.4.a.4.
b. Time deposits of more than $250,000 with a REMAINING MATURITY of one year or less (included in Memorandum items 4.a.(1) and 4.a.(2) above)[3]	RCONK222	622,939	M.4.b.
5. Does your institution offer one or more consumer deposit account products, i.e., transaction account or nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use?	RCONP752	Yes	M.5.
Memorandum items 6 and 7 are to be completed by institutions with $1 billion or more in total assets that answered "Yes" to Memorandum item 5 above. 6. Components of total transaction account deposits of individuals, partnerships, and corporations (sum of Memorandum items 6.a and 6.b must be less than or equal to item 1, column A, above):[5]			M.6.
a. Total deposits in those noninterest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use	RCONP753	56,651	M.6.a.

2. The dollar amount used as the basis for reporting in Memorandum item 1.c reflects the deposit insurance limit in effect on the report date.
1, 2. Report fixed-rate time deposits by remaining maturity and floating rate time deposits by next repricing date.
3. Report both fixed-and floating-rate time deposits by remaining maturity. Exclude floating-rate time deposits with a next repricing date of one year or less that have a remaining maturity of over one year.
1, 4. Report fixed-rate time deposits by remaining maturity and floating rate time deposits by next repricing date.
3. Report both fixed-and floating-rate time deposits by remaining maturity. Exclude floating-rate time deposits with a next repricing date of one year or less that have a remaining maturity of over one year.
5. The $1 billion asset size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Dollar amounts in thousands			
b. Total deposits in those interest-bearing transaction account deposit products intended primarily for individuals for personal, household, or family use	RCONP754	438,771	M.6.b.
7. Components of total nontransaction account deposits of individuals, partnerships, and corporations (sum of Memorandum items 7.a.(1), 7.a.(2), 7.b.(1), and 7.b.(2) plus all time deposits of individuals, partnerships, and corporations must equal item 1, column C, above):			M.7.
a. Money market deposit accounts (MMDAs) of individuals, partnerships, and corporations (sum of Memorandum items 7.a.(1) and 7.a.(2) must be less than or equal to Memorandum item 2.a.(1) above):			M.7.a.
1. Total deposits in those MMDA deposit products intended primarily for individuals for personal, household, or family use	RCONP756	500,297	M.7.a.1.
2. Deposits in all other MMDAs of individuals, partnerships, and corporations	RCONP757	168,329	M.7.a.2.
b. Other savings deposit accounts of individuals, partnerships, and corporations (sum of Memorandum items 7.b.(1) and 7.b.(2) must be less than or equal to Memorandum item 2.a.(2) above):			M.7.b.
1. Total deposits in those other savings deposit account deposit products intended primarily for individuals for personal, household, or family use	RCONP758	4,893,881	M.7.b.1.
2. Deposits in all other savings deposit accounts of individuals, partnerships, and corporations	RCONP759	5,268,315	M.7.b.2.

Schedule RC-F - Other Assets(Form Type - 041)

Dollar amounts in thousands			
1. Accrued interest receivable[2]	RCONB556	53,369	1.
2. Net deferred tax assets[3]	RCON2148	26,803	2.
3. Interest-only strips receivable (not in the form of a security)[4]	RCONHT80	0	3.
4. Equity investments without readily determinable fair values[5]	RCON1752	433,348	4.
5. Life insurance assets:			5.
a. General account life insurance assets	RCONK201	295,620	5.a.
b. Separate account life insurance assets	RCONK202	0	5.b.
c. Hybrid account life insurance assets	RCONK270	63,492	5.c.
6. All other assets (itemize and describe amounts greater than $100,000 that exceed 25% of this item)	RCON2168	610,741	6.
a. Prepaid expenses	RCON2166	NR	6.a.
b. Repossessed personal property (including vehicles)	RCON1578	NR	6.b.
c. Derivatives with a positive fair value held for purposes other than trading	RCONC010	NR	6.c.
d. FDIC loss-sharing indemnification assets	RCONJ448	NR	6.d.
e. Computer software	RCONFT33	NR	6.e.
f. Accounts receivable	RCONFT34	243,973	6.f.
g. Receivables from foreclosed government-guaranteed mortgage loans	RCONFT35	NR	6.g.
h. Disclose component and the dollar amount of that component:			6.h.
1. Describe component	TEXT3549	NR	6.h.1.
2. Amount of component	RCON3549	NR	6.h.2.
i. Disclose component and the dollar amount of that component:			6.i.
1. Describe component	TEXT3550	NR	6.i.1.
2. Amount of component	RCON3550	NR	6.i.2.
j. Disclose component and the dollar amount of that component:			6.j.
1. Describe component	TEXT3551	NR	6.j.1.
2. Amount of component	RCON3551	NR	6.j.2.
7. Total (sum of items 1 through 6) (must equal Schedule RC, item 11)	RCON2160	1,483,373	7.

2. Include accrued interest receivable on loans, leases, debt securities, and other interest-bearing assets. Exclude accrued interest receivables on financial assets that are reported elsewhere on the balance sheet.
3. See discussion of deferred income taxes in Glossary entry on "income taxes."
4. Report interest-only strips receivable in the form of a security as available-for-sale securities in Schedule RC, item 2.b, or as trading assets in Schedule RC, item 5, as appropriate.
5. Include Federal Reserve stock, Federal Home Loan Bank stock, and bankers' bank stock.

Schedule RC-G - Other Liabilities(Form Type - 041)

Dollar amounts in thousands			
1. Not available			1.
a. Interest accrued and unpaid on deposits[1]	RCON3645	1,024	1.a.
b. Other expenses accrued and unpaid (includes accrued income taxes payable)	RCON3646	202,720	1.b.
2. Net deferred tax liabilities[2]	RCON3049	0	2.
3. Allowance for credit losses on off-balance sheet credit exposures[3]	RCONB557	23,922	3.
4. All other liabilities (itemize and describe amounts greater than $100,000 that exceed 25 percent of this item)	RCON2938	351,053	4.
a. Accounts payable	RCON3066	NR	4.a.
b. Deferred compensation liabilities	RCONC011	NR	4.b.
c. Dividends declared but not yet payable	RCON2932	NR	4.c.
d. Derivatives with a negative fair value held for purposes other than trading	RCONC012	NR	4.d.
e. Operating lease liabilities	RCONLB56	NR	4.e.
f. Disclose component and the dollar amount of that component:			4.f.
1. Describe component	TEXT3552	Click here for value	4.f.1.
2. Amount of component	RCON3552	171,753	4.f.2.
g. Disclose component and the dollar amount of that component:			4.g.
1. Describe component	TEXT3553	NR	4.g.1.
2. Amount of component	RCON3553	NR	4.g.2.
h. Disclose component and the dollar amount of that component:			4.h.
1. Describe component	TEXT3554	NR	4.h.1.
2. Amount of component	RCON3554	NR	4.h.2.
5. Total	RCON2930	578,719	5.

(TEXT3552) Collateral liability

1. For savings banks, include "dividends" accrued and unpaid on deposits.
2. See discussion of deferred income taxes in Glossary entry on "income taxes."
3. Institutions that have adopted ASU 2016-13 should report in item 3 the allowance for credit losses on those off-balance sheet credit exposures that are not unconditionally cancelable.

Schedule RC-K - Quarterly Averages(Form Type - 041)

Dollar amounts in thousands			
1. Interest-bearing balances due from depository institutions	RCON3381	99,819	1.
2. U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)[2]	RCONB558	0	2.
3. Mortgage-backed securities[2]	RCONB559	2,134,938	3.
4. All other debt securities and equity securities with readily determinable fair values not held for trading[2]	RCONB560	101,671	4.
5. Federal funds sold and securities purchased under agreements to resell	RCON3365	0	5.
6. Loans:			6.
a. Total loans	RCON3360	24,628,025	6.a.
b. Loans secured by real estate:			6.b.
1. Loans secured by 1-4 family residential properties	RCON3465	12,832,947	6.b.1.
2. All other loans secured by real estate	RCON3466	3,620,100	6.b.2.
c. Commercial and industrial loans	RCON3387	862,114	6.c.
d. Loans to individuals for household, family, and other personal expenditures:			6.d.
1. Credit cards	RCONB561	0	6.d.1.
2. Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	RCONB562	1,023,442	6.d.2.
Item 7 is to be completed by banks with total trading assets of $10 million or more in any of the four preceding calendar quarters and all banks meeting the FDIC's definition of a large or highly complex institution for deposit insurance assessment purposes. 7. Trading assets	RCON3401	144,426	7.
8. Lease financing receivables (net of unearned income)	RCON3484	145,300	8.
9. Total assets[4]	RCON3368	30,087,696	9.
10. Interest-bearing transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	RCON3485	499,988	10.
11. Nontransaction accounts:			11.
a. Savings deposits (includes MMDAs)	RCONB563	12,258,950	11.a.
b. Time deposits of $250,000 or less	RCONHK16	2,062,050	11.b.
c. Time deposits of more than $250,000	RCONHK17	674,232	11.c.
12. Federal funds purchased and securities sold under agreements to repurchase	RCON3353	403,699	12.
To be completed by banks with $100 million or more in total assets: 13. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)[5]	RCON3355	5,414,434	13.
Memorandum item 1 is to be completed by: *• banks with $300 million or more in total assets, and* *• banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part 1, item 3) exceeding 5 percent of total loans.* 1. Loans to finance agricultural production and other loans to farmers[2]	RCON3386	134	M.1.

2. Quarterly averages for all debt securities should be based on amortized cost.
2. Quarterly averages for all debt securities should be based on amortized cost.
4. The quarterly average for total assets should reflect securities not held for trading as follows: a) Debt securities at amortized cost, b) Equity securities with readily determinable fair values at fair value, and c) Equity investments without readily determinable fair values, their balance sheet carrying values (i.e., fair value or, if elected, cost minus impairment, if any, plus or minus changes resulting from observable price changes).
5. The $100 million asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
2. The $300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.

Schedule RC-L - Derivatives and Off-Balance Sheet Items(Form Type - 041)

Please read carefully the instructions for the preparation of Schedule RC-L. Some of the amounts reported in Schedule RC-L are regarded as volume indicators and not necessarily as measures of risk.

Dollar amounts in thousands			
1. Unused commitments:			1.
a. Revolving, open-end lines secured by 1-4 family residential properties, i.e., home equity lines	RCON3814	567,775	1.a.
Item 1.a.(1) is to be completed for the December report only. 1. Unused commitments for reverse mortgages outstanding that are held for investment in domestic offices (included in item 1.a. above)	RCONHT72	NR	1.a.1.
b. Credit card lines (Sum of items 1.b.(1) and 1.b.(2) must equal item 1.b)	RCON3815	0	1.b.
Items 1.b.(1) and 1.b.(2) are to be completed semiannually in the June and December reports only by banks with either $300 million or more in total assets or $300 million or more in credit card lines (sum of items 1.b.(1) and 1.b.(2) must equal item 1.b). 1. Unused consumer credit card lines[1]	RCONJ455	NR	1.b.1.
2. Other unused credit card lines	RCONJ456	NR	1.b.2.
c. Commitments to fund commercial real estate, construction, and land development loans:			1.c.
1. Secured by real estate:			1.c.1.
a. 1-4 family residential construction loan commitments	RCONF164	832,959	1.c.1.a.
b. Commercial real estate, other construction loan, and land development loan commitments	RCONF165	1,033,264	1.c.1.b.
2. Not secured by real estate	RCON6550	38,789	1.c.2.
d. Securities underwriting	RCON3817	0	1.d.
e. Other unused commitments:			1.e.
1. Commercial and industrial loans	RCONJ457	775,897	1.e.1.
2. Loans to financial institutions	RCONJ458	4,628,702	1.e.2.
3. All other unused commitments	RCONJ459	197,306	1.e.3.
2. Financial standby letters of credit	RCON3819	5,506	2.
Item 2.a is to be completed by banks with $1 billion or more in total assets. a. Amount of financial standby letters of credit conveyed to others[1]	RCON3820	0	2.a.
3. Performance standby letters of credit	RCON3821	103,567	3.
Item 3.a is to be completed by banks with $1 billion or more in total assets a. Amount of performance standby letters of credit conveyed to others[1]	RCON3822	0	3.a.
4. Commercial and similar letters of credit	RCON3411	50	4.
5. Not applicable			5.
6. Securities lent and borrowed:			6.
a. Securities lent (including customers' securities lent where the customer is indemnified against loss by the reporting bank)	RCON3433	0	6.a.
b. Securities borrowed	RCON3432	0	6.b.

Dollar amounts in thousands	(Column A) Sold Protection		(Column B) Purchased Protection		
7. Credit derivatives:					7.
a. Notional amounts:					7.a.
1. Credit default swaps	RCONC968	240,154	RCONC969	62,398	7.a.1.
2. Total return swaps	RCONC970	0	RCONC971	0	7.a.2.
3. Credit options	RCONC972	0	RCONC973	0	7.a.3.
4. Other credit derivatives	RCONC974	0	RCONC975	0	7.a.4.
b. Gross fair values:					7.b.
1. Gross positive fair value	RCONC219	0	RCONC221	40	7.b.1.
2. Gross negative fair value	RCONC220	375	RCONC222	0	7.b.2.

Dollar amounts in thousands			
c. Notional amounts by regulatory capital treatment:[1]			7.c.
1. Positions covered under the Market Risk Rule:			7.c.1.
a. Sold protection	RCONG401	0	7.c.1.a.
b. Purchased protection	RCONG402	0	7.c.1.b.
2. All other positions:			7.c.2.
a. Sold protection	RCONG403	240,154	7.c.2.a.
b. Purchased protection that is recognized as a guarantee for regulatory capital purposes	RCONG404	0	7.c.2.b.
c. Purchased protection that is not recognized as a guarantee for regulatory capital purposes	RCONG405	62,398	7.c.2.c.

Dollar amounts in thousands	(Column A) Remaining Maturity of One Year or Less		(Column B) Remaining Maturity of Over One Year Through Five Years		(Column C) Remaining Maturity of Over Five Years		
d. Notional amounts by remaining maturity:							7.d.
1. Sold credit protection:[2]							7.d.1.
a. Investment grade	RCONG406	0	RCONG407	0	RCONG408	0	7.d.1.a.
b. Subinvestment grade	RCONG409	51,864	RCONG410	166,501	RCONG411	21,789	7.d.1.b.
2. Purchased credit protection:[3]							7.d.2.
a. Investment grade	RCONG412	0	RCONG413	0	RCONG414	0	7.d.2.a.
b. Subinvestment grade	RCONG415	0	RCONG416	3,022	RCONG417	59,376	7.d.2.b.

1. The asset-size tests and the $300 million credit card lines test are based on the total assets and credit card lines reported in the June 30, 2018, Report of Condition.
1. The asset-size tests and the $300 million credit card lines test are based on the total assets and credit card lines reported in the June 30, 2018, Report of Condition.
1. The asset-size tests and the $300 million credit card lines test are based on the total assets and credit card lines reported in the June 30, 2018, Report of Condition.

Dollar amounts in thousands			
8. Not applicable			8.
9. All other off-balance sheet liabilities (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 27.a, "Total bank equity capital")	RCON3430	0	9.
a. Not applicable			9.a.
b. Commitments to purchase when-issued securities	RCON3434	0	9.b.
c. Standby letters of credit issued by another party (e.g., a Federal Home Loan Bank) on the bank's behalf	RCONC978	0	9.c.
d. Disclose component and the dollar amount of that component:			9.d.
1. Describe component	TEXT3555	NR	9.d.1.
2. Amount of component	RCON3555	0	9.d.2.
e. Disclose component and the dollar amount of that component:			9.e.
1. Describe component	TEXT3556	NR	9.e.1.
2. Amount of component	RCON3556	0	9.e.2.
f. Disclose component and the dollar amount of that component:			9.f.
(TEXT3557) NR	RCON3557	0	9.f.1.
10. All other off-balance sheet assets (exclude derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 27.a, "Total bank equity capital")	RCON5591	0	10.
a. Commitments to sell when-issued securities	RCON3435	0	10.a.
b. Disclose component and the dollar amount of that component:			10.b.
1. Describe component	TEXT5592	NR	10.b.1.
2. Amount of component	RCON5592	0	10.b.2.
c. Disclose component and the dollar amount of that component:			10.c.
1. Describe component	TEXT5593	NR	10.c.1.
2. Amount of component	RCON5593	0	10.c.2.
d. Disclose component and the dollar amount of that component:			10.d.
1. Describe component	TEXT5594	NR	10.d.1.
2. Amount of component	RCON5594	0	10.d.2.
e. Disclose component and the dollar amount of that component:			10.e.
1. Describe component	TEXT5595	NR	10.e.1.
2. Amount of component	RCON5595	0	10.e.2.
Items 11.a and 11.b are to be completed semiannually in the June and December reports only. 11. Year-to-date merchant credit card sales volume:			11.
a. Sales for which the reporting bank is the acquiring bank	RCONC223	NR	11.a.
b. Sales for which the reporting bank is the agent bank with risk	RCONC224	NR	11.b.

1. Sum of items 7.c.(1)(a) and 7.c.(2)(a), must equal sum of items 7.a.(1) through (4), column A. Sum of items 7.c.(1)(b), 7.c.(2)(b), and 7.c.(2)(c) must equal sum of items 7.a.(1) through (4), column B.
2. Sum of items 7.d.(1)(a) and (b), columns A through C, must equal sum of items 7.a.(1) through (4), column A.
3. Sum of items 7.d.(2)(a) and (b), columns A through C, must equal sum of items 7.a.(1) through (4), column B.

Dollar amounts in thousands	(Column A) Interest Rate Contracts		(Column B) Foreign Exchange Contracts		(Column C) Equity Derivative Contracts		(Column D) Commodity and Other Contracts		
12. Gross amounts (e.g., notional amounts):									12.
a. Futures contracts	RCON8693	**488,000**	RCON8694	**0**	RCON8695	**0**	RCON8696	**0**	12.a.
b. Forward contracts	RCON8697	**12,536,605**	RCON8698	**0**	RCON8699	**0**	RCON8700	**0**	12.b.
c. Exchange-traded option contracts:									12.c.
1. Written options	RCON8701	**0**	RCON8702	**0**	RCON8703	**0**	RCON8704	**0**	12.c.1.
2. Purchased options	RCON8705	**0**	RCON8706	**0**	RCON8707	**0**	RCON8708	**0**	12.c.2.
d. Over-the-counter option contracts:									12.d.
1. Written options	RCON8709	**9,885,916**	RCON8710	**0**	RCON8711	**0**	RCON8712	**0**	12.d.1.
2. Purchased options	RCON8713	**1,426,000**	RCON8714	**0**	RCON8715	**0**	RCON8716	**0**	12.d.2.
e. Swaps	RCON3450	**4,253,175**	RCON3826	**0**	RCON8719	**0**	RCON8720	**0**	12.e.
13. Total gross notional amount of derivative contracts held for trading	RCONA126	**15,645,005**	RCONA127	**0**	RCON8723	**0**	RCON8724	**0**	13.
14. Total gross notional amount of derivative contracts held for purposes other than trading	RCON8725	**12,944,691**	RCON8726	**0**	RCON8727	**0**	RCON8728	**0**	14.
a. Interest rate swaps where the bank has agreed to pay a fixed rate	RCONA589	**2,633,097**							14.a.
15. Gross fair values of derivative contracts:									15.
a. Contracts held for trading:									15.a.
1. Gross positive fair value	RCON8733	**265,326**	RCON8734	**0**	RCON8735	**0**	RCON8736	**0**	15.a.1.
2. Gross negative fair value	RCON8737	**31,968**	RCON8738	**0**	RCON8739	**0**	RCON8740	**0**	15.a.2.
b. Contracts held for purposes other than trading:									15.b.
1. Gross positive fair value	RCON8741	**128,405**	RCON8742	**0**	RCON8743	**0**	RCON8744	**0**	15.b.1.
2. Gross negative fair value	RCON8745	**21,739**	RCON8746	**0**	RCON8747	**0**	RCON8748	**0**	15.b.2.

Dollar amounts in thousands	(Column A) Banks and Securities Firms	(Column B)	(Column C) Hedge Funds	(Column D) Sovereign Governments	(Column E) Corporations and All Other Counterparties	
Item 16 is to be completed only by banks with total assets of $10 billion or more 16. Over-the counter derivatives:[1]						16.
a. Net current credit exposure	**RCONG418** **265,119**				**RCONG422** **89,375**	16.a.
b. Fair value of collateral:						16.b.
1. Cash - U.S. dollar	**RCONG423** **171,753**				**RCONG427** **0**	16.b.1.
2. Cash - Other currencies	**RCONG428** **0**				**RCONG432** **0**	16.b.2.
3. U.S. Treasury securities	**RCONG433** **0**				**RCONG437** **0**	16.b.3.
4. Not applicable						16.b.4.
5. Not applicable						16.b.5.
6. Not applicable						16.b.6.
7. All other collateral	**RCONG453** **0**				**RCONG457** **0**	16.b.7.
8. Total fair value of collateral (sum of items 16.b.(1) through (7))	**RCONG458** **171,753**				**RCONG462** **0**	16.b.8.

1. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.

Schedule RC-M - Memoranda(Form Type - 041)

Dollar amounts in thousands

Item	Code	Amount	
1. Extensions of credit by the reporting bank to its executive officers, directors, principal shareholders, and their related interests as of the report date:			1.
a. Aggregate amount of all extensions of credit to all executive officers, directors, principal shareholders, and their related interests	RCON6164	**50,508**	1.a.
b. Number of executive officers, directors, and principal shareholders to whom the amount of all extensions of credit by the reporting bank (including extensions of credit to related interests) equals or exceeds the lesser of $500,000 or 5 percent of total capital as defined for this purpose in agency regulations	RCON6165	**2**	1.b.
2. Intangible assets:			2.
a. Mortgage servicing assets	RCON3164	**428,426**	2.a.
1. Estimated fair value of mortgage servicing assets	RCONA590	**428,426**	2.a.1.
b. Goodwill	RCON3163	**114,376**	2.b.
c. All other intangible assets	RCONJF76	**40,261**	2.c.
d. Total (sum of items 2.a, 2.b, and 2.c) (must equal Schedule RC, item 10)	RCON2143	**583,063**	2.d.
3. Other real estate owned:			3.
a. Construction, land development, and other land	RCON5508	**3,125**	3.a.
b. Farmland	RCON5509	**0**	3.b.
c. 1-4 family residential properties	RCON5510	**4,160**	3.c.
d. Multifamily (5 or more) residential properties	RCON5511	**0**	3.d.
e. Nonfarm nonresidential properties	RCON5512	**240**	3.e.
f. Total (sum of items 3.a through 3.e) (must equal Schedule RC, item 7)	RCON2150	**7,525**	3.f.
4. Cost of equity securities with readily determinable fair values not held for trading (the fair value of which is reported in Schedule RC, item 2.c)[1]	RCONJA29	**0**	4.
5. Other borrowed money:			5.
a. Federal Home Loan Bank advances:			5.a.
1. Advances with a remaining maturity or next repricing date of:[1]			5.a.1.
a. One year or less	RCONF055	**2,415,000**	5.a.1.a.
b. Over one year through three years	RCONF056	**700,000**	5.a.1.b.
c. Over three years through five years	RCONF057	**100,000**	5.a.1.c.
d. Over five years	RCONF058	**400,000**	5.a.1.d.
2. Advances with a remaining maturity of one year or less (included in item 5.a.(1)(a) above)[2]	RCON2651	**2,415,000**	5.a.2.
3. Structured advances (included in items 5.a.(1)(a) - (d) above)	RCONF059	**750,000**	5.a.3.
b. Other borrowings:			5.b.
1. Other borrowings with a remaining maturity or next repricing date of:[3]			5.b.1.
a. One year or less	RCONF060	**1,072**	5.b.1.a.
b. Over one year through three years	RCONF061	**9,790**	5.b.1.b.
c. Over three years through five years	RCONF062	**12,083**	5.b.1.c.
d. Over five years	RCONF063	**1,783,575**	5.b.1.d.
2. Other borrowings with a remaining maturity of one year or less (included in item 5.b.(1)(a) above)[4]	RCONB571	**1,072**	5.b.2.
c. Total (sum of items 5.a.(1)(a)-(d) and items 5.b.(1)(a)-(d)) (must equal Schedule RC, item 16)	RCON3190	**5,421,520**	5.c.
6. Does the reporting bank sell private label or third party mutual funds and annuities?	RCONB569	**Yes**	6.
7. Assets under the reporting bank's management in proprietary mutual funds and annuities	RCONB570	**0**	7.
8. Internet Web site addresses and physical office trade names:			8.
a. Uniform Resource Locator (URL) of the reporting institution's primary Internet Web site (home page), if any (Example: www.examplebank.com):	TEXT4087	**Click here for value**	8.a.

1. Item 4 is to be completed only by insured state banks that have been approved by the FDIC to hold grandfathered equity investments. See instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities
1. Report fixed-rate advances by remaining maturity and floating-rate advances by next repricing date.
2. Report both fixed- and floating-rate advances by remaining maturity. Exclude floating-rate advances with a next repricing date of one year or less that have a remaining maturity of over one year
3. Report fixed-rate other borrowings by remaining maturity and floating-rate other borrowings by next repricing date.
4. Report both fixed- and floating-rate other borrowings by remaining maturity. Exclude floating-rate other borrowings with a next repricing date of one year or less that have a remaining maturity of over one year.

Dollar amounts in thousands

b. URLs of all other public-facing Internet Web sites that the reporting institution uses to accept or solicit deposits from the public, if any (Example: www.examplebank.biz):[1]			8.b.
1. URL 1	TE01N528	Click here for value	8.b.1.
2. URL 2	TE02N528	NR	8.b.2.
3. URL 3	TE03N528	NR	8.b.3.
4. URL 4	TE04N528	NR	8.b.4.
5. URL 5	TE05N528	NR	8.b.5.
6. URL 6	TE06N528	NR	8.b.6.
7. URL 7	TE07N528	NR	8.b.7.
8. URL 8	TE08N528	NR	8.b.8.
9. URL 9	TE09N528	NR	8.b.9.
10. URL 10	TE10N528	NR	8.b.10.
c. Trade names other than the reporting institution's legal title used to identify one or more of the institution's physical offices at which deposits are accepted or solicited from the public, if any:			8.c.
1. Trade name 1	TE01N529	Click here for value	8.c.1.
2. Trade name 2	TE02N529	NR	8.c.2.
3. Trade name 3	TE03N529	NR	8.c.3.
4. Trade name 4	TE04N529	NR	8.c.4.
5. Trade name 5	TE05N529	NR	8.c.5.
6. Trade name 6	TE06N529	NR	8.c.6.
Item 9 is to be completed annually in the December report only. 9. Do any of the bank's Internet Web sites have transactional capability, i.e., allow the bank's customers to execute transactions on their accounts through the Web site?	RCON4088	NR	9.
10. Secured liabilities:			10.
a. Amount of "Federal funds purchased" that are secured (included in Schedule RC, item 14.a)	RCONF064	0	10.a.
b. Amount of "Other borrowings" that are secured (included in Schedule RC-M, items 5.b.(1)(a) - (d))	RCONF065	1,806,520	10.b.
11. Does the bank act as trustee or custodian for Individual Retirement Accounts, Health Savings Accounts, and other similar accounts?	RCONG463	Yes	11.
12. Does the bank provide custody, safekeeping, or other services involving the acceptance of orders for the sale or purchase of securities?	RCONG464	No	12.
13. Assets covered by loss-sharing agreements with the FDIC:			13.
a. Loans and leases (included in Schedule RC, items 4.a and 4.b):			13.a.
1. Loans secured by real estate:			13.a.1.
a. Construction, land development, and other land loans:			13.a.1.a.
1. 1-4 family residential construction loans	RCONK169	0	13.a.1.a.1.
2. Other construction loans and all land development and other land loans	RCONK170	0	13.a.1.a.2.
b. Secured by farmland	RCONK171	0	13.a.1.b.
c. Secured by 1-4 family residential properties:			13.a.1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCONK172	0	13.a.1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:			13.a.1.c.2.
a. Secured by first liens	RCONK173	0	13.a.1.c.2.a.
b. Secured by junior liens	RCONK174	0	13.a.1.c.2.b.
d. Secured by multifamily (5 or more) residential properties	RCONK175	0	13.a.1.d.
e. Secured by nonfarm nonresidential properties:			13.a.1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK176	0	13.a.1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RCONK177	0	13.a.1.e.2.
2. Not applicable			13.a.2.
3. Not applicable			13.a.3.
4. Not applicable			13.a.4.
5. All other loans and all leases	RCONK183	0	13.a.5.
b. Other real estate owned (included in Schedule RC, item 7):			13.b.

1. Report only highest level URLs (for example, report www.examplebank.biz, but do not also report www.examplebank.biz/checking). Report each top level domain name used (for example, report both www.examplebank.biz and www.examplebank.net).

Dollar amounts in thousands			
1. Construction, land development, and other land	RCONK187	0	13.b.1.
2. Farmland	RCONK188	0	13.b.2.
3. 1-4 family residential properties	RCONK189	0	13.b.3.
4. Multifamily (5 or more) residential properties	RCONK190	0	13.b.4.
5. Nonfarm nonresidential properties	RCONK191	0	13.b.5.
6. Not applicable			13.b.6.
7. Portion of covered other real estate owned included in items 13.b.(1) through (5) above that is protected by FDIC loss-sharing agreements	RCONK192	0	13.b.7.
c. Debt securities (included in Schedule RC, items 2.a and 2.b)	RCONJ461	0	13.c.
d. Other assets (exclude FDIC loss-sharing indemnification assets)	RCONJ462	0	13.d.
Items 14.a and 14.b are to be completed annually in the December report only. 14. Captive insurance and reinsurance subsidiaries:			14.
a. Total assets of captive insurance subsidiaries[1]	RCONK193	NR	14.a.
b. Total assets of captive reinsurance subsidiaries[1]	RCONK194	NR	14.b.
Item 15 is to be completed by institutions that are required or have elected to be treated as a Qualified Thrift Lender. 15. Qualified Thrift Lender (QTL) test:			15.
a. Does the institution use the Home Owners' Loan Act (HOLA) QTL test or the Internal Revenue Service Domestic Building and Loan Association (IRS DBLA) test to determine its QTL compliance? (for the HOLA QTL test, enter 1; for the IRS DBLA test, enter 2)	RCONL133	1	15.a.
b. Has the institution been in compliance with the HOLA QTL test as of each month end during the quarter or the IRS DBLA test for its most recent taxable year, as applicable?	RCONL135	Yes	15.b.
Item 16.a and, if appropriate, items 16.b.(1) through 16.b.(3) are to be completed annually in the December report only. 16. International remittance transfers offered to consumers:[1]			16.
a. Estimated number of international remittance transfers provided by your institution during the calendar year ending on the report date	RCONN523	NR	16.a.
Items 16.b.(1) through 16.b.(3) are to be completed by institutions that reported 501 or more international remittance transfers in item 16.a in either or both of the current report or the most recent prior report in which item 16.a was required to be completed. b. Estimated dollar value of remittance transfers provided by your institution and usage of regulatory exceptions during the calendar year ending on the report date and:			16.b.
1. Estimated dollar value of international remittance transfers	RCONN524	NR	16.b.1.
2. Estimated number of international remittance transfers for which your institution applied the permanent exchange rate exception	RCONMM07	NR	16.b.2.
3. Estimated number of international remittance transfers for which your institution applied the permanent covered third- party exception	RCONMQ52	NR	16.b.3.
17. U.S. Small Business Administration Paycheck Protection Program (PPP) loans and the Federal Reserve PPP Liquidity Facility (PPPLF):[1]			17.
a. Number of PPP loans outstanding	RCONLG26	3	17.a.
b. Outstanding balance of PPP loans	RCONLG27	168	17.b.
c. Outstanding balance of PPP loans pledged to the PPPLF	RCONLG28	0	17.c.
d. Outstanding balance of borrowings from Federal Reserve Banks under the PPPLF with a remaining maturity of:			17.d.
1. One year or less	RCONLL59	0	17.d.1.
2. More than one year	RCONLL60	0	17.d.2.
e. Quarterly average amount of PPP loans pledged to the PPPLF and excluded from "Total assets for the leverage ratio" reported in Schedule RC-R, Part I, item 30	RCONLL57	0	17.e.
18. Money Market Mutual Fund Liquidity Facility (MMLF):			18.
a. Outstanding balance of assets purchased under the MMLF	RCONLL61	0	18.a.
b. Quarterly average amount of assets purchased under the MMLF and excluded from "Total assets for the leverage ratio" reported in Schedule RC-R, Part I, item 30	RCONLL58	0	18.b.

(TE01N528) www.DCBK.org

1. Report total assets before eliminating intercompany transactions between the consolidated insurance or reinsurance subsidiary and other offices or consolidated subsidiaries of the reporting bank.
1. Report information about international electronic transfers of funds offered to consumers in the United States that: (a) are "remittance transfers" as defined by subpart B of Regulation E (12 CFR § 1005.30(e)), or (b) would qualify as "remittance transfers" under subpart B of Regulation E (12 CFR § 1005.30(e)) but are excluded from that definition only because the provider is not providing those transfers in the normal course of its business. See 12 CFR § 1005.30(f). For purposes of this item 16, such trans
1. Paycheck Protection Program (PPP) covered loans as defined in section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)). The PPP was established by Section 1102 of the 2020 Coronavirus Aid, Relief, and Economic Security Act.

(TE01N529) Desert Community Bank, a Division of Flagstar Bank

(TEXT4087) www.flagstar.com

Schedule RC-N - Past Due and Nonaccrual Loans Leases and Other Assets(Form Type - 041)

Amounts reported in Schedule RC-N, items 1 through 8, include guaranteed and unguaranteed portions of past due and nonaccrual loans and leases. Report in items 10 and 11 below certain guaranteed loans and leases that have already been included in the amounts reported in items 1 through 8

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
1. Loans secured by real estate:							1.
a. Construction, land development, and other land loans:							1.a.
1. 1-4 family residential construction loans	RCONF172	2,450	RCONF174	0	RCONF176	3,384	1.a.1.
2. Other construction loans and all land development and other land loans	RCONF173	0	RCONF175	0	RCONF177	98	1.a.2.
b. Secured by farmland	RCON3493	0	RCON3494	0	RCON3495	0	1.b.
c. Secured by 1-4 family residential properties:							1.c.
1. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCON5398	190	RCON5399	0	RCON5400	1,336	1.c.1.
2. Closed-end loans secured by 1-4 family residential properties:							1.c.2.
a. Secured by first liens	RCONC236	38,502	RCONC237	0	RCONC229	507,777	1.c.2.a.
b. Secured by junior liens	RCONC238	1,164	RCONC239	0	RCONC230	6,349	1.c.2.b.
d. Secured by multifamily (5 or more) residential properties	RCON3499	0	RCON3500	0	RCON3501	0	1.d.
e. Secured by nonfarm nonresidential properties:							1.e.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONF178	0	RCONF180	0	RCONF182	2,624	1.e.1.
2. Loans secured by other nonfarm nonresidential properties	RCONF179	0	RCONF181	0	RCONF183	0	1.e.2.
2. Loans to depository institutions and acceptances of other banks	RCONB834	0	RCONB835	0	RCONB836	0	2.
3. Not applicable							3.
4. Commercial and industrial loans	RCON1606	0	RCON1607	0	RCON1608	14,863	4.
5. Loans to individuals for household, family, and other personal expenditures:							5.
a. Credit cards	RCONB575	0	RCONB576	0	RCONB577	0	5.a.
b. Automobile loans	RCONK213	11	RCONK214	0	RCONK215	89	5.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RCONK216	4,396	RCONK217	0	RCONK218	2,646	5.c.
6. Not applicable							6.
7. All other loans[1]	RCON5459	0	RCON5460	0	RCON5461	0	7.
8. Lease financing receivables	RCON1226	0	RCON1227	0	RCON1228	0	8.
9. Total loans and leases (sum of items 1 through 8)	RCON1406	46,713	RCON1407	0	RCON1403	539,166	9.
10. Debt securities and other assets (exclude other real estate owned and other repossessed assets)	RCON3505	0	RCON3506	0	RCON3507	0	10.
11. Loans and leases reported in items 1 through 8 above that are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC:	RCONK036	29,937	RCONK037	0	RCONK038	471,102	11.
a. Guaranteed portion of loans and leases included in item 11 above, excluding rebooked "GNMA loans"	RCONK039	0	RCONK040	0	RCONK041	1,958	11.a.
b. Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included in item 11 above	RCONK042	29,937	RCONK043	0	RCONK044	469,144	11.b.
12. Loans and leases reported in items 1 through 8 above that are covered by loss-sharing agreements with the FDIC:							12.
a. Loans secured by real estate:							12.a.
1. Construction, land development, and other land loans:							12.a.1.
a. 1-4 family residential construction loans	RCONK045	0	RCONK046	0	RCONK047	0	12.a.1.a.
b. Other construction loans and all land development and other land loans	RCONK048	0	RCONK049	0	RCONK050	0	12.a.1.b.
2. Secured by farmland	RCONK051	0	RCONK052	0	RCONK053	0	12.a.2.
3. Secured by 1-4 family residential properties:							12.a.3.
a. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCONK054	0	RCONK055	0	RCONK056	0	12.a.3.a.

1. Includes past due and nonaccrual "Loans to finance agricultural productions and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
b. Closed-end loans secured by 1-4 family residential properties:							12.a.3.b.
1. Secured by first liens	RCONK057	0	RCONK058	0	RCONK059	0	12.a.3.b.1.
2. Secured by junior liens	RCONK060	0	RCONK061	0	RCONK062	0	12.a.3.b.2.
4. Secured by multifamily (5 or more) residential properties	RCONK063	0	RCONK064	0	RCONK065	0	12.a.4.
5. Secured by nonfarm nonresidential properties:							12.a.5.
a. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK066	0	RCONK067	0	RCONK068	0	12.a.5.a.
b. Loans secured by other nonfarm nonresidential properties	RCONK069	0	RCONK070	0	RCONK071	0	12.a.5.b.
b. Not applicable							12.b.
c. Not applicable							12.c.
d. Not applicable							12.d.
e. All other loans and all leases	RCONK087	0	RCONK088	0	RCONK089	0	12.e.
f. Portion of covered loans and leases included in items 12.a through 12.e above that is protected by FDIC loss-sharing agreements	RCONK102	0	RCONK103	0	RCONK104	0	12.f.
1. Loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above (and not reported in Schedule RC-C, Part 1, Memorandum item 1):							M.1.
a. Construction, land development, and other land loans:							M.1.a.
1. 1-4 family residential construction loans	RCONK105	0	RCONK106	0	RCONK107	0	M.1.a.1.
2. Other construction loans and all land development and other land loans	RCONK108	0	RCONK109	0	RCONK110	98	M.1.a.2.
b. Loans secured by 1-4 family residential properties	RCONF661	1,258	RCONF662	0	RCONF663	37,236	M.1.b.
c. Secured by multifamily (5 or more) residential properties	RCONK111	0	RCONK112	0	RCONK113	0	M.1.c.
d. Secured by nonfarm nonresidential properties:							M.1.d.
1. Loans secured by owner-occupied nonfarm nonresidential properties	RCONK114	0	RCONK115	0	RCONK116	0	M.1.d.1.
2. Loans secured by other nonfarm nonresidential properties	RCONK117	0	RCONK118	0	RCONK119	0	M.1.d.2.
e. Commercial and industrial loans	RCONK257	0	RCONK258	0	RCONK259	0	M.1.e.
Memorandum items 1.e.(1) and (2) are to be completed by banks with $300 million or more in total assets (sum of Memorandum items 1.e.(1) and (2) must equal Memorandum item 1.e): 1. To U.S. addressees (domicile)[1]	RCONK120	0	RCONK121	0	RCONK122	0	M.1.e.1.
2. To non-U.S. addressees (domicile)	RCONK123	0	RCONK124	0	RCONK125	0	M.1.e.2.
f. All other loans (include loans to individuals for household, family, and other personal expenditures)	RCONK126	0	RCONK127	0	RCONK128	1	M.1.f.
Itemize loan categories included in Memorandum item 1.f, above that exceed 10 percent of total loans restructured in troubled debt restructurings that are past due 30 days or more or in nonaccrual status (sum of Memorandum items 1.a through 1.e plus 1.f, columns A through C): 1. Loans secured by farmland	RCONK130	0	RCONK131	0	RCONK132	0	M.1.f.1.
2. Not applicable							M.1.f.2.
3. Not applicable							M.1.f.3.
4. Loans to individuals for household, family, and other personal expenditures:							M.1.f.4.
a. Credit cards	RCONK274	0	RCONK275	0	RCONK276	0	M.1.f.4.a.
b. Automobile loans	RCONK277	0	RCONK278	0	RCONK279	0	M.1.f.4.b.
c. Other (includes revolving credit plans other than credit cards and other consumer loans)	RCONK280	0	RCONK281	0	RCONK282	0	M.1.f.4.c.
Memorandum item 1.f.(5) is to be completed by: • Banks with $300 million or more in total assets • Banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans 5. Loans to finance agricultural production and other loans to farmers included in Schedule RC-N, Memorandum item 1.f, above[1]	RCONK138	0	RCONK139	0	RCONK140	0	M.1.f.5.

1. The $300 million asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
1. The $300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
g. Total loans restructured in troubled debt restructurings included in Schedule RC-N, items 1 through 7, above and not reported in Schedule RC-C, Part I, Memorandum item 1 (sum of items Memorandum item 1.a.(1) through Memorandum item 1.f)[2]	RCONHK26	1,258	RCONHK27	0	RCONHK28	37,335	M.1.g.
2. Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-N, items 4 and 7, above	RCON6558	0	RCON6559	0	RCON6560	0	M.2.
3. Not available							M.3.
Memorandum items 3.a through 3.d are to be completed by banks with $300 million or more in total assets: a. Loans secured by real estate to non-U.S. addressees (domicile) (included in Schedule RC-N, item 1, above)[1]	RCON1248	0	RCON1249	0	RCON1250	0	M.3.a.
b. Loans to and acceptances of foreign banks (included in Schedule RC-N, item 2, above)	RCON5380	0	RCON5381	0	RCON5382	0	M.3.b.
c. Commercial and industrial loans to non-U.S. addressees (domicile) (included in Schedule RC-N, item 4, above)	RCON1254	0	RCON1255	0	RCON1256	0	M.3.c.
d. Leases to individuals for household, family, and other personal expenditures (included in Schedule RC-N, item 8, above)	RCONF166	0	RCONF167	0	RCONF168	0	M.3.d.
*Memorandum item 4 is to be completed by: * banks with $300 million or more in total assets * banks with less than $300 million in total assets that have loans to finance agricultural production and other loans to farmers (Schedule RC-C, Part I, item 3) exceeding 5 percent of total loans:* 4. Loans to finance agricultural production and other loans to farmers (included in Schedule RC-N, item 7, above)[1]	RCON1594	0	RCON1597	0	RCON1583	0	M.4.
5. Loans and leases held for sale (included in Schedule RC-N, items 1 through 8, above)	RCONC240	2,474	RCONC241	0	RCONC226	8,608	M.5.

Dollar amounts in thousands			
6. Not applicable			M.6.

Dollar amounts in thousands			
Memorandum items 7, 8, 9.a, and 9.b are to be completed semiannually in the June and December reports only. 7. Additions to nonaccrual assets during the previous six months	RCONC410	NR	M.7.
8. Nonaccrual assets sold during the previous six months	RCONC411	NR	M.8.

Dollar amounts in thousands	(Column A) Past due 30 through 89 days and still accruing		(Column B) Past due 90 days or more and still accruing		(Column C) Nonaccrual		
9. Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3):[2]							M.9.
a. Outstanding balance	RCONL183	NR	RCONL184	NR	RCONL185	NR	M.9.a.
b. Amount included in Schedule RC-N, items 1 through 7, above	RCONL186	NR	RCONL187	NR	RCONL188	NR	M.9.b.

2. Exclude amounts reported in Memorandum items 1.f.(1) through 1.f.(5) when calculating the total in Memorandum item 1.g.
1. The $300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.
1. The $300 million asset-size test and the 5 percent of total loans test are based on the total assets and total loans reported on the June 30, 2018, Report of Condition.
2. Memorandum items 9.a and 9.b should be completed only by institutions that have not yet adopted ASU 2016-13.

Schedule RC-O - Other Data for Deposit Insurance and FICO Assessments(Form Type - 041)

All FDIC-insured depository institutions must complete items 1 and 2, 4 through 9,10, and 11, Memorandum item 1, and, if applicable, item 9.a, Memorandum items 2, 3, and 6 through 18 each quarter. Unless otherwise indicated, complete items 1 through 11 and Memorandum items 1 through 3 on an "unconsolidated single FDIC certificate number basis" (see instructions) and complete Memorandum items 6 through 18 on a fully consolidated basis.

Dollar amounts in thousands			
1. Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations	RCONF236	22,384,816	1.
2. Total allowable exclusions, including interest accrued and unpaid on allowable exclusions	RCONF237	0	2.
3. Not applicable			3.
4. Average consolidated total assets for the calendar quarter	RCONK652	30,026,861	4.
a. Averaging method used (for daily averaging, enter 1; for weekly averaging, enter 2)	RCONK653	1	4.a.
5. Average tangible equity for the calendar quarter[1]	RCONK654	2,470,682	5.
6. Holdings of long-term unsecured debt issued by other FDIC-insured depository institutions	RCONK655	31,303	6.
7. Unsecured "Other borrowings" with a remaining maturity of (sum of items 7.a through 7.d must be less than or equal to Schedule RC-M, items 5.b.(1)(a)-(d) minus item 10.b):			7.
a. One year or less	RCONG465	0	7.a.
b. Over one year through three years	RCONG466	0	7.b.
c. Over three years through five years	RCONG467	0	7.c.
d. Over five years	RCONG468	0	7.d.
8. Subordinated notes and debentures with a remaining maturity of (sum of items 8.a through 8.d must equal Schedule RC, item 19):			8.
a. One year or less	RCONG469	0	8.a.
b. Over one year through three years	RCONG470	0	8.b.
c. Over three years through five years	RCONG471	0	8.c.
d. Over five years	RCONG472	0	8.d.
9. Brokered reciprocal deposits (included in Schedule RC-E, Memorandum item 1.b)	RCONG803	0	9.
Item 9.a is to be completed on a fully consolidated basis by all institutions that own another insured depository institution. a. Fully consolidated brokered reciprocal deposits	RCONL190	NR	9.a.
10. Banker's bank certification: Does the reporting institution meet both the statutory definition of a banker's bank and the business conduct test set forth in FDIC regulations? If the answer to item 10 is "YES," complete items 10.a and 10.b	RCONK656	No	10.
If the answer to item 10 is "YES," complete items 10.a and 10.b. a. Banker's bank deduction	RCONK657	NR	10.a.
b. Banker's bank deduction limit	RCONK658	NR	10.b.
11. Custodial bank certification: Does the reporting institution meet the definition of a custodial bank set forth in FDIC regulations? If the answer to item 11 is "YES," complete items 11.a and 11.b	RCONK659	No	11.
If the answer to item 11 is "YES," complete items 11.a and 11.b. a. Custodial bank deduction	RCONK660	NR	11.a.
b. Custodial bank deduction limit	RCONK661	NR	11.b.
1. Total deposit liabilities of the bank (including related interest accrued and unpaid) less allowable exclusions (including related interest accrued and unpaid) (sum of Memorandum items 1.a.(1), 1.b.(1), 1.c.(1), and 1.d.(1) must equal Schedule RC-O, item 1 less item 2):			M.1.
a. Deposit accounts (excluding retirement accounts) of $250,000 or less:[1]			M.1.a.
1. Amount of deposit accounts (excluding retirement accounts) of $250,000 or less	RCONF049	10,526,603	M.1.a.1.
2. Number of deposit accounts (excluding retirement accounts) of $250,000 or less	RCONF050	499989	M.1.a.2.
b. Deposit accounts (excluding retirement accounts) of more than $250,000:[1]			M.1.b.
1. Amount of deposit accounts (excluding retirement accounts) of more than $250,000	RCONF051	11,695,509	M.1.b.1.
2. Number of deposit accounts (excluding retirement accounts) of more than $250,000	RCONF052	19431	M.1.b.2.
c. Retirement deposit accounts of $250,000 or less:[1]			M.1.c.
1. Amount of retirement deposit accounts of $250,000 or less	RCONF045	151,576	M.1.c.1.
2. Number of retirement deposit accounts of $250,000 or less	RCONF046	8720	M.1.c.2.
d. Retirement deposit accounts of more than $250,000:[1]			M.1.d.

1. See instructions for averaging methods. For deposit insurance assessment purposes, tangible equity is defined as Tier 1 capital as set forth in the banking agencies' regulatory capital standards and reported in Schedule RC-R, Part I, item 26, except as described in the instructions.

1. The dollar amounts used as the basis for reporting in Memorandum items 1.a through 1.d reflect the deposit insurance limits in effect on the report date.

Dollar amounts in thousands			
1. Amount of retirement deposit accounts of more than $250,000	RCONF047	11,127	M.1.d.1.
2. Number of retirement deposit accounts of more than $250,000	RCONF048	34	M.1.d.2.
Memorandum item 2 is to be completed by banks with $1 billion or more in total assets. 2. Estimated amount of uninsured deposits, including related interest accrued and unpaid (see instructions)[3]	RCON5597	7,708,204	M.2.
3. Has the reporting institution been consolidated with a parent bank or savings association in that parent bank's or parent savings association's Call Report? If so, report the legal title and FDIC Certificate Number of the parent bank or parent savings association:			M.3.
a. Legal title	TEXTA545	NR	M.3.a.
b. FDIC Certificate Number	RCONA545	0	M.3.b.
4. Not applicable			M.4.
5. Not applicable			M.5.
Memorandum items 6 through 12 are to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations. 6. Criticized and classified items:			M.6.
a. Special mention	RCONK663	CONF	M.6.a.
b. Substandard	RCONK664	CONF	M.6.b.
c. Doubtful	RCONK665	CONF	M.6.c.
d. Loss	RCONK666	CONF	M.6.d.
7. "Nontraditional 1-4 family residential mortgage loans" as defined for assessment purposes only in FDIC regulations:			M.7.
a. Nontraditional 1-4 family residential mortgage loans	RCONN025	CONF	M.7.a.
b. Securitizations of nontraditional 1-4 family residential mortgage loans	RCONN026	CONF	M.7.b.
8. "Higher-risk consumer loans" as defined for assessment purposes only in FDIC regulations:			M.8.
a. Higher-risk consumer loans	RCONN027	CONF	M.8.a.
b. Securitizations of higher-risk consumer loans	RCONN028	CONF	M.8.b.
9. "Higher-risk commercial and industrial loans and securities" as defined for assessment purposes only in FDIC regulations:			M.9.
a. Higher-risk commercial and industrial loans and securities	RCONN029	CONF	M.9.a.
b. Securitizations of higher-risk commercial and industrial loans and securities	RCONN030	CONF	M.9.b.
10. Commitments to fund construction, land development, and other land loans secured by real estate:			M.10.
a. Total unfunded commitments	RCONK676	1,576,506	M.10.a.
b. Portion of unfunded commitments guaranteed or insured by the U.S. government (including the FDIC)	RCONK677	0	M.10.b.
11. Amount of other real estate owned recoverable from the U.S. government under guarantee or insurance provisions (excluding FDIC loss-sharing agreements)	RCONK669	1,171	M.11.
12. Nonbrokered time deposits of more than $250,000 (included in Schedule RC-E, Memorandum item 2.d)	RCONK678	728,637	M.12.
Memorandum item 13.a is to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations. Memorandum items 13.b through 13.h are to be completed by "large institutions" only. 13. Portion of funded loans and securities guaranteed or insured by the U.S. government (including FDIC loss-sharing agreements):			M.13.
a. Construction, land development, and other land loans secured by real estate	RCONN177	0	M.13.a.
b. Loans secured by multifamily residential and nonfarm nonresidential properties	RCONN178	1,565	M.13.b.
c. Closed-end loans secured by first liens on 1-4 family residential properties	RCONN179	3,232,991	M.13.c.
d. Closed-end loans secured by junior liens on 1-4 family residential properties and revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCONN180	0	M.13.d.
e. Commercial and industrial loans	RCONN181	2,329	M.13.e.
f. Credit card loans to individuals for household, family, and other personal expenditures	RCONN182	0	M.13.f.
g. All other loans to individuals for household, family, and other personal expenditures	RCONN183	0	M.13.g.
h. Non-agency residential mortgage-backed securities	RCONM963	0	M.13.h.
Memorandum items 14 and 15 are to be completed by "highly complex institutions" as defined in FDIC regulations. 14. Amount of the institution's largest counterparty exposure	RCONK673	CONF	M.14.
15. Total amount of the institution's 20 largest counterparty exposures	RCONK674	CONF	M.15.
Memorandum item 16 is to be completed by "large institutions" and "highly complex institutions" as defined in FDIC regulations. 16. Portion of loans restructured in troubled debt restructurings that are in compliance with their modified terms and are guaranteed or insured by the U.S. government (including the FDIC) (included in Schedule RC-C, part I, Memorandum item 1)	RCONL189	34,456	M.16.

3. Uninsured deposits should be estimated based on the deposit insurance limits set forth in Memorandum items 1.a through 1.d.

Dollar amounts in thousands			
Memorandum item 17 is to be completed on a fully consolidated basis by those "large institutions" and "highly complex institutions" as defined in FDIC regulations that own another insured depository institution. 17. Selected fully consolidated data for deposit insurance assessment purposes:			M.17.
a. Total deposit liabilities before exclusions (gross) as defined in Section 3(l) of the Federal Deposit Insurance Act and FDIC regulations	RCONL194	**NR**	M.17.a.
b. Total allowable exclusions, including interest accrued and unpaid on allowable exclusions	RCONL195	**NR**	M.17.b.
c. Unsecured "Other borrowings" with a remaining maturity of one year or less	RCONL196	**NR**	M.17.c.
d. Estimated amount of uninsured deposits, including related interest accrued and unpaid	RCONL197	**NR**	M.17.d.

Dollar amounts in thousands	(Column A) Two-Year Probability of Default (PD) <= 1%	(Column B) Two-Year Probability of Default (PD) 1.01–4%	(Column C) Two-Year Probability of Default (PD) 4.01–7%	(Column D) Two-Year Probability of Default (PD) 7.01–10%	(Column E) Two-Year Probability of Default (PD) 10.01–14%	(Column F) Two-Year Probability of Default (PD) 14.01–16%	(Column G) Two-Year Probability of Default (PD) 16.01–18%	(Column H) Two-Year Probability of Default (PD) 18.01–20%	(Column I) Two-Year Probability of Default (PD) 20.01–22%	(Column J) Two-Year Probability of Default (PD) 22.01–26%	(Column K) Two-Year Probability of Default (PD) 26.01–30%	(Column L) Two-Year Probability of Default (PD) > 30%	(Column M) Two-Year Probability of Default (PD) Unscoreable	(Column N) Two-Year Probability of Default (PD) Total	(Column O) PDs Were Derived Using	
18. Outstanding balance of 1-4 family residential mortgage loans, consumer loans, and consumer leases by two-year probability of default:																M18.
a. "Nontraditional 1-4 family residential mortgage loans" as defined for assessment purposes only in FDIC regulations	RCONM964 CONF	RCONM965 CONF	RCONM966 CONF	RCONM967 CONF	RCONM968 CONF	RCONM969 CONF	RCONM970 CONF	RCONM971 CONF	RCONM972 CONF	RCONM973 CONF	RCONM974 CONF	RCONM975 CONF	RCONM976 CONF	RCONM977 CONF	RCONM978 CONF	M18.a
b. Closed-end loans secured by first liens on 1-4 family residential properties	RCONM979 CONF	RCONM980 CONF	RCONM981 CONF	RCONM982 CONF	RCONM983 CONF	RCONM984 CONF	RCONM985 CONF	RCONM986 CONF	RCONM987 CONF	RCONM988 CONF	RCONM989 CONF	RCONM990 CONF	RCONM991 CONF	RCONM992 CONF	RCONM993 CONF	M18.b
c. Closed-end loans secured by junior liens on 1-4 family residential properties	RCONM994 CONF	RCONM995 CONF	RCONM996 CONF	RCONM997 CONF	RCONM998 CONF	RCONM999 CONF	RCONN001 CONF	RCONN002 CONF	RCONN003 CONF	RCONN004 CONF	RCONN005 CONF	RCONN006 CONF	RCONN007 CONF	RCONN008 CONF	RCONN009 CONF	M18.c
d. Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	RCONN010 CONF	RCONN011 CONF	RCONN012 CONF	RCONN013 CONF	RCONN014 CONF	RCONN015 CONF	RCONN016 CONF	RCONN017 CONF	RCONN018 CONF	RCONN019 CONF	RCONN020 CONF	RCONN021 CONF	RCONN022 CONF	RCONN023 CONF	RCONN024 CONF	M18.d
e. Credit cards	RCONN040 CONF	RCONN041 CONF	RCONN042 CONF	RCONN043 CONF	RCONN044 CONF	RCONN045 CONF	RCONN046 CONF	RCONN047 CONF	RCONN048 CONF	RCONN049 CONF	RCONN050 CONF	RCONN051 CONF	RCONN052 CONF	RCONN053 CONF	RCONN054 CONF	M18.e
f. Automobile loans	RCONN055 CONF	RCONN056 CONF	RCONN057 CONF	RCONN058 CONF	RCONN059 CONF	RCONN060 CONF	RCONN061 CONF	RCONN062 CONF	RCONN063 CONF	RCONN064 CONF	RCONN065 CONF	RCONN066 CONF	RCONN067 CONF	RCONN068 CONF	RCONN069 CONF	M18.f
g. Student loans	RCONN070 CONF	RCONN071 CONF	RCONN072 CONF	RCONN073 CONF	RCONN074 CONF	RCONN075 CONF	RCONN076 CONF	RCONN077 CONF	RCONN078 CONF	RCONN079 CONF	RCONN080 CONF	RCONN081 CONF	RCONN082 CONF	RCONN083 CONF	RCONN084 CONF	M18.g
h. Other consumer loans and revolving credit plans other than credit cards	RCONN085 CONF	RCONN086 CONF	RCONN087 CONF	RCONN088 CONF	RCONN089 CONF	RCONN090 CONF	RCONN091 CONF	RCONN092 CONF	RCONN093 CONF	RCONN094 CONF	RCONN095 CONF	RCONN096 CONF	RCONN097 CONF	RCONN098 CONF	RCONN099 CONF	M18.h
i. Consumer leases	RCONN100 CONF	RCONN101 CONF	RCONN102 CONF	RCONN103 CONF	RCONN104 CONF	RCONN105 CONF	RCONN106 CONF	RCONN107 CONF	RCONN108 CONF	RCONN109 CONF	RCONN110 CONF	RCONN111 CONF	RCONN112 CONF	RCONN113 CONF	RCONN114 CONF	M18.i
j. Total	RCONN115 CONF	RCONN116 CONF	RCONN117 CONF	RCONN118 CONF	RCONN119 CONF	RCONN120 CONF	RCONN121 CONF	RCONN122 CONF	RCONN123 CONF	RCONN124 CONF	RCONN125 CONF	RCONN126 CONF	RCONN127 CONF	RCONN128 CONF		M18.j

Schedule RC-P - 1-4 Family Residential Mortgage Banking Activities(Form Type - 041)

Schedule RC-P is to be completed by banks at which either 1-4 family residential mortgage loan originations and purchases for resale from all sources, loan sales, or quarter-end loans held for sale or trading exceed $10 million for two consecutive quarters.

Dollar amounts in thousands			
1. Retail originations during the quarter of 1-4 family residential mortgage loans for sale[1]	RCONHT81	4,575,538	1.
2. Wholesale originations and purchases during the quarter of 1-4 family residential mortgage loans for sale[2]	RCONHT82	9,178,109	2.
3. 1-4 family residential mortgage loans sold during the quarter	RCONFT04	13,671,484	3.
4. 1-4 family residential mortgage loans held for sale or trading at quarter-end (included in Schedule RC, items 4.a and 5)	RCONFT05	7,086,754	4.
5. Noninterest income for the quarter from the sale, securitization, and servicing of 1-4 family residential mortgage loans (included in Schedule RI, items 5.c, 5.f, 5.g, and 5.i)	RIADHT85	407,276	5.
6. Repurchases and indemnifications of 1-4 family residential mortgage loans during the quarter	RCONHT86	10,979	6.
7. Representation and warranty reserves for 1-4 family residential mortgage loans sold:			7.
a. For representations and warranties made to U.S. government agencies and government-sponsored agencies	RCONL191	CONF	7.a.
b. For representations and warranties made to other parties	RCONL192	CONF	7.b.
c. Total representation and warranty reserves (sum of items 7.a and 7.b)	RCONM288	7,000	7.c.

Schedule RC-Q - Assets and Liabilities Measured at Fair Value on a Recurring Basis(Form Type - 041)

Schedule RC-Q is to be completed by banks that:
(1) Have elected to report financial instruments or servicing assets and liabilities at fair value under a fair value option with changes in fair value recognized in earnings, or
(2) Are required to complete Schedule RC-D, Trading Assets and Liabilities.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
1. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading[1]	RCONJA36 1,762,421	RCONG474 0	RCONG475 0	RCONG476 1,762,421	RCONG477 0	1.
2. Not applicable						2.
3. Loans and leases held for sale	RCONG483 6,974,935	RCONG484 0	RCONG485 0	RCONG486 6,974,935	RCONG487 0	3.
4. Loans and leases held for investment	RCONG488 13,350	RCONG489 0	RCONG490 0	RCONG491 11,665	RCONG492 1,685	4.
5. Trading assets:						5.
a. Derivative assets	RCON3543 265,281	RCONG493 0	RCONG494 0	RCONG495 265,281	RCONG496 0	5.a.
b. Other trading assets	RCONG497 0	RCONG498 0	RCONG499 0	RCONG500 0	RCONG501 0	5.b.
1. Nontrading securities at fair value with changes in fair value reported in current earnings (included in Schedule RC-Q, item 5.b, above)	RCONF240 0	RCONF684 0	RCONF692 0	RCONF241 0	RCONF242 0	5.b.1.
6. All other assets	RCONG391 556,831	RCONG392 0	RCONG395 0	RCONG396 39,030	RCONG804 517,801	6.
7. Total assets measured at fair value on a recurring basis (sum of items 1 through 5.b plus item 6)	RCONG502 9,572,818	RCONG503 0	RCONG504 0	RCONG505 9,053,332	RCONG506 519,486	7.
8. Deposits	RCONF252 0	RCONF686 0	RCONF694 0	RCONF253 0	RCONF254 0	8.
9. Not applicable						9.
10. Trading liabilities:						10.
a. Derivative liabilities	RCON3547 31,923	RCONG512 45	RCONG513 0	RCONG514 31,968	RCONG515 0	10.a.
b. Other trading liabilities	RCONG516 0	RCONG517 0	RCONG518 0	RCONG519 0	RCONG520 0	10.b.
11. Not applicable						11.
12. Not applicable						12.

1. Exclude originations and purchases of 1–4 family residential mortgage loans that are held for investment.
2. Exclude originations and purchases of 1–4 family residential mortgage loans that are held for investment.
1. The amount reported in item 1, column A, must equal the sum of Schedule RC, items 2.b and 2.c.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
13. All other liabilities	RCONG805 91,739	RCONG806 0	RCONG807 0	RCONG808 6,466	RCONG809 85,273	13.
14. Total liabilities measured at fair value on a recurring basis (sum of items 8 through 13)	RCONG531 123,662	RCONG532 45	RCONG533 0	RCONG534 38,434	RCONG535 85,273	14.
1. All other assets (itemize and describe amounts included in Schedule RC-Q, item 6, that are greater than $100,000 and exceed 25% of item 6):						M.1.
a. Mortgage servicing assets	RCONG536 428,426	RCONG537 NR	RCONG538 NR	RCONG539 NR	RCONG540 428,426	M.1.a.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
b. Nontrading derivative assets	RCONG541 NR	RCONG542 NR	RCONG543 NR	RCONG544 NR	RCONG545 NR	M.1.b.

Dollar amounts in thousands			
c. Disclose component and the dollar amount of that component:			M.1.c.
1. Describe component	TEXTG546	NR	M.1.c.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG546 NR	RCONG547 NR	RCONG548 NR	RCONG549 NR	RCONG550 NR	M.1.c.2.

Dollar amounts in thousands			
d. Disclose component and the dollar amount of that component:			M.1.d.
1. Describe component	TEXTG551	NR	M.1.d.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG551 NR	RCONG552 NR	RCONG553 NR	RCONG554 NR	RCONG555 NR	M.1.d2.

Dollar amounts in thousands			
e. Disclose component and the dollar amount of that component:			M.1.e.
1. Describe component	TEXTG556	NR	M.1.e.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG556 NR	RCONG557 NR	RCONG558 NR	RCONG559 NR	RCONG560 NR	M.1.e2.

Dollar amounts in thousands			
f. Disclose component and the dollar amount of that component:			M.1.f.
1. Describe component	TEXTG561	NR	M.1.f.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG561 NR	RCONG562 NR	RCONG563 NR	RCONG564 NR	RCONG565 NR	M.1.f.2.
2. All other liabilities (itemize and describe amounts included in Schedule RC-Q, item 13, that are greater than $100,000 and exceed 25% of item 13):						M.2.
a. Loan commitments (not accounted for as derivatives)	RCONF261 NR	RCONF689 NR	RCONF697 NR	RCONF262 NR	RCONF263 NR	M.2.a.
b. Nontrading derivative liabilities	RCONG566 NR	RCONG567 NR	RCONG568 NR	RCONG569 NR	RCONG570 NR	M.2.b.

Dollar amounts in thousands			
c. Disclose component and the dollar amount of that component:			M.2.c.
1. Describe component	TEXTG571	**Click here for value**	M.2.c.1.

(TEXTG571) DOJ liability

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG571 70,000	RCONG572 NR	RCONG573 NR	RCONG574 NR	RCONG575 70,000	M.2.c.2.

Dollar amounts in thousands			
d. Disclose component and the dollar amount of that component:			M.2.d.
1. Describe component	TEXTG576	NR	M.2.d.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG576 NR	RCONG577 NR	RCONG578 NR	RCONG579 NR	RCONG580 NR	M.2.d2.

Dollar amounts in thousands			
e. Disclose component and the dollar amount of that component:			M.2.e.
1. Describe component	TEXTG581	NR	M.2.e.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG581 NR	RCONG582 NR	RCONG583 NR	RCONG584 NR	RCONG585 NR	M.2.e2.

Dollar amounts in thousands			
f. Disclose component and the dollar amount of that component:			M.2.f.
1. Describe component	TEXTG586	NR	M.2.f.1.

Dollar amounts in thousands	(Column A) Total Fair Value Reported on Schedule RC	(Column B) LESS: Amounts Netted in the Determination of Total Fair Value	(Column C) Level 1 Fair Value Measurements	(Column D) Level 2 Fair Value Measurements	(Column E) Level 3 Fair Value Measurements	
2. Amount of component	RCONG586 NR	RCONG587 NR	RCONG588 NR	RCONG589 NR	RCONG590 NR	M.2.f.2.

Dollar amounts in thousands			
3. Loans measured at fair value (included in Schedule RC-C, Part I, items 1 through 9):			M.3.
a. Loans secured by real estate:			M.3.a.
1. Secured by 1-4 family residential properties	RCONHT87	**6,871,178**	M.3.a.1.
2. All other loans secured by real estate	RCONHT88	**83,516**	M.3.a.2.
b. Commercial and industrial loans	RCONF585	**0**	M.3.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCONHT89	**0**	M.3.c.
d. Other loans	RCONF589	**0**	M.3.d.
4. Unpaid principal balance of loans measured at fair value (reported in Schedule RC-Q, Memorandum item 3):			M.4.
a. Loans secured by real estate:			M.4.a.
1. Secured by 1-4 family residential properties	RCONHT91	**6,779,859**	M.4.a.1.
2. All other loans secured by real estate	RCONHT92	**82,137**	M.4.a.2.
b. Commercial and industrial loans	RCONF597	**0**	M.4.b.
c. Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper)	RCONHT93	**0**	M.4.c.
d. Other loans	RCONF601	**0**	M.4.d.

Schedule RC-R Part I - Regulatory Capital Components and Ratios(Form Type - 041)

Part I is to be completed on a consolidated basis.

Dollar amounts in thousands			
1. Common stock plus related surplus, net of treasury stock and unearned employee stock ownership plan (ESOP) shares	RCOAP742	1,541,008	1.
2. Retained earnings[1]	RCOAKW00	1,142,507	2.
To be completed only by institutions that have adopted ASU 2016-13: a. Does your institution have a CECL transition election in effect as of the quarter-end report date? (enter "0" for No; enter "1" for Yes with a 3-year CECL transition election; enter "2" for Yes with a 5-year 2020 CECL transition election.)	RCOAJJ29	2	2.a.
3. Accumulated other comprehensive income (AOCI)	RCOAB530	53,908	3.
a. AOCI opt-out election (enter "1" for Yes; enter "0" for No.)	RCOAP838	1	3.a.
4. Common equity tier 1 minority interest includable in common equity tier 1 capital	RCOAP839	207	4.
5. Common equity tier 1 capital before adjustments and deductions (sum of items 1 through 4)	RCOAP840	2,737,630	5.
6. LESS: Goodwill net of associated deferred tax liabilities (DTLs)	RCOAP841	110,907	6.
7. LESS: Intangible assets (other than goodwill and mortgage servicing assets (MSAs)), net of associated DTLs	RCOAP842	40,261	7.
8. LESS: Deferred tax assets (DTAs) that arise from net operating loss and tax credit carryforwards, net of any related valuation allowances and net of DTLs	RCOAP843	9,981	8.
9. AOCI-related adjustments (items 9.a through 9.e are effective January 1, 2015) (if entered "1" for Yes in item 3.a, complete only items 9.a through 9.e; if entered "0" for No in item 3.a, complete only item 9.f):			9.
a. LESS: Net unrealized gains (losses) on available-for-sale debt securities (if a gain, report as a positive value; if a loss, report as a negative value)	RCOAP844	35,606	9.a.
b. Not applicable.			9.b.
c. LESS: Accumulated net gains (losses) on cash flow hedges (if a gain, report as a positive value; if a loss, report as a negative value)	RCOAP846	17,376	9.c.
d. LESS: Amounts recorded in AOCI attributed to defined benefit postretirement plans resulting from the initial and subsequent application of the relevant GAAP standards that pertain to such plans (if a gain, report as a positive value; if a loss, report as a negative value)	RCOAP847	0	9.d.
e. LESS: Net unrealized gains (losses) on held-to-maturity securities that are included in AOCI (if a gain, report as a positive value; if a loss, report as a negative value)	RCOAP848	927	9.e.
f. LESS: Accumulated net gain (loss) on cash flow hedges included in AOCI, net of applicable income taxes, that relate to the hedging of items that are not recognized at fair value on the balance sheet (if a gain, report as a positive value; if a loss, report as a negative value) (To be completed only by institutions that entered "0" for No in item 3.a)	RCOAP849	NR	9.f.
10. Other deductions from (additions to) common equity tier 1 capital before threshold-based deductions:			10.
a. LESS: Unrealized net gain (loss) related to changes in the fair value of liabilities that are due to changes in own credit risk (if a gain, report as a positive value; if a loss, report as a negative value)	RCOAQ258	0	10.a.
b. LESS: All other deductions from (additions to) common equity tier 1 capital before threshold-based deductions.	RCOAP850	0	10.b.
11. Not applicable			11.
12. Subtotal (item 5 minus items 6 through 10.b)	RCOAP852	2,522,572	12.
13. LESS: Investments in the capital of unconsolidated financial institutions, net of associated DTLs, that exceed 25 percent of item 12	RCOALB58	0	13.
14. LESS: MSAs, net of associated DTLs, that exceed 25 percent of item 12	RCOALB59	0	14.
15. LESS: DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed 25 percent of item 12	RCOALB60	0	15.
16. Not applicable			16.
17. LESS: Deductions applied to common equity tier 1 capital due to insufficient amounts of additional tier 1 capital and tier 2 capital to cover deductions[1]	RCOAP857	0	17.
18. Total adjustments and deductions for common equity tier 1 capital (sum of items 13 through 17)	RCOAP858	0	18.
19. Common equity tier 1 capital (item 12 minus item 18)	RCOAP859	2,522,572	19.
20. Additional tier 1 capital instruments plus related surplus	RCOAP860	0	20.
21. Non-qualifying capital instruments subject to phase out from additional tier 1 capital	RCOAP861	0	21.
22. Tier 1 minority interest not included in common equity tier 1 capital	RCOAP862	0	22.
23. Additional tier 1 capital before deductions (sum of items 20, 21, and 22)	RCOAP863	0	23.
24. LESS: Additional tier 1 capital deductions	RCOAP864	0	24.
25. Additional tier 1 capital (greater of item 23 minus item 24, or zero)	RCOAP865	0	25.

1. Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in this item.
1. An institution that has a CBLR framework election in effect as of the quarter-end report date is neither required to calculate tier 2 capital nor make any deductions that would have been taken from tier 2 capital as of the report date.

Dollar amounts in thousands			
26. Tier 1 capital (sum of items 19 and 25)	RCOA8274	2,522,572	26.
27. Average total consolidated assets[2]	RCOAKW03	30,026,861	27.
28. LESS: Deductions from common equity tier 1 capital and additional tier 1 capital (sum of items 6, 7, 8, 10.b, 13 through 15, 17, and certain elements of item 24 - see instructions)	RCOAP875	161,149	28.
29. LESS: Other deductions from (additions to) assets for leverage ratio purposes	RCOAB596	0	29.
30. Total assets for the leverage ratio (item 27 minus items 28 and 29)	RCOAA224	29,865,712	30.
31. Leverage ratio (item 26 divided by 30)	RCOA7204	8.4464%	31.

2. Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in item 27.

Dollar amounts in thousands			
a. Does your institution have a community bank leverage ratio (CBLR) framework election in effect as of the quarter-end report date? (enter "1" for Yes; enter "0" for No)	RCOALE74	**0**	31.a.

Dollar amounts in thousands	(Column A) Amount		(Column B) Percentage		
32. Total assets*	RCOA2170	**NR**			32.
33. Trading assets and trading liabilities (Schedule RC, sum of items 5 and 15). Report as a dollar amount in Column A and as a percentage of total assets (5% limit) in Column B	RCOAKX77	**NR**	RCOAKX78	**NR**	33.
34. Off-balance sheet exposures:					34.
a. Unused portion of conditionally cancellable commitments	RCOAKX79	**NR**			34.a.
b. Securities lent and borrowed (Schedule RC-L, sum of items 6.a and 6.b)	RCOAKX80	**NR**			34.b.
c. Other off-balance sheet exposures	RCOAKX81	**NR**			34.c.
d. Total off-balance sheet exposures (sum of items 34.a through 34.c). Report as a dollar amount in Column A and as a percentage of total assets (25% limit) in Column B	RCOAKX82	**NR**	RCOAKX83	**NR**	34.d.

Dollar amounts in thousands			
35. Unconditionally cancellable commitments	RCOAS540	**NR**	35.
36. Investments in the tier 2 capital of unconsolidated financial institutions	RCOALB61	**NR**	36.
37. Allocated transfer risk reserve	RCOA3128	**NR**	37.
38. Amount of allowances for credit losses on purchased credit-deteriorated assets:			38.
a. Loans and leases held for investment	RCOAJJ30	**NR**	38.a.
b. Held-to-maturity debt securities	RCOAJJ31	**NR**	38.b.
c. Other financial assets measured at amortized cost	RCOAJJ32	**NR**	38.c.
39. Tier 2 capital instruments plus related surplus	RCOAP866	**0**	39.
40. Non-qualifying capital instruments subject to phase-out from tier 2 capital	RCOAP867	**0**	40.
41. Total capital minority interest that is not included in tier 1 capital	RCOAP868	**0**	41.
42. Allowance for loan and lease losses includable in tier 2 capital[2]	RCOA5310	**217,583**	42.
43. Not applicable.			43.
44. Tier 2 capital before deductions (sum of items 39 through 42)	RCOAP870	**217,583**	44.
45. LESS: Tier 2 capital deductions	RCOAP872	**0**	45.
46. Tier 2 capital (greater of item 44 minus item 45, or zero)	RCOA5311	**217,583**	46.
47. Total capital (sum of items 26 and 46)	RCOA3792	**2,740,155**	47.
48. Total risk-weighted assets (from Schedule RC-R, Part II, item 31)	RCOAA223	**21,141,009**	48.

Dollar amounts in thousands			
49. Common equity tier 1 capital ratio (item 19 divided by item 48)	RCOAP793	**11.9321%**	49.
50. Tier 1 capital ratio (item 26 divided by item 48)	RCOA7206	**11.9321%**	50.
51. Total capital ratio (item 47 divided by item 48)	RCOA7205	**12.9613%**	51.

Dollar amounts in thousands			
52. Institution-specific capital buffer necessary to avoid limitations on distributions and discretionary bonus payments:			52.
a. Capital conservation buffer	RCOAH311	**4.9613%**	52.a.
b. Institutions subject to Category III capital requirements only: Total applicable capital buffer	RCOWH312	**NR**	52.b.
53. Eligible retained income[3]	RCOAH313	**NR**	53.
54. Distributions and discretionary bonus payments during the quarter[4]	RCOAH314	**NR**	54.
55. Institutions subject to Category III capital standards only: Supplementary leverage ratio information:			55.
a. Total leverage exposure[5]	RCOAH015	**NR**	55.a.
b. Supplementary leverage ratio	RCOAH036	**NR**	55.b.

*. For report dates through December 31, 2021, report the lesser of total assets reported in Schedule RC, item 12, as of December 31, 2019, or the current report date, which must be less than $10 billion.

2. Institutions that have adopted ASU 2016-13 should report the adjusted allowances for credit losses (AACL), as defined in the regulatory capital rule, in item 30.a.

3. Non-advanced approaches institutions other than Category III institutions must complete item 53 only if the amount reported in item 52.a above is less than or equal to 2.5000 percent. Category III institutions must complete item 53 only if the amount reported in item 52.a above is less than or equal to the amount reported in item 52.b above.

4. Non-advanced approaches institutions other than Category III institutions must complete item 54 only if the amount reported in Schedule RC-R, Part I, item 52.a, in the Call Report for the previous calendar quarter-end report date was less than or equal to 2.5000 percent. Category III institutions must complete item 54 only if the amount reported in Schedule RC-R, Part I, item 52.a, in the Call Report for the previous calendar quarter-end report date was less than or equal to the amount reported in Schedule

5. Institutions that have adopted ASU 2016-13 and have elected to apply the 3-year or the 5-year 2020 CECL transition provision should include the applicable portion of the CECL transitional amount or the modified CECL transitional amount, respectively, in item 55.a.

Schedule RC-R Part II - Risk-Weighted Assets(Form Type - 041)

Institutions are required to assign a 100 percent risk weight to all assets not specifically assigned a risk weight under Subpart D of the federal banking agencies' regulatory capital rules and not deducted from tier 1 or tier 2 capital.

Dollar amounts in thousands	(Column A) Totals from Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
1. Cash and balances due from depository institutions	RCOND957 451,055	RCONS396 0	RCOND958 396,393				RCOND959 23,882	RCONS397 0	RCOND960 30,780	RCONS398 0	1.
2. Securities:											2.
a. Held-to-maturity securities[3]	RCOND961 318,501	RCONS399 921	RCOND962 150,241	RCONHJ74 0	RCONHJ75 0		RCOND963 167,339	RCOND964 0	RCOND965 0	RCONS400 0	2.a.
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading	RCONJA21 1,726,186	RCONS402 47,517	RCOND967 835,903	RCONHJ76 0	RCONHJ77 0		RCOND968 746,836	RCOND969 20,448	RCOND970 75,482	RCONS403 0	2.b.
3. Federal funds sold and securities purchased under agreements to resell:											3.
a. Federal funds sold	RCOND971 0		RCOND972 0				RCOND973 0	RCONS410 0	RCOND974 0	RCONS411 0	3.a.
b. Securities purchased under agreements to resell	RCONH171 0	RCONH172 0									3.b.
4. Loans and leases held for sale:											4.
a. Residential mortgage exposures	RCONS413 7,004,537	RCONS414 0	RCONH173 0				RCONS415 721,759	RCONS416 6,237,479	RCONS417 45,299		4.a.
b. High volatility commercial real estate exposures	RCONS419 0	RCONS420 0	RCONH174 0				RCONH175 0	RCONH176 0	RCONH177 0	RCONS421 0	4.b.
c. Exposures past due 90 days or more or on nonaccrual[3]	RCONS423 0	RCONS424 0	RCONS425 0	RCONHJ78 0	RCONHJ79 0		RCONS426 0	RCONS427 0	RCONS428 0	RCONS429 0	4.c.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
1. Cash and balances due from depository institutions										1.
2. Securities:										2.
a. Held-to-maturity securities										2.a.
b. Available-for-sale debt securities and equity securities with readily determinable fair values not held for trading		RCONS405 0		RCONS406 0				RCONH271 0	RCONH272 0	2.b.
3. Federal funds sold and securities purchased under agreements to resell:										3.
a. Federal funds sold										3.a.

3. Institutions that have adopted ASU 2016-13 should report as a negative number allowances eligible for inclusion in tier 2 capital in Column B, which excludes PCD allowances.

3. For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
b. Securities purchased under agreements to resell										3.b.
4. Loans and leases held for sale:										4.
a. Residential mortgage exposures..								RCONH273 0	RCONH274 0	4.a.
b. High volatility commercial real estate exposures................								RCONH275 0	RCONH276 0	4.b.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
c. Exposures past due 90 days or more or on nonaccrual[6]								RCONH277 0	RCONH278 0	4.c.

Dollar amounts in thousands	(Column A) Totals from Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
4. Loans and leases held for sale (continued):											4.
d. All other exposures	RCONS431 82,217	RCONS432 0	RCONS433 0	RCONHJ80 0	RCONHJ81 0		RCONS434 0	RCONS435 0	RCONS436 82,217	RCONS437 0	4.d.
5. Loans and leases held for investment:											5.
a. Residential mortgage exposures	RCONS439 5,276,112	RCONS440 0	RCONH178 0				RCONS441 2,460,167	RCONS442 1,706,113	RCONS443 1,109,832		5.a.
b. High volatility commercial real estate exposures	RCONS445 1,560	RCONS446 0	RCONH179 0				RCONH180 0	RCONH181 0	RCONH182 0	RCONS447 1,560	5.b.
c. Exposures past due 90 days or more or on nonaccrual[7]	RCONS449 0	RCONS450 0	RCONS451 0	RCONHJ82 0	RCONHJ83 0		RCONS452 0	RCONS453 0	RCONS454 0	RCONS455 0	5.c.
d. All other exposures	RCONS457 12,066,330	RCONS458 0	RCONS459 1,024,508	RCONHJ84 0	RCONHJ85 0		RCONS460 3,722	RCONS461 13	RCONS462 11,038,087	RCONS463 0	5.d.
6. LESS: Allowance for loan and lease losses	RCON3123 241,078	RCON3123 241,078									6.
7. Trading assets	RCOND976 265,281	RCONS466 265,281	RCOND977 0	RCONHJ86 0	RCONHJ87 0		RCOND978 0	RCOND979 0	RCOND980 0	RCONS467 0	7.
8. All other assets[8]	RCOND981 2,405,798	RCONS469 196,728	RCOND982 7,777	RCONHJ88 0	RCONHJ89 0		RCOND983 473,003	RCOND984 100,827	RCOND985 1,126,113	RCONH185 2	8.
a. Separate account bank-owned life insurance											8.a.
b. Default fund contributions to central counterparties											8.b.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
4. Loans and leases held for sale (continued):										4.
d. All other exposures								RCONH279 0	RCONH280 0	4.d.
5. Loans and leases held for investment:										5.
a. Residential mortgage exposures								RCONH281 0	RCONH282 0	5.a.
b. High volatility commercial real estate exposures								RCONH283 0	RCONH284 0	5.b.
c. Exposures past due 90 days or more or on nonaccrual[11]								RCONH285 0	RCONH286 0	5.c.
d. All other exposures								RCONH287 0	RCONH288 0	5.d.
6. LESS: Allowance for loan and lease losses										6.
7. Trading assets		RCONH186 0	RCONH290 0	RCONH187 0				RCONH291 0	RCONH292 0	7.
8. All other assets[12]	RCONH293 437,855	RCONH188 0	RCONS470 0	RCONS471 0				RCONH294 0	RCONH295 0	8.
a. Separate account bank-owned life insurance								RCONH296 63,492	RCONH297 63,492	8.a.
b. Default fund contributions to central counterparties								RCONH298 0	RCONH299 0	8.b.

6. For loans and leases held for sale, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.
7. For loans and leases, net of unearned income, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.
8. Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets.
11. For loans and leases, net of unearned income, exclude residential mortgage exposures, high volatility commercial real estate exposures, or sovereign exposures that are past due 90 days or more or on nonaccrual.
12. Includes premises and fixed assets; other real estate owned; investments in unconsolidated subsidiaries and associated companies; direct and indirect investments in real estate ventures; intangible assets; and other assets.

Dollar amounts in thousands	(Column A) Totals	(Column B) Adjustments to Totals Reported in Column A	(Column Q) Exposure Amount 1,250%	(Column T) Total Risk-Weighted Asset Amount by Calculation Methodology SSFA	(Column U) Total Risk-Weighted Asset Amount by Calculation Methodology Gross-Up	
9. On-balance sheet securitization exposures:						9.
a. Held-to-maturity securities	RCONS475 0	RCONS476 0	RCONS477 0	RCONS478 0	RCONS479 0	9.a.
b. Available-for-sale securities	RCONS480 36,235	RCONS481 36,235	RCONS482 0	RCONS483 46,997	RCONS484 0	9.b.
c. Trading assets	RCONS485 0	RCONS486 0	RCONS487 0	RCONS488 0	RCONS489 0	9.c.
d. All other on-balance sheet securitization exposures	RCONS490 134	RCONS491 134	RCONS492 0	RCONS493 174	RCONS494 0	9.d.
10. Off-balance sheet securitization exposures	RCONS495 0	RCONS496 0	RCONS497 0	RCONS498 0	RCONS499 0	10.

Dollar amounts in thousands	(Column A) Totals From Schedule RC	(Column B) Adjustments to Totals Reported in Column A	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
11. Total balance sheet assets[14]	RCON2170 29,392,867	RCONS500 305,738	RCOND987 2,414,822	RCONHJ90 0	RCONHJ91 0		RCOND988 4,596,708	RCOND989 8,064,880	RCOND990 13,507,810	RCONS503 1,562	11.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Exposure Amount	
11. Total balance sheet assets[14]	RCONS504 437,855	RCONS505 0	RCONS506 0	RCONS507 0			RCONS510 0	RCONH300 63,492	11.

Dollar amounts in thousands	(Column A) Face, Notional, or Other Amount	(Column B) Credit Equivalent Amount	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
12. Financial standby letters of credit	RCOND991 5,506	RCOND992 5,506	RCOND993 0	RCONHJ92 0	RCONHJ93 0		RCOND994 0	RCOND995 0	RCOND996 5,506	RCONS511 0	12.
13. Performance standby letters of credit and transaction-related contingent items	RCOND997 103,567	RCOND998 51,784	RCOND999 0				RCONG603 0	RCONG604 0	RCONG605 51,784	RCONS512 0	13.
14. Commercial and similar letters of credit with an original maturity of one year or less	RCONG606 50	RCONG607 10	RCONG608 0	RCONHJ94 0	RCONHJ95 0		RCONG609 0	RCONG610 0	RCONG611 10	RCONS513 0	14.
15. Retained recourse on small business obligations sold with recourse	RCONG612 0	RCONG613 0	RCONG614 0				RCONG615 0	RCONG616 0	RCONG617 0	RCONS514 0	15.

Dollar amounts in thousands	(Column A) Face, Notional, or Other Amount	(Column B) Credit Equivalent Amount	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
16. Repo-style transactions[21]	RCONS515 0	RCONS516 0	RCONS517 0	RCONS518 0	RCONS519 0		RCONS520 0	RCONS521 0	RCONS522 0	RCONS523 0	16.
17. All other off-balance sheet liabilities	RCONG618 59,352	RCONG619 59,352	RCONG620 0				RCONG621 0	RCONG622 33,412	RCONG623 25,940	RCONS524 0	17.
18. Unused commitments:[*]											18.
a. Original maturity of one year or less	RCONS525 1,524,017	RCONS526 304,803	RCONS527 0	RCONHJ96 0	RCONHJ97 0		RCONS528 0	RCONS529 0	RCONS530 304,803	RCONS531 0	18.a.

14. For each of columns A through R of item 11, report the sum of items 1 through 9. For item 11, the sum of columns B through R must equal column A. Item 11, column A, must equal Schedule RC, item 12.
21. Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.
*. Excludes unused commitments to asset-backed commercial paper conduits.

Dollar amounts in thousands	(Column A) Face, Notional, or Other Amount	(Column B) Credit Equivalent Amount	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
b. Original maturity exceeding one year	RCONG624 1,803,482	RCONG625 901,741	RCONG626 0	RCONHJ98 0	RCONHJ99 0		RCONG627 0	RCONG628 0	RCONG629 901,741	RCONS539 0	18.b.
19. Unconditionally cancelable commitments	RCONS540 4,747,192	RCONS541 0									19.
20. Over-the-counter derivatives		RCONS542 302,504	RCONS543 0	RCONHK00 0	RCONHK01 0	RCONS544 0	RCONS545 227,545	RCONS546 139	RCONS547 74,820	RCONS548 0	20.
21. Centrally cleared derivatives		RCONS549 71,809	RCONS550 0	RCONS551 0	RCONS552 25,964		RCONS554 0	RCONS555 0	RCONS556 45,845	RCONS557 0	21.
22. Unsettled transactions (failed trades)[22]	RCONH191 0		RCONH193 0				RCONH194 0	RCONH195 0	RCONH196 0	RCONH197 0	22.

22. For item 22, the sum of columns C through Q must equal column A.

Dollar amounts in thousands	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	(Column R) Application of Other Risk-Weighting Approaches Credit Equivalent Amount	(Column S) Application of Other Risk-Weighting Approaches Risk-Weighted Asset Amount	
16. Repo-style transactions[24]				RCONH301 0	RCONH302 0	16.
17. All other off-balance sheet liabilities						17.
18. Unused commitments:[*]						18.
a. Original maturity of one year or less				RCONH303 0	RCONH304 0	18.a.
b. Original maturity exceeding one year				RCONH307 0	RCONH308 0	18.b.
19. Unconditionally cancelable commitments						19.
20. Over-the-counter derivatives				RCONH309 0	RCONH310 0	20.
21. Centrally cleared derivatives						21.
22. Unsettled transactions (failed trades)[25]	RCONH198 0	RCONH199 0	RCONH200 0			22.

24. Includes securities purchased under agreements to resell (reverse repos), securities sold under agreements to repurchase (repos), securities borrowed, and securities lent.
*. Excludes unused commitments to asset-backed commercial paper conduits.
25. For item 22, the sum of columns C through Q must equal column A.

Dollar amounts in thousands	(Column C) Allocation by Risk-Weight Category 0%	(Column D) Allocation by Risk-Weight Category 2%	(Column E) Allocation by Risk-Weight Category 4%	(Column F) Allocation by Risk-Weight Category 10%	(Column G) Allocation by Risk-Weight Category 20%	(Column H) Allocation by Risk-Weight Category 50%	(Column I) Allocation by Risk-Weight Category 100%	(Column J) Allocation by Risk-Weight Category 150%	
23. Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category (for each of columns C through P, sum of items 11 through 22; for column Q, sum of items 10 through 22)	RCONG630 2,414,822	RCONS558 0	RCONS559 25,964	RCONS560 0	RCONG631 4,824,253	RCONG632 8,098,431	RCONG633 14,918,259	RCONS561 1,562	23.
24. Risk weight factor									24.
25. Risk-weighted assets by risk-weight category (for each column, item 23 multiplied by item 24)	RCONG634 0	RCONS569 0	RCONS570 1,039	RCONS571 0	RCONG635 964,851	RCONG636 4,049,216	RCONG637 14,918,259	RCONS572 2,343	25.

Dollar amounts in thousands	(Column K) Allocation by Risk-Weight Category 250%	(Column L) Allocation by Risk-Weight Category 300%	(Column M) Allocation by Risk-Weight Category 400%	(Column N) Allocation by Risk-Weight Category 600%	(Column O) Allocation by Risk-Weight Category 625%	(Column P) Allocation by Risk-Weight Category 937.5%	(Column Q) Allocation by Risk-Weight Category 1,250%	
23. Total assets, derivatives, off-balance sheet items, and other items subject to risk weighting by risk-weight category (for each of columns C through P, sum of items 11 through 22; for column Q, sum of items 10 through 22)	RCONS562 437,855	RCONS563 0	RCONS564 0	RCONS565 0	RCONS566 0	RCONS567 0	RCONS568 0	23.
24. Risk weight factor								24.
25. Risk-weighted assets by risk-weight category (for each column, item 23 multiplied by item 24)	RCONS573 1,094,638	RCONS574 0	RCONS575 0	RCONS576 0	RCONS577 0	RCONS578 0	RCONS579 0	25.

Dollar amounts in thousands			
26. Risk-weighted assets base for purposes of calculating the allowance for loan and lease losses 1.25 percent threshold	RCONS580	21,141,009	26.
27. Standardized market-risk weighted assets (applicable only to banks that are covered by the market risk capital rule)	RCONS581	0	27.
28. Risk-weighted assets before deductions for excess allowance of loan and lease losses and allocated risk transfer risk reserve[27]	RCONB704	21,141,009	28.
29. LESS: Excess allowance for loan and lease losses	RCONA222	0	29.
30. LESS: Allocated transfer risk reserve	RCON3128	0	30.
31. Total risk-weighted assets (item 28 minus items 29 and 30)	RCONG641	21,141,009	31.
1. Current credit exposure across all derivative contracts covered by the regulatory capital rules	RCONG642	304,311	M.1.

Dollar amounts in thousands	(Column A) With a remaining maturity of One year or less		(Column B) With a remaining maturity of Over one year through five years		(Column C) With a remaining maturity of Over five years		
2. Notional principal amounts of over-the-counter derivative contracts:							M.2.
a. Interest rate	RCONS582	27,798	RCONS583	1,794,331	RCONS584	459,168	M.2.a.
b. Foreign exchange rate and gold	RCONS585	0	RCONS586	0	RCONS587	0	M.2.b.
c. Credit (investment grade reference asset)	RCONS588	0	RCONS589	0	RCONS590	0	M.2.c.
d. Credit (non-investment grade reference asset)	RCONS591	51,864	RCONS592	169,522	RCONS593	81,165	M.2.d.
e. Equity	RCONS594	0	RCONS595	0	RCONS596	0	M.2.e.
f. Precious metals (except gold)	RCONS597	0	RCONS598	0	RCONS599	0	M.2.f.
g. Other	RCONS600	0	RCONS601	0	RCONS602	0	M.2.g.
3. Notional principal amounts of centrally cleared derivative contracts:							M.3.
a. Interest rate	RCONS603	421,000	RCONS604	1,528,300	RCONS605	1,083,100	M.3.a.
b. Foreign exchange rate and gold	RCONS606	0	RCONS607	0	RCONS608	0	M.3.b.
c. Credit (investment grade reference asset)	RCONS609	0	RCONS610	0	RCONS611	0	M.3.c.
d. Credit (non-investment grade reference asset)	RCONS612	0	RCONS613	0	RCONS614	0	M.3.d.
e. Equity	RCONS615	0	RCONS616	0	RCONS617	0	M.3.e.
f. Precious metals (except gold)	RCONS618	0	RCONS619	0	RCONS620	0	M.3.f.
g. Other	RCONS621	0	RCONS622	0	RCONS623	0	M.3.g.

Dollar amounts in thousands			
4. Amount of allowances for credit losses on purchased credit-deteriorated assets:[1]			M.4.
a. Loans and leases held for investment	RCONJJ30	0	M.4.a.
b. Held-to-maturity debt securities	RCONJJ31	0	M.4.b.
c. Other financial assets measured at amortized cost	RCONJJ32	0	M.4.c.

Schedule RC-S - Servicing Securitization and Asset Sale Activities(Form Type - 041)

Dollar amounts in thousands	(Column A) 1-4 Family Residential Loans		(Column G) All Other Loans, All Leases, and All Other Assets		
1. Outstanding principal balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements	RCONB705	0	RCONB711	0	1.
2. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to structures reported in item 1	RCONHU09	0	RCONHU15	0	2.
3. Not applicable					3.
4. Past due loan amounts included in item 1:					4.
a. 30-89 days past due	RCONB733	0	RCONB739	0	4.a.
b. 90 days or more past due	RCONB740	0	RCONB746	0	4.b.

27. Sum of items 2.b through 20, column S; items 9.a, 9.b, 9.c, 9.d, and 10, columns T and U; item 25, columns C through Q; and item 27 (if applicable).
1. Memorandum items 4.a through 4.c should be completed only by institutions that have adopted ASU 2016-13.

Dollar amounts in thousands	(Column A) 1-4 Family Residential Loans		(Column G) All Other Loans, All Leases, and All Other Assets		
5. Charge-offs and recoveries on assets sold and securitized with servicing retained or with recourse or other seller-provided credit enhancements (calendar year-to-date):					5.
a. Charge-offs	RIADB747	0	RIADB753	0	5.a.
b. Recoveries	RIADB754	0	RIADB760	0	5.b.
Item 6 is to be completed by banks with $10 billion or more in total assets. 6. Total amount of ownership (or seller's) interest carried as securities or loans[1]			RCONHU19	0	6.
7. Not applicable					7.
8. Not applicable					8.
9. Maximum amount of credit exposure arising from credit enhancements provided by the reporting bank to other institutions' securitization structures in the form of standby letters of credit, purchased subordinated securities, and other enhancements	RCONB776	0	RCONB782	0	9.
Item 10 is to be completed by banks with $10 billion or more in total assets. 10. Reporting bank's unused commitments to provide liquidity to other institutions' securitization structures[1]	RCONB783	0	RCONB789	0	10.
11. Assets sold with recourse or other seller-provided credit enhancements and not securitized by the reporting bank	RCONB790	59,352	RCONB796	0	11.
12. Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to assets reported in item 11	RCONB797	59,352	RCONB803	0	12.

Dollar amounts in thousands			
1. Not applicable			M.1.
2. Outstanding principal balance of assets serviced for others (includes participations serviced for others):			M.2.
a. Closed-end 1-4 family residential mortgages serviced with recourse or other servicer-provided credit enhancements	RCONB804	49,600	M.2.a.
b. Closed-end 1-4 family residential mortgages serviced with no recourse or other servicer-provided credit enhancements	RCONB805	40,330,731	M.2.b.
c. Other financial assets (includes home equity lines)[1]	RCONA591	0	M.2.c.
d. 1-4 family residential mortgages serviced for others that are in process of foreclosure at quarter-end (includes closed-end and open-end loans)	RCONF699	21,692	M.2.d.
Memorandum item 3 is to be completed by banks with $10 billion or more in total assets. 3. Asset-backed commercial paper conduits:[2]			M.3.
a. Maximum amount of credit exposure arising from credit enhancements provided to conduit structures in the form of standby letters of credit, subordinated securities, and other enhancements:			M.3.a.
1. Conduits sponsored by the bank, a bank affiliate, or the bank's holding company	RCONB806	0	M.3.a.1.
2. Conduits sponsored by other unrelated institutions	RCONB807	0	M.3.a.2.
b. Unused commitments to provide liquidity to conduit structures:			M.3.b.
1. Conduits sponsored by the bank, a bank affiliate, or the bank's holding company	RCONB808	0	M.3.b.1.
2. Conduits sponsored by other unrelated institutions	RCONB809	0	M.3.b.2.
4. Outstanding credit card fees and finance charges[2]	RCONC407	0	M.4.

1. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
1. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
1. Memorandum item 2.c is to be completed if the principal balance of other financial assets serviced for others is more than $10 million.
2. The $10 billion asset-size test is based on the total assets reported on the June 30, 2018, Report of Condition.
2. Memorandum item 4 is to be completed by banks that (1) together with affiliated institutions, have outstanding credit card receivables (as defined in the instructions) that exceed $500 million as of the report date, or (2) are credit card specialty banks as defined for Uniform Bank Performance Report purposes.

Schedule RC-T - Fiduciary and Related Services(Form Type - 041)

Dollar amounts in thousands			
1. Does the institution have fiduciary powers? (If "NO," do not complete Schedule RC-T.)	RCONA345	Yes	1.
2. Does the institution exercise the fiduciary powers it has been granted?	RCONA346	Yes	2.
3. Does the institution have any fiduciary or related activity (in the form of assets or accounts) to report in this schedule? (If "NO," do not complete the rest of Schedule RC-T.)	RCONB867	No	3.

Dollar amounts in thousands	(Column A) Managed Assets		(Column B) Non-Managed Assets		(Column C) Number of Managed Accounts		(Column D) Number of Non-Managed Accounts		
4. Personal trust and agency accounts	RCONB868	NR	RCONB869	NR	RCONB870	NR	RCONB871	NR	4.
5. Employee benefit and retirement-related trust and agency accounts:									5.
a. Employee benefit - defined contribution	RCONB872	NR	RCONB873	NR	RCONB874	NR	RCONB875	NR	5.a.
b. Employee benefit - defined benefit	RCONB876	NR	RCONB877	NR	RCONB878	NR	RCONB879	NR	5.b.
c. Other employee benefit and retirement-related accounts	RCONB880	NR	RCONB881	NR	RCONB882	NR	RCONB883	NR	5.c.
6. Corporate trust and agency accounts	RCONB884	NR	RCONB885	NR	RCONC001	NR	RCONC002	NR	6.
7. Investment management and investment advisory agency accounts	RCONB886	NR	RCONJ253	NR	RCONB888	NR	RCONJ254	NR	7.
8. Foundation and endowment trust and agency accounts	RCONJ255	NR	RCONJ256	NR	RCONJ257	NR	RCONJ258	NR	8.
9. Other fiduciary accounts	RCONB890	NR	RCONB891	NR	RCONB892	NR	RCONB893	NR	9.
10. Total fiduciary accounts (sum of items 4 through 9)	RCONB894	NR	RCONB895	NR	RCONB896	NR	RCONB897	NR	10.
11. Custody and safekeeping accounts			RCONB898	NR			RCONB899	NR	11.
12. Not applicable									12.
13. Individual Retirement Accounts, Health Savings Accounts, and other similar accounts (included in items 5.c and 11)	RCONJ259	NR	RCONJ260	NR	RCONJ261	NR	RCONJ262	NR	13.

Dollar amounts in thousands			
14. Personal trust and agency accounts	RIADB904	NR	14.
15. Employee benefit and retirement-related trust and agency accounts:			15.
a. Employee benefit - defined contribution	RIADB905	NR	15.a.
b. Employee benefit - defined benefit	RIADB906	NR	15.b.
c. Other employee benefit and retirement-related accounts	RIADB907	NR	15.c.
16. Corporate trust and agency accounts	RIADA479	NR	16.
17. Investment management and investment advisory agency accounts	RIADJ315	NR	17.
18. Foundation and endowment trust and agency accounts	RIADJ316	NR	18.
19. Other fiduciary accounts	RIADA480	NR	19.
20. Custody and safekeeping accounts	RIADB909	NR	20.
21. Other fiduciary and related services income	RIADB910	NR	21.
22. Total gross fiduciary and related services income (sum of items 14 through 21) (must equal Schedule RI, item 5.a)	RIAD4070	0	22.
23. Less: Expenses	RIADC058	NR	23.
24. Less: Net losses from fiduciary and related services	RIADA488	NR	24.
25. Plus: Intracompany income credits for fiduciary and related services	RIADB911	NR	25.
26. Net fiduciary and related services income	RIADA491	NR	26.

Dollar amounts in thousands	(Column A) Personal Trust and Agency and Investment Management Agency Accounts		(Column B) Employee Benefit and Retirement-Related Trust and Agency Accounts		(Column C) All Other Accounts		
1. Managed assets held in fiduciary accounts:							M.1.
a. Noninterest-bearing deposits	RCONJ263	**NR**	RCONJ264	**NR**	RCONJ265	**NR**	M.1.a.
b. Interest-bearing deposits	RCONJ266	**NR**	RCONJ267	**NR**	RCONJ268	**NR**	M.1.b.
c. U.S. Treasury and U.S. Government agency obligations	RCONJ269	**NR**	RCONJ270	**NR**	RCONJ271	**NR**	M.1.c.
d. State, county, and municipal obligations	RCONJ272	**NR**	RCONJ273	**NR**	RCONJ274	**NR**	M.1.d.
e. Money market mutual funds	RCONJ275	**NR**	RCONJ276	**NR**	RCONJ277	**NR**	M.1.e.
f. Equity mutual funds	RCONJ278	**NR**	RCONJ279	**NR**	RCONJ280	**NR**	M.1.f.
g. Other mutual funds	RCONJ281	**NR**	RCONJ282	**NR**	RCONJ283	**NR**	M.1.g.
h. Common trust funds and collective investment funds	RCONJ284	**NR**	RCONJ285	**NR**	RCONJ286	**NR**	M.1.h.
i. Other short-term obligations	RCONJ287	**NR**	RCONJ288	**NR**	RCONJ289	**NR**	M.1.i.
j. Other notes and bonds	RCONJ290	**NR**	RCONJ291	**NR**	RCONJ292	**NR**	M.1.j.
k. Investments in unregistered funds and private equity investments	RCONJ293	**NR**	RCONJ294	**NR**	RCONJ295	**NR**	M.1.k.
l. Other common and preferred stocks	RCONJ296	**NR**	RCONJ297	**NR**	RCONJ298	**NR**	M.1.l.
m. Real estate mortgages	RCONJ299	**NR**	RCONJ300	**NR**	RCONJ301	**NR**	M.1.m.
n. Real estate	RCONJ302	**NR**	RCONJ303	**NR**	RCONJ304	**NR**	M.1.n.
o. Miscellaneous assets	RCONJ305	**NR**	RCONJ306	**NR**	RCONJ307	**NR**	M.1.o.
p. Total managed assets held in fiduciary accounts (for each column, sum of Memorandum items 1.a through 1.o)	RCONJ308	**NR**	RCONJ309	**NR**	RCONJ310	**NR**	M.1.p.

Dollar amounts in thousands	(Column A) Managed Assets		(Column B) Number of Managed Accounts		
q. Investments of managed fiduciary accounts in advised or sponsored mutual funds	RCONJ311	**NR**	RCONJ312	**NR**	M.1.q.

Dollar amounts in thousands	(Column A) Number of Issues		(Column B) Principal Amount Outstanding		
2. Corporate trust and agency accounts:					M.2.
a. Corporate and municipal trusteeships	RCONB927	**NR**	RCONB928	**NR**	M.2.a.
1. Issues reported in Memorandum item 2.a that are in default	RCONJ313	**NR**	RCONJ314	**NR**	M.2.a.1.
b. Transfer agent, registrar, paying agent, and other corporate agency	RCONB929	**NR**			M.2.b.

Dollar amounts in thousands	(Column A) Number of Funds		(Column B) Market Value of Fund Assets		
Memoranda items 3.a through 3.g are to be completed by banks with collective investment funds and common trust funds with a total market value of $1 billion or more as of the preceding December 31. 3. Collective investment funds and common trust funds:					M.3.
a. Domestic equity	RCONB931	**NR**	RCONB932	**NR**	M.3.a.
b. International/Global equity	RCONB933	**NR**	RCONB934	**NR**	M.3.b.
c. Stock/Bond blend	RCONB935	**NR**	RCONB936	**NR**	M.3.c.
d. Taxable bond	RCONB937	**NR**	RCONB938	**NR**	M.3.d.
e. Municipal bond	RCONB939	**NR**	RCONB940	**NR**	M.3.e.
f. Short term investments/Money market	RCONB941	**NR**	RCONB942	**NR**	M.3.f.
g. Specialty/Other	RCONB943	**NR**	RCONB944	**NR**	M.3.g.
h. Total collective investment funds (sum of Memorandum items 3.a through 3.g)	RCONB945	**NR**	RCONB946	**NR**	M.3.h.

Dollar amounts in thousands	(Column A) Gross Losses Managed Accounts		(Column B) Gross Losses Non-Managed Accounts		(Column C) Recoveries		
4. Fiduciary settlements, surcharges, and other losses:							M.4.
a. Personal trust and agency accounts	RIADB947	NR	RIADB948	NR	RIADB949	NR	M.4.a.
b. Employee benefit and retirement-related trust and agency accounts	RIADB950	NR	RIADB951	NR	RIADB952	NR	M.4.b.
c. Investment management agency accounts	RIADB953	NR	RIADB954	NR	RIADB955	NR	M.4.c.
d. Other fiduciary accounts and related services	RIADB956	NR	RIADB957	NR	RIADB958	NR	M.4.d.
e. Total fiduciary settlements, surcharges, and other losses (sum of Memorandum items 4.a through 4.d) (sum of columns A and B minus column C must equal Schedule RC-T, item 24)	RIADB959	NR	RIADB960	NR	RIADB961	NR	M.4.e.

Schedule RC-V - Variable Interest Entities(Form Type - 041)

Dollar amounts in thousands	(Column A) Securitization Vehicles		(Column B) Other VIEs		
1. Assets of consolidated variable interest entities (VIEs) that can be used only to settle obligations of the consolidated VIEs:					1.
a. Cash and balances due from depository institutions	RCONJ981	0	RCONJF84	0	1.a.
b. Securities not held for trading	RCONHU20	0	RCONHU21	0	1.b.
c. Loans and leases held for investment, net of allowance, and held for sale	RCONHU22	0	RCONHU23	0	1.c.
d. Other real estate owned	RCONK009	0	RCONJF89	0	1.d.
e. Other assets	RCONJF91	0	RCONJF90	0	1.e.
2. Liabilities of consolidated VIEs for which creditors do not have recourse to the general credit of the reporting bank:					2.
a. Other borrowed money	RCONJF92	0	RCONJF85	0	2.a.
b. Other liabilities	RCONJF93	0	RCONJF86	0	2.b.
3. All other assets of consolidated VIEs (not included in items 1.a. through 1.e above)	RCONK030	0	RCONJF87	0	3.
4. All other liabilities of consolidated VIEs (not included in items 2.a and 2.b above)	RCONK033	0	RCONJF88	0	4.

Dollar amounts in thousands			
5. Total assets of asset-backed commercial paper (ABCP) conduit VIEs	RCONJF77	0	5.
6. Total liabilities of ABCP conduit VIEs	RCONJF78	0	6.

Optional Narrative Statement Concerning the Amounts Reported in the Consolidated Reports of Condition and Income(Form Type - 041)

Dollar amounts in thousands			
1. Comments?	RCON6979	No	1.
2. Bank Management Statement	TEXT6980	NR	2.

Public Exhibit 9

Pro Forma Changes to NYC Bank's Assessment Areas

Pro Forma Changes to NYC Bank's Assessment Areas

Combined Statistical Area	CRA AA	MSA/MD	State	County(ies)	Bank
New York-Newark, NY-NJ-CT-PA	NY/NJ Multistate	New York–Jersey City–White Plains, NY–NJ	New York	Kings, Queens, New York, Bronx, Richmond, Westchester, and Rockland Counties	NYCB
		Nassau County–Suffolk County, NY		Nassau and Suffolk Counties	NYCB
		New York–Jersey City–White Plains, NY–NJ	New Jersey	Bergen, Passaic, and Hudson Counties	NYCB
		New Brunswick-Lakewood, NJ		Middlesex, Monmouth, County, and Ocean Counties	NYCB
		Newark, NJ–PA		Essex, Union, Morris, and Somerset Counties	NYCB
	NJ 2	Trenton, NJ		Mercer County	NYCB
Miami-Fort Lauderdale-Port St. Lucie, FL	SE Florida	Miami-Fort Lauderdale-West Palm Beach, FL	Florida	Miami-Dade, Broward, and Palm Beach Counties	NYCB
		Port St. Lucie, FL		Martin and St Lucie Counties	NYCB
Cape Coral-Fort Myers-Naples, FL	SW Florida	Cape Coral-Fort Myers, FL		Lee County	NYCB
		Naples-Immokalee-Marco Island, FL		Collier County	NYCB
	AZ 1	Phoenix-Mesa-Chandler, AZ	Arizona	Maricopa County	NYCB
	AZ 2	Prescott Valley-Prescott, AZ		Yavapai County	NYCB
Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, Summit, OH	Ohio 1	Cleveland-Elyria, OH	Ohio	Cuyahoga, Geauga, Lake, Lorain, and Medina Counties	NYCB
		Akron, OH		Portage and Summit Counties	NYCB
	Ohio 2	Non-MSA/Micropolitan Statistical Areas		Van Wert County	Flagstar
Detroit-Warren-Ann Arbor, MI	Michigan 1	Ann Arbor MSA	Michigan	Washtenaw County	Flagstar
		Detroit-Livonia-Dearborn MD		Wayne County	Flagstar
		Monroe MSA		Monroe County	Flagstar

Combined Statistical Area	CRA AA	MSA/MD	State	County(ies)	Bank
		Warren-Troy-Farmington Hills MD		Livingston, Macomb, and Oakland Counties	Flagstar
		Flint MSA		Genesee County	Flagstar
Kalamazoo-Battle Creek-Portage, MI	Michigan 2	Battle Creek MSA		Calhoun County	Flagstar
		Kalamazoo-Portage MSA		Kalamazoo County	Flagstar
		Coldwater, MI		Branch County	Flagstar
		Sturgis, MI µSA		St. Joseph County	Flagstar
Marinette-Iron Mountain, WI-MI	Michigan 3	Marinette, WI-MI µSA		Menominee County	Flagstar
		Iron Mountain, MI-WI µSA		Dickinson County	Flagstar
	Michigan 4	Grand Rapids-Kentwood MSA		Kent and Ottawa Counties	Flagstar
	Michigan 5	Jackson MSA		Jackson County	Flagstar
	Michigan 6	Lansing-East Lansing MSA		Eaton and Ingham Counties	Flagstar
	Michigan 7	Niles MSA		Berrien County	Flagstar
	Michigan 8	Non-MSA/Micropolitan Statistical Areas		Hillsdale, Houghton, Marquette, Delta, Gogebic, and Iron Counties	Flagstar
	California 1	Riverside-San Bernardino-Ontario MSA	California	San Bernardino and Riverside Counties	Flagstar
Fort Wayne-Huntington-Auburn, IN	Indiana 1	Fort Wayne MSA	Indiana	Allen and Wells Counties	Flagstar
		Angola, IN µSA		Steuben County	Flagstar
		Auburn, IN µSA		DeKalb County	Flagstar
		Decatur, IN µSA		Adams County	Flagstar
		Huntington, IN µSA		Huntington County	Flagstar
Chicago-Naperville, IL-IN-WI CSA	Indiana 2	Michigan City-La Porte MSA		La Porte County	Flagstar
South Bend-Elkhart-Mishawaka, IN-MI	Indiana 3	South Bend-Mishawaka MSA		St Joseph County	Flagstar

Combined Statistical Area	CRA AA	MSA/MD	State	County(ies)	Bank
Kokomo-Peru, IN	Indiana 4	Peru, IN µSA		Miami County	Flagstar
	Indiana 5	Non-MSA/Micropolitan Statistical Areas		Rush, White, De Kalb, Fulton, Wabash, and Lagrange Counties	Flagstar
	Wisconsin 1	Green Bay MSA	Wisconsin	Oconto County	Flagstar
	Wisconsin 2	Non-MSA/Micropolitan Statistical Areas		Marinette County	Flagstar

<u>Public Exhibit 10</u>

List of Flagstar Bank Main Office, Branches, Home Loan Offices and ATMs

List of Flagstar Bank Branches

Property Name	Address	City, State, Zip Code
Hoagland	14816 First Street	Hoagland, IN 46745
Auburn - West Seventh	812 West 7th Street	Auburn, IN 46706
Monticello North	1000 North Main Street	Monticello, IN 47960
Broadmoor	4400 Miami Road	South Bend, IN 46614
Jackson / Flagstar Centre	301 West Michigan Avenue	Jackson, MI 49201
Hillsdale	50 South Howell Street	Hillsdale, MI 49242
Jackson / Brown Street	704 South Brown Street	Jackson, MI 49203
Jackson / East Michigan	3045 East Michigan Avenue	Jackson, MI 49202
Michigan Center	101 Broad Street	Michigan Center, MI 49254
Napoleon	122 Brooklyn Road, Suite A	Napoleon, MI 49261
Jackson / West Avenue	1717 North West Avenue	Jackson, MI 49202
Brooklyn	301 South Main Street	Brooklyn, MI 49230
Jackson / Horton Road	2000 Horton Road	Jackson, MI 49203
Ann Arbor / West Huron	210 West Huron	Ann Arbor, MI 48104
Chelsea	1290 South Main Street, Suite A	Chelsea, MI 48118
Troy / Corporate Headquarters	5151 Corporate Drive	Troy, MI 48098
East Lansing	1400 East Lake Lansing Road	East Lansing, MI 48823
Grand Rapids / 44th Street	1969 44th Street SE	Grand Rapids, MI 49508
Grand Haven	17250 Hayes Street	Grand Haven, MI 49417
Grand Rapids / Cascade Road	5110 Cascade Road SE	Grand Rapids, MI 49546
Lansing / West Saginaw	5610 West Saginaw Highway	Lansing, MI 48917
Ann Arbor / Plymouth Road	3650 Plymouth Road	Ann Arbor, MI 48105
Ann Arbor / Briarwood	1601 Briarwood Circle, Suite 100	Ann Arbor, MI 48108
Okemos	1801 West Grand River	Okemos, MI 48864
Grand Ledge	914 Charlevoix Drive, Suite 100	Grand Ledge, MI 48837
Sturgis	1372 South Centerville Road	Sturgis, MI 49091
Lansing / South Cedar	7016 South Cedar Street	Lansing, MI 48911
Holland / 16th Street	833 East 16th Street, Suite 30	Holland, MI 49423
Holland / Douglas Avenue	147 North River Avenue	Holland, MI 49424
Hudsonville	4675 32nd Avenue, Suite 110	Hudsonville, MI 49426
Portage	475 Romence Road	Portage, MI 49024
Coldwater	354 East Chicago Street	Coldwater, MI 49036
Howell	1311 South Latson Road	Howell, MI 48843
Farmington Hills	28177 Orchard Lake Road	Farmington Hills, MI 48334
Canton	42200 Ford Road	Canton, MI 48187
Rochester	1001 North Main Street	Rochester, MI 48307
Battle Creek	15386 South Helmer Road	Battle Creek, MI 49015

Three Rivers	760 South US-131, Suite 1	Three Rivers, MI 49093
Grand Rapids / Lake Michigan Drive	4364 Lake Michigan Drive NW	Grand Rapids, MI 49534-4546
Ann Arbor / Washtenaw Avenue	4755 Washtenaw Avenue	Ann Arbor, MI 48108
Fenton	16390 Silver Parkway	Fenton, MI 48430
Livonia	37655 6 Mile Road	Livonia, MI 48152
Sterling Heights / Mound Road	44691 Mound Road	Sterling Heights, MI 48314
Sterling Heights / 15 Mile Road	13427 15 Mile Road	Sterling Heights, MI 48312
Troy / West Big Beaver	2050 West Big Beaver	Troy, MI 48084
Bloomfield Hills	3915 Telegraph Road	Bloomfield Hills, MI 48302
Madison Heights	31049 Dequindre Road	Madison Heights, MI 48071
Rochester / Orion Road	4542 Orion Road	Rochester, MI 48306
Novi	31110 Novi Road	Novi, MI 48377-4545
Comstock Park / Alpine	4585 Alpine Avenue NW	Comstock Park, MI 49321
Waterford	5105 Highland Road	Waterford, MI 48327
Pontiac	1648 North Perry Road	Pontiac, MI 48340
Troy / Rochester Road	5017 Rochester Road	Troy, MI 48085
Chesterfield	34680 23 Mile Road	Chesterfield Township, MI 48047
Garfield Road	40900 Garfield Road	Clinton Township, MI 48038
Novi / Novi Road	24235 Novi Road	Novi, MI 48375
Westland	29049 Joy Road	Westland, MI 48185
Saint Joseph	2829 Niles Avenue	Saint Joseph, MI 49085
Beverly Hills	17430 West 13 Mile Road	Beverly Hills, MI 48025
Warren / Hayes Road	31061 Hayes Road	Warren, MI 48088
Clinton Township / Gratiot Avenue	34945 Gratiot Avenue	Clinton Township, MI 48035-3548
Shelby Township / Sabrina	50891 Sabrina Drive	Shelby Township, MI 48315-2963
West Bloomfield	33390 West 14 Mile Road	West Bloomfield, MI 48322-3572
Warren / Mound Road	30105 Mound Road	Warren, MI 48092
Sterling Heights / Schoenherr	43850 Schoenherr Road	Sterling Heights, MI 48313
Macomb Township	20355 Hall Road	Macomb Township, MI 48044
New Hudson	30515 Milford Road	New Hudson, MI 48165
Oxford	425 North Lapeer Road	Oxford, MI 48371

Grosse Pointe Woods	19733 Mack Avenue	Grosse Pointe Woods, MI 48236
Taylor / Pelham Road	10166 Pelham Street	Taylor, MI 48180
Brownstown	23636 West Road	Brownstown, MI 48183
Southgate	15783 Eureka Road	Southgate, MI 48195
Farmington / Grand River	31230 Grand River Avenue	Farmington , MI 48336
NMU Campus	1401 Presque Isle Avenue	Marquette, MI 49855
Iron Mountain	1805 South Stephenson Ave.	Iron Mountain, MI 49801
Oconto Falls	225 East Central Avenue	Oconto Falls, WI 54154
River Park	2926 Mishawaka	South Bend, IN 46615
Mountain	13937 Silver Hill Road	Mountain, WI 54149
Stephenson	S. 938 US Highway 41	Stephenson, MI 49887
Menominee	1329 8th Avenue, M & M Plaza	Menominee, MI 49858
Western Avenue	2317 West Western Avenue	South Bend, IN 46619
Pine Valley	1000 E. DuPont Road	Fort Wayne, IN 46825
Northcrest	800 Northcrest Shopping Center	Fort Wayne, IN 46805
Escanaba	516 North Lincoln Road	Escanaba, MI 49829
Marquette - Downtown MB (Leased)	101 W. Washington St.	Marquette, MI 49855
Cloverland	900 East Cloverland Drive	Ironwood, MI 49938
West Marquette	3220 US 41 West	Marquette, MI 49855
Houghton University	1303 College Avenue	Houghton, MI 49931
State & Sherman	901 West State Blvd.	Fort Wayne, IN 46808
University Park	382 West Cleveland Road	Granger, IN 46530
Waynedale	5903 Bluffton Road	Fort Wayne, IN 46809
Gwinn	115 North Pine Street	Gwinn, MI 49841
Georgetown	6302 East State Street	Fort Wayne, IN 46815
Wabash	841 North Cass Street	Wabash, IN 46992
Ishpeming	700 US HWY 41 W	Ishpeming, MI 49849
Marquette - 3rd Street	1300 North 3rd Street	Marquette, MI 49855
Chocolay	6000 US 41	Marquette, MI 49855
Covington Plaza	6324 W. Jefferson Blvd.	Fort Wayne, IN 46804
Clinton & Rudisill	3902 S. Clinton St.	Fort Wayne, IN 46806
Iron River	234 West Genesee Street	Iron River, MI 49935
Village at Coventry	5770 Coventry Lane	Fort Wayne, IN 46804
Canterbury	5525 Saint Joe Road	Fort Wayne, IN 46835
Indiana Center	111 East Wayne Street	Fort Wayne, IN 46802
Van Wert	115 Hospital Drive	Van Wert, OH 45891
Peru Main	12 North Broadway	Peru, IN 46970
La Porte Main	601 Jackson Street	La Porte, IN 46350
Huntington	2720 Guilford Street	Huntington, IN 46750
Rushville	1541 North Main Street	Rushville, IN 46173
Shipshewana	245 North Morton Street	Shipshewana, IN 46565
Monticello	119 North Main Street	Monticello, IN 47960

Chestnut	10325 Chestnut Plaza Drive	Fort Wayne, IN 46814
LaGrange	1112 North Detroit Street	LaGrange, IN 46761
Gillett	100 East 1st Street	Gillett, WI 54124
New Haven	1536 Highway 930 East	New Haven, IN 46774
Angola	2204 North Wayne Street	Angola, IN 46703
Bluffton	101 South Main Street	Bluffton, IN 46714
Rochester	202 East Ninth Street	Rochester, IN 46975
Auburn	200 South Vanburen	Auburn, IN 46706
Decatur Main	1 Yorkshire Drive	Decatur, IN 46733
Victorville North	14800 La Paz Drive	Victorville, CA 92395
Barstow	945 Armory Road	Barstow, CA 92311
Apple Valley	16003 Quantico Road	Apple Valley, CA 92307
Adelanto	10474 Rancho Road	Adelanto, CA 92301
Hesperia	15479 Main Street	Hesperia, CA 92345
Victorville - Main	12530 Hesperia Road	Victorville, CA 92395
Victorville - Drive Thru	12470 Hesperia Road	Victorville, CA 92392
Wrightwood	1261 State Highway 2	Wrightwood, CA 92397
Phelan	4895 Phelan Road	Phelan, CA 92371
Dearborn / Greenfield	3500 Greenfield Road	Dearborn, MI 48120
Eastpointe	22322 Gratiot Avenue	Eastpointe, MI 48021
Clarkston	5720 Sashabaw Road	Clarkston, MI 48346
Brighton	9332 Lee Road	Brighton , MI 48116
Monroe	2203 North Telegraph Road	Monroe, MI 48162
Waterford / Cooley Lake	7950 Cooley Lake Road	Waterford, MI 48327
Sterling Heights / Mound Road	37070 Mound Road	Sterling Heights, MI 48310
Grosse Pointe / Kercheval	16821 Kercheval	Grosse Pointe, MI 48230
Birmingham	35238 Woodward Avenue	Birmingham, MI 48009
Milford	599 General Motors Road	Milford, MI 48381
West Bloomfield / Orchard Lake Road	4400 Orchard Lake Road	West Bloomfield, MI 48323
Dearborn Heights	26545 Ford Road	Dearborn Heights, MI 48127
Howell / M-59	126 West Highland	Howell, MI 48843
Harrison Township	26051 Crocker Boulevard	Harrison Township, MI 48045
Detroit / Mack Avenue	18411 Mack Avenue	Detroit, MI 48236
Canton / Michigan Avenue	45505 Michigan Avenue	Canton, MI 48188
Grand Blanc	6200 South Saginaw Street	Grand Blanc, MI 48439
Berkley	28653 Woodward Avenue	Berkley, MI 48072
Grand Rapids / 28th Street	3205 28th Street SE	Grand Rapids, MI 49512
Grandville	4555 Canal Avenue SW	Grandville, MI 49418
White Lake Township	6490 Highland Road	White Lake Township, MI 48383
Allen Park	3233 Fairlane Drive	Allen Park, MI 48101

Novi/8 Mile Road	39900 8 Mile Road	Northville, MI 48167
St. Clair Shores	23108 Harper	St. Clair Shores, MI 48080
Farmington Hills / NW Highway	31550 Northwestern Highway, Suite 130	Farmington Hills, MI 48334
One Detroit Center	500 Woodward, Suite 100	Detroit, MI 48226
Rochester Hills / Adams Road	2744 South Adams Road	Rochester Hills, MI 48309
Midtown	3901 Woodward Avenue, Suite 100B	Detroit, MI 48201
Kalamazoo	6560 West Main Street	Oshtemo Township, MI 49009
Grand River & McNichols	21427 W. Grand River Ave., Suite 140	Detroit, MI 48219
Detroit / Warren - Univ Foods	1131 West Warren	Detroit, MI 48201

List of Flagstar Bank Home Loan Offices

Property Name	Address	City, State, Zip Code
Woburn	5151 Corporate Drive	Astoria, NY 11106
Rocky Hill	1090 Elm Street Suite 106	Vienna, VA 22182
Danbury	100 Mill Plain Road, Suite 2G	Savannah, GA 31401
Hackensack	411 Hackensack Ave., 2nd Floor, Office 203	Boca Raton, FL 33431
Red Bank - Somerset	125 Half Mile Road, Suite 200	Sarasota, FL 34236
Uniondale - Garden City	990 Stewart Ave. Suite 405A	Troy, MI 48098
Astoria (Old Valley Stream)	3537 36th Street Office 427	Troy, MI 48098
Vienna	8521 Leesburg Pike, Suite 320	Portage, MI 49024
Savannah	100 Bull Street Suite 200	Grand Rapids, MI 49534
Boca Raton	2000 Glades Road, Suite 204	Lansing, MI 48917
Sarasota	1990 Main Street, Suite 750, Office 765	Troy, MI 48084
Pensacola	5151 Corporate Drive	Troy, MI 48084
Mid South	5151 Corporate Drive	Ann Arbor, MI 48104
Kalamazoo	475 S. Romence Road	Northville, MI 48167
Walker	4364 Lake Michigan Drive NW	Macomb, MI 48044
Okemos South	5610 W. Saginaw Highway	Fenton, MI 48430
Troy North	3155 W. Big Beaver, Suite 114	Clarkston, MI 48346
Birmingham	3155 W. Big Beaver, Suite 114	Marquette, MI 49855
Ann Arbor	210 W. Huron	Troy, MI 48098
Livonia	21800 Haggerty Road, Suite 102	Indianapolis, IN 46240
Clinton Gratiot	20355 Hall Rd.	Troy, MI 48098
Fenton	16390 Silver Parkway	Buchanan, MI 49107

Clarkston North	5720 Sashabaw Road	South Bend, IN 46617
Marquette	1300 N 3rd Street	Westerville, OH 43082
Lake Elmo (formally woodbury)	5151 Corporate Drive	Troy, MI 48098
Indianapolis	3815 River Crossing Parkway Suite 100	Kenosha, WI 53140
Indianapolis Two	5151 Corporate Drive	Troy, MI 48098
South Bend - Niles	256 East Front Street	Troy, MI 48098
South Bend Two	1251 North Eddy Street Suite 200 Office 21	Fort Collins, CO 80525
Columbus	470 Olde Worthington Rd. Suite 200	Salt Lake City, UT 84107
Greenbay	5151 Corporate Drive	Chandler, AZ 85248
Kenosha	5942 6th Ave	Albuquerque, NM 87109
Eau Claire	5151 Corporate Drive	Astoria, NY 11106
Walnut Creek	5151 Corporate Drive	Vienna, VA 22182
Fort Collins Two	400 East Horsetooth Road, Suite 300	Savannah, GA 31401
Salt Lake	5286 S. Commerce Drive, Suite A-126	Boca Raton, FL 33431
West Phoenix	3115 South Price Road Suite 114	Sarasota, FL 34236
Albuquerque	6745 Academy Rd NE Suite B	Troy, MI 48098
Los Gatos	750 University Avenue Ste 275	Los Gatos, CA 95032
San Mateo	411 Borel Avenue Ste 320	San Mateo, CA 94402
Santa Cruz	133 Mission Street, Ste 210	Santa Cruz, CA 95060
Willow Glen	1100 Lincoln Avenue, Suite 251	San Jose, CA 95125
Cupertino	19330 Stevens Creek Blvd	Cupertino, CA 95014
San Francisco	One Sansome St., Ste. 1895	San Francisco, CA 94104
Palo Alto	2875 El Camino Real	Palo Alto, CA 94306
Vacaville	177-A Butcher Road	Vacaville, CA 95687
Dublin	4160 Dublin Blvd, #150	Dublin, CA 94568
Spokane	695 N. Legacy Ridge Dr., Ste 204	Liberty Lake, WA 99019
Walnut Creek, CA (Legacy Conversion)	2001 N. Main Street, Suite 210	Walnut Creek, CA 94596
Modesto - Sylvan	1001 Sylvan Avenue	Modesto, CA 95350
Santa Rosa -Sales	1265 N. Dutton	Santa Rosa, CA 95401
Petaluma	737 Southpoint Blvd, Ste L	Petaluma, CA 94954
Fresno	7815 North Palm Ave, Flr 4	Fresno, CA 93711
Vacaville - Napa	2015 Redwood Road St. 1	Napa, CA 94558
Lacey	5191 Corporate Center Ct SE	Lacey, WA 985503
Carlsbad	5927 Priestly Drive, Suite 208	Carlsbad, CA 92008
Irvine	2040 Main Street, Suite 710	Irvine, CA 92614

Las Vegas, NV	7251 West Lake Mead Blvd. Ste. 300	Las Vegas, NV 89128
Sage	845 Oak Grove Ave, Ste. 210	Menlo Park, CA 94025
Victorville, CA	12530 Hesperia Rd., Ste 102	Victorville, CA 92395
Reno, NV	9190 Double Diamond Pk.	Reno, Nevada 89521
Baton Rouge, LA	4992 Bluebonnet Blvd., Ste. A	Baton Rouge, LA 70809
Napa, CA	2001 Jefferson Street	Napa, CA 94559
Riverside, CA	7111 Indiana Ave, Suite 200	Riverside, CA 92504
Fairfield, CA	5030 Business Center Drive, Ste. 350	Fairfield, CA 94534
Mandeville, LA	102 Fontainbleau Drive, Building D-2	Mandeville, LA 70471
Eagle, ID	439 East Shore Drive, Ste. 120	Eagle, ID 83616
Redlands, CA	300 E. State St., Ste. 360-B	Redlands, CA 92373
Burlington, MA - Regus (Legacy Conversion)	1500 District Ave	Burlington, MA 01803
Puyallup, WA	1002 39th Avenue SW	Puyallup, WA 98373
Salem, OR	2110 Misson St., Ste. 215	Salem, OR 97302
Murrieta, CA	24630 Washington Ave., Ste. 102	Murrieta, CA 92562
Brea, CA	135 South State College Blvd., Ste. 100	Brea, CA 92821
Middleton, MA	35 Village Rd	Middleton, MA 01949
Providence, RI	311 Broadway	Providence, RI 02903
Banner Elk, NC	9649 Highway 105 South	Banner Elk, NC 28604
Louisville, KY	10200 Forest Green Blvd	Louisville, KY 40223
San Diego	7676 Hazard Center Dr.	San Diego, CA 92108
Salisbury, NC	131 E. Innes St.	Salisbury, NC 28144
Vancouver, WA	400 East Mill Plain Blvd., Ste 100	Vancouver, WA 98660
Charlotte, NC	13024 Ballantyne Corporate Place, Suite 250	Charlotte, NC 28277
Atlanta, GA	410 Peachtree Parkway, Building 400, Suite 4245	Cumming, Georgia 30041
Hingham, MA	60 South Street, First Floor Left Store Front	Hingham, MA 02043
Sanford, ME	1209 Main Street, Room C	Sanford, ME 04073
Seattle	600 Stewart Street, Ste., 1800	Seattle, WA 98101
Saratoga Springs, NY	32 Clinton Street	Saratoga Springs, NY 12866
Roseville, CA	1731 E Roseville Pkwy, Ste. 140	Roseville, CA 95661
San Diego, CA	16935 West Bernardo Drive, Ste., 114	San Diego, CA 92127
Naples, FL	1250 N. Tamiami Trail, Unit 209	Naples, FL 34102
Bethesda, MD	6701 Democracy Blvd., Suite 300	Bethesda, MD 20817

Chicago, IL	1431 Opus Place, Suite 110	Downers Grove, IL 60515
Andover, MA	2 Dundee Park Dr., Suite 301, Bldg. 2	Andover, MA 01810
Yorkville/Orland Park	15255 S. 94th Avenue, 5th Floor	Orland Park, IL 60462
New Orleans, LA	3900 N. Causeway Blvd., Ste. 1200	Metairie, LA 70002
Yorkville, IL	942 N. Bridge Street	Yorkville, IL 60060
Bloomington, IL	2206 Eastland Drive, Suite 105/106	Bloomington, IL 61704

List of Flagstar Bank ATMs

Property Name	**Address**	**City, State, Zip Code**
ATM - Eastern Market	1445 Adelaide	Detroit, MI 48207
ATM - Strand Theatre	12 N Saginaw St.	Pontiac, MI 48342
ATM - Michigan Opera Theatre	1526 Broadway Street	Detroit, MI 48226
ATM - Helendale	15055 Vista Road	Helendale, CA 92342
ATM - Chapel Ridge Shopping Ctr.	10300 Marysville Road	Fort Wayne, IN 46835
ATM - Decatur Village Shopping Center	927 South 13th Street	Decatur, IN 46733
ATM - Van Wert Main & Shannon	302 West Main Street	Van Wert, OH 45891
ATM - La Porte West	1339 State Road 2 West	La Porte, IN 46350
ATM - Mishawaka Outpost Center	3602 Grape Road	Mishawaka, IN 46545
ATM - North Village Mall	52592 SR 933 North	South Bend, IN 46637
ATM - Elkhart Offsite	301 South Main Street	Elkhart, IN 46516
ATM - Fort Wayne Lima Road	6520 Lima Road	Fort Wayne, IN 46818
ATM - Zesto	6216 Saint Joe Center Rd.	Fort Wayne, IN 46835
ATM - Fort Wayne - Dupont RD	3710 East Dupont Road	Fort Wayne, IN 46825
ATM - Pine Valley Crossing	1125 East Dupont Road	Fort Wayne, IN 46825
ATM - Angola Christian Church	500 West Maumee Street	Angola, IN 46706
ATM - Huntington Offsite	1215 South Jefferson	Huntington, IN 46750
ATM - Rushville Plaza	202 South Main Street	Rushville, IN 46173
ATM - Wings Etc. - Grill & Pub	888 West Main Street	Peru, IN 46970
ATM - Rochester Plaza	1801 S. Main Street	Rochester, IN 46975

ATM - NMU Learning Resources Ctr	25 Learning Resources Ctr	Marquette, MI 49855
ATM - Crystal Falls	1352 US Hwy 2	Crystal Falls, MI 49920
ATM - Ironwood Main	205 West Aurora Street	Ironwood, MI 49938
ATM - Manistique	226 South Cedar Street	Manistique, MI 49854
ATM - North Express	3417 10th Street	Menominee, MI 49858
ATM - Oconto Falls	411 East Highland Road	Oconto Falls, WI 54154
ATM - Pistons Performance Center	690 Amsterdam St.	Detroit, MI 48202
ATM - Marinette	1507 Cleveland Ave.	Marinette, WI 54143
ATM - Fort Wayne Northbrook (Lease)	10080 Lima Road	Fort Wayne, IN 46818
ATM - South Bend Downtown	100 East Wayne Street	South Bend, IN 46601
ATM - Inkster	27425-27565 Michigan Ave.	Inkster, MI 48141
ATM - Grand Rapids	3238 South Division Ave.	Grand Rapids, MI 49548

Public Exhibit 11

Form of Newspaper Notice

Notice of Notice for Acquisition of a
Federal Savings Bank

New York Community Bancorp, Inc., 615 Merrick Avenue, Westbury, New York 11590, intends to apply to the Federal Reserve Board for permission to acquire a savings and loan holding company, Flagstar Bancorp, Inc., 5151 Corporate Drive, Troy, Michigan 48098 ("Flagstar Bancorp"). We intend to acquire control of Flagstar Bancorp's subsidiary federal savings bank, Flagstar Bank, FSB, 5151 Corporate Drive, Troy, Michigan 48098. The Federal Reserve considers a number of factors in deciding whether to approve the notice including the record of performance of banks we own in helping to meet local credit needs.

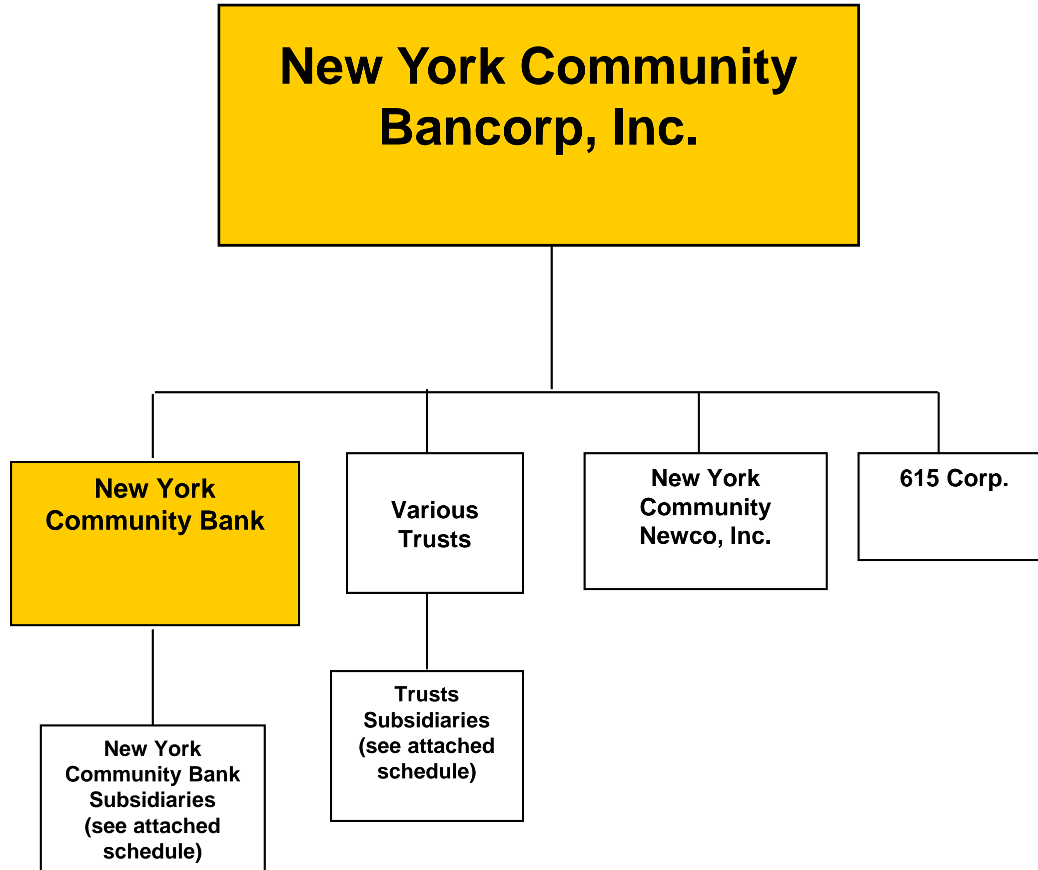
You are invited to submit comments in writing on this notice to the Federal Reserve Bank of New York, Attention: Bank Applications Officer, 33 Liberty Street, New York, New York 10045, or via email: comments.applications@ny.frb.org. The comment period will not end before June 19, 2021 and may be somewhat longer. The Board's procedures for processing notices may be found at 12 C.F.R. Part 262. Procedures for processing protested notices may be found at 12 C.F.R. 262.25. If you need more information about how to submit your comments on community affairs aspects of the notice or to obtain copies of relevant procedures, contact Ms. Claire Kramer, Community Affairs, (212) 720-5371; other questions, including those relating to general procedures, should be directed to Mr. Ivan J. Hurwitz, Vice President, Bank Applications Function, (212) 720-5885. The Federal Reserve will consider your comments and any request for a public meeting or formal hearing on the notice if they are received in writing by the Reserve Bank on or before the last day of the comment period.

<u>Public Exhibit 12</u>

Organizational Chart of NYC Bancorp and NYC Bank

Corporate Structure

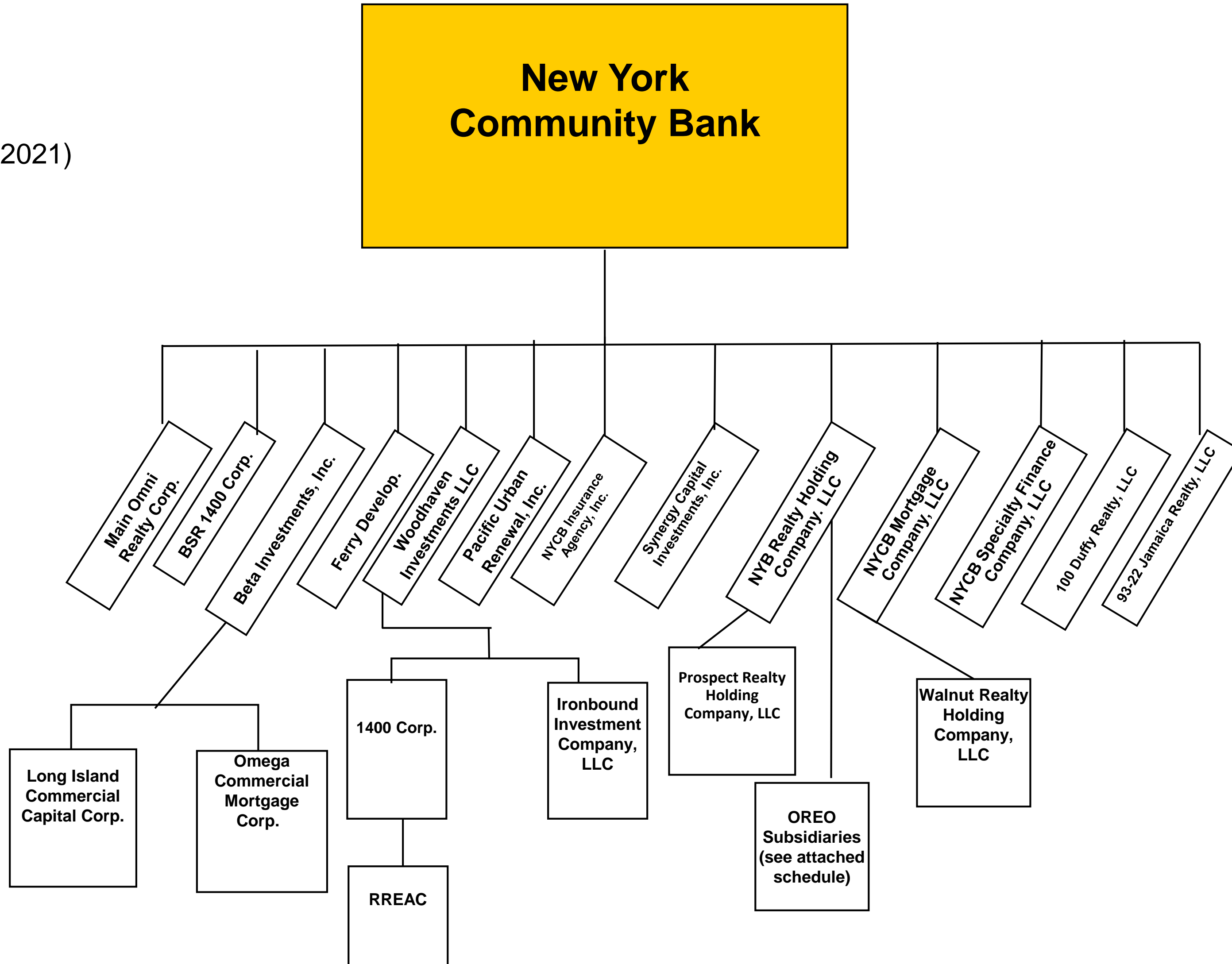
(as of May 1, 2021)



New York Community Bancorp, Inc.

Corporate Structure

(as of May 1, 2021)

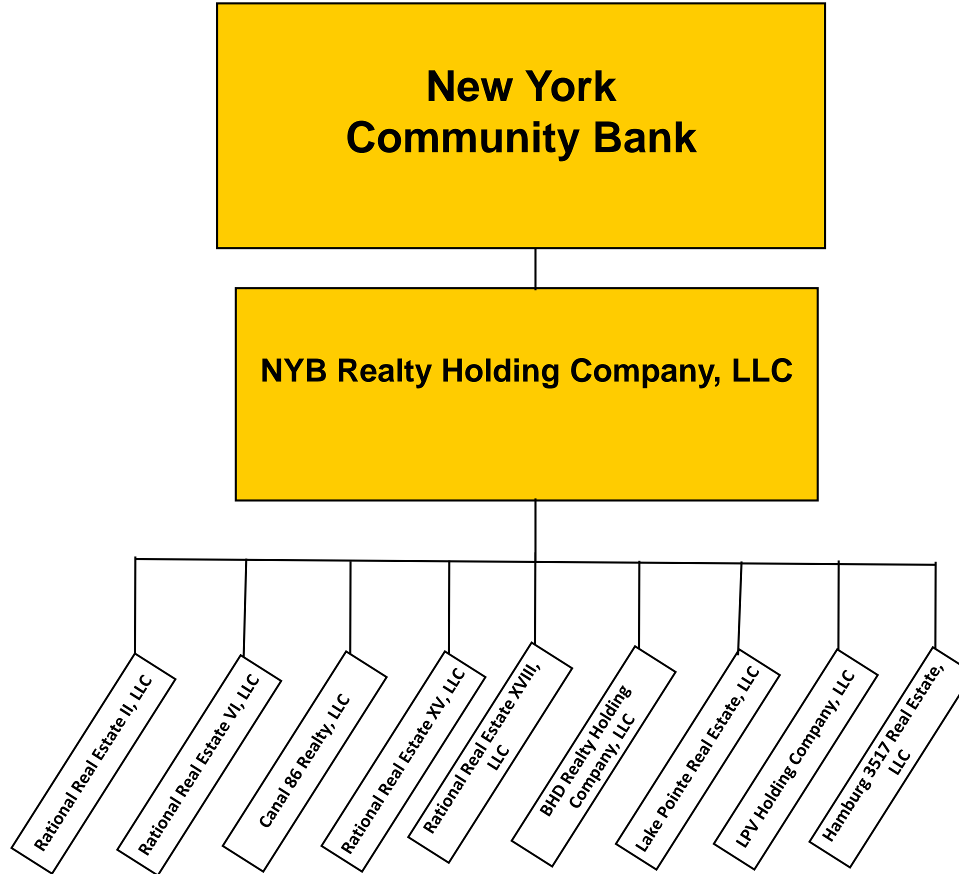


New York Community Bancorp, Inc.

Corporate Structure

(as of May 1, 2021)

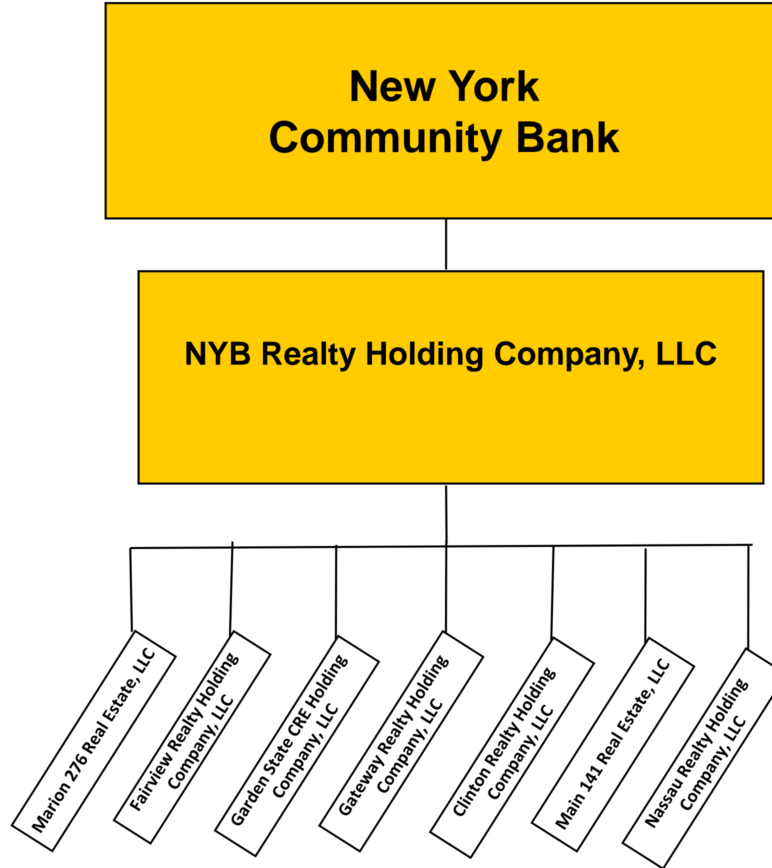
OREO Subsidiaries
Page 1 of 2



New York Community Bancorp, Inc.

Corporate Structure

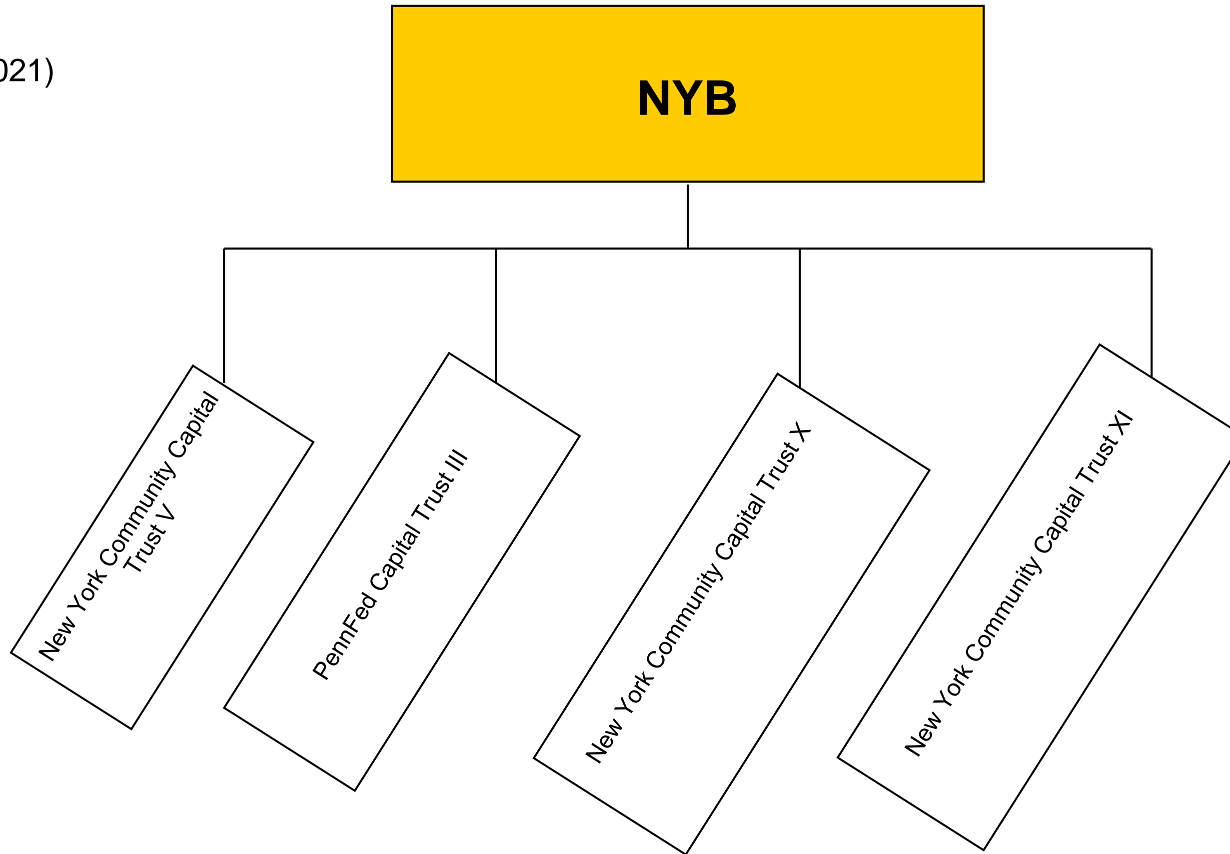
(as of May 1, 2021)



NEW YORK COMMUNITY BANCORP, INC.

Trusts

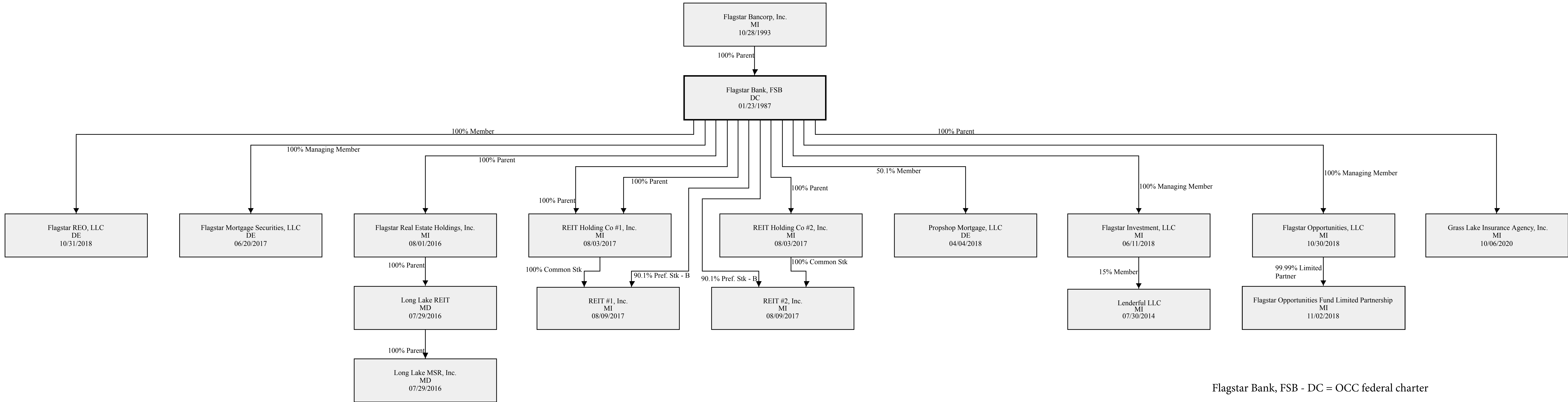
(as of May 1, 2021)



Public Exhibit 13

Organizational Chart of Flagstar Bancorp and Flagstar Bank

Flagstar Bancorp, Inc.
MI
10/28/1993
100%
100% Parent
100% Parent
100% Parent
100%
100%
100%
100%
100%
100%
100%
100%
Flagstar Statutory Trust IX
DE
06/27/2007
Douglas Insurance Agency, Inc.
MI
12/09/1988
Flagstar Bank, FSB
DC
01/23/1987
Flagstar Reinsurance Company
VT
09/04/2007
Flagstar Statutory Trust III
DE
02/11/2003
Flagstar Statutory Trust V
DE
12/27/2004
Flagstar Statutory Trust VI
DE
03/29/2005
Flagstar Statutory Trust VIII
DE
09/20/2005
Flagstar Statutory Trust II
CT
12/05/2002
Flagstar Statutory Trust IV
DE
03/07/2003
Flagstar Statutory Trust VII
DE
03/21/2005
Flagstar Statutory Trust X
DE
08/29/2007



Flagstar Bancorp, Inc.
MI
10/28/1993
100% Parent
Flagstar Bank, FSB
DC
01/23/1987
100% Member
100% Managing Member
100% Parent
100% Parent
100% Parent
100% Parent
50.1% Member
100% Managing Member
100% Managing Member
100% Parent
Flagstar REO, LLC
DE
10/31/2018
Flagstar Mortgage Securities, LLC
DE
06/20/2017
Flagstar Real Estate Holdings, Inc.
MI
08/01/2016
REIT Holding Co #1, Inc.
MI
08/03/2017
REIT Holding Co #2, Inc.
MI
08/03/2017
Propshop Mortgage, LLC
DE
04/04/2018
Flagstar Investment, LLC
MI
06/11/2018
Flagstar Opportunities, LLC
MI
10/30/2018
Grass Lake Insurance Agency, Inc.
MI
10/06/2020
100% Parent
100% Common Stk
90.1% Pref. Stk - B
90.1% Pref. Stk - B
100% Common Stk
15% Member
99.99% Limited Partner
Long Lake REIT
MD
07/29/2016
REIT #1, Inc.
MI
08/09/2017
REIT #2, Inc.
MI
08/09/2017
Lenderful LLC
MI
07/30/2014
Flagstar Opportunities Fund Limited Partnership
MI
11/02/2018
100% Parent
Long Lake MSR, Inc.
MD
07/29/2016
Flagstar Bank, FSB - DC = OCC federal charter