

NEW YORK COMMUNITY BANCORP INC

Form 10-Q

May 10, 2012

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012

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

06-1377322

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

incorporation or organization)

615 Merrick Avenue, Westbury, New York 11590

(Address of principal executive offices)

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

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

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

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

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

439,125,183

Number of shares of common stock outstanding at

May 3, 2012

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NEW YORK COMMUNITY BANCORP, INC.

FORM 10-Q

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NEW YORK COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF CONDITION

(in thousands, except share data)

	March 31, 2012 (unaudited)	December 31, 2011
Assets:		
Cash and cash equivalents	\$ 2,355,784	\$ 2,001,737
Securities:		
Available-for-sale (\$441,263 and \$590,488 pledged, respectively)	572,738	724,662
Held to maturity (\$3,745,210 and \$3,610,172 pledged, respectively) (fair value of \$4,464,401 and \$3,966,185, respectively)	4,305,071	3,815,854
Total securities	4,877,809	4,540,516
Non-covered loans held for sale	504,351	1,036,918
Non-covered loans held for investment, net of deferred loan fees and costs	26,559,599	25,532,818
Less: Allowance for losses on non-covered loans	(136,767)	(137,290)
Non-covered loans held for investment, net	26,422,832	25,395,528
Covered loans	3,643,801	3,753,031
Less: Allowance for losses on covered loans	(33,323)	(33,323)
Covered loans, net	3,610,478	3,719,708
Total loans, net	30,537,661	30,152,154
Federal Home Loan Bank stock, at cost	504,398	490,228
Premises and equipment, net	250,656	250,859
FDIC loss share receivable	658,409	695,179
Goodwill	2,436,131	2,436,131
Core deposit intangibles, net	46,508	51,668
Mortgage servicing rights	140,275	117,012
Bank-owned life insurance	771,508	768,996
Other real estate owned (includes \$57,679 and \$71,400, respectively, covered by loss sharing agreements)	118,569	155,967
Other assets	340,443	363,855
Total assets	\$ 43,038,151	\$ 42,024,302
Liabilities and Stockholders Equity:		
Deposits:		
NOW and money market accounts	\$ 8,875,585	\$ 8,757,198
Savings accounts	4,054,011	3,953,859
Certificates of deposit	7,499,822	7,373,263
Non-interest-bearing accounts	2,511,375	2,189,810
Total deposits	22,940,793	22,274,130
Borrowed funds:		
Wholesale borrowings:		

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Federal Home Loan Bank advances	9,629,849	9,314,193
Repurchase agreements	4,125,000	4,125,000
Total wholesale borrowings	13,754,849	13,439,193
Junior subordinated debentures	426,982	426,936
Other borrowings	94,293	94,284
Total borrowed funds	14,276,124	13,960,413
Other liabilities	241,293	224,055
Total liabilities	37,458,210	36,458,598
Stockholders' equity:		
Preferred stock at par \$0.01 (5,000,000 shares authorized; none issued)	--	--
Common stock at par \$0.01 (600,000,000 shares authorized; 439,133,951 and 437,426,665 shares issued, and 439,133,548 and 437,344,796 shares outstanding, respectively)	4,391	4,374
Paid-in capital in excess of par	5,310,591	5,309,269
Retained earnings	333,666	324,967
Treasury stock, at cost (403 and 81,869 shares)	(5)	(996)
Accumulated other comprehensive loss, net of tax:		
Net unrealized gain on securities available for sale, net of tax	2,969	1,321
Net unrealized loss on the non-credit portion of other-than-temporary impairment (OTTI) losses on securities, net of tax	(13,604)	(13,627)
Net unrealized loss on pension and post-retirement obligations, net of tax	(58,067)	(59,604)
Total accumulated other comprehensive loss, net of tax	(68,702)	(71,910)
Total stockholders' equity	5,579,941	5,565,704
Total liabilities and stockholders' equity	\$ 43,038,151	\$ 42,024,302

See accompanying notes to the consolidated financial statements.

Table of Contents**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,	
	2012	2011
INTEREST INCOME:		
Mortgage and other loans	\$398,184	\$415,942
Securities and money market investments	48,454	54,981
Total interest income	446,638	470,923
INTEREST EXPENSE:		
NOW and money market accounts	8,733	11,154
Savings accounts	3,496	4,127
Certificates of deposit	23,720	26,974
Borrowed funds	122,275	125,416
Total interest expense	158,224	167,671
Net interest income	288,414	303,252
Provision for losses on non-covered loans	15,000	26,000
Net interest income after provision for loan losses	273,414	277,252
NON-INTEREST INCOME:		
Fee income	9,758	11,899
Bank-owned life insurance	9,585	6,889
Net gain on sales of securities	718	9,992
Mortgage banking income	35,165	19,938
Other income	6,770	9,892
Total non-interest income	61,996	58,610
NON-INTEREST EXPENSE:		
Operating expenses:		
Compensation and benefits	73,617	72,068
Occupancy and equipment	21,884	21,940
General and administrative	49,517	45,309
Total operating expenses	145,018	139,317
Amortization of core deposit intangibles	5,159	7,385
Total non-interest expense	150,177	146,702
Income before income taxes	185,233	189,160

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Income tax expense	66,980	65,984
Net income	\$118,253	\$123,176
Other comprehensive income (loss), net of tax:		
Change in net unrealized gain/loss on securities available for sale, net of tax of \$1,377 and \$2,578, respectively	2,091	(3,837)
Amortization of the non-credit portion of OTTI losses recognized in other comprehensive income, net of tax of \$15 and \$14, respectively	23	20
Change in pension and post-retirement obligations, net of tax of \$1,042 and \$501, respectively	1,537	744
Less: Reclassification adjustment for sales of available for sale securities, net of tax of \$275 and \$1,178, respectively	(443)	(1,753)
Total other comprehensive income (loss), net of tax	3,208	(4,826)
Total comprehensive income, net of tax	\$121,461	\$118,350
Basic earnings per share	\$0.27	\$0.28
Diluted earnings per share	\$0.27	\$0.28

See accompanying notes to the consolidated financial statements.

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NEW YORK COMMUNITY BANCORP, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

(in thousands, except share data)

(unaudited)

	Three Months Ended March 31, 2012
Common Stock (Par Value: \$0.01):	
Balance at beginning of year	\$ 4,374
Shares issued for restricted stock awards (1,707,286 shares)	17
Balance at end of period	4,391
Paid-in Capital in Excess of Par:	
Balance at beginning of year	5,309,269
Shares issued for restricted stock awards, net of forfeitures	(3,395)
Compensation expense related to restricted stock awards	5,071
Tax effect of stock plans	(354)
Balance at end of period	5,310,591
Retained Earnings:	
Balance at beginning of year	324,967
Net income	118,253
Dividends paid on common stock (\$0.25 per share)	(109,554)
Balance at end of period	333,666
Treasury Stock:	
Balance at beginning of year	(996)
Purchase of common stock (187,609 shares)	(2,425)
Shares issued for restricted stock awards (269,075 shares)	3,416
Balance at end of period	(5)
Accumulated Other Comprehensive Loss, net of tax:	
Balance at beginning of year	(71,910)
Other comprehensive income, net of tax	3,208
Balance at end of period	(68,702)
Total stockholders equity	\$ 5,579,941

See accompanying notes to the consolidated financial statements.

Table of Contents**NEW YORK COMMUNITY BANCORP, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

(unaudited)

	Three Months Ended March 31,	
	2012	2011
Cash Flows from Operating Activities:		
Net income	\$ 118,253	\$ 123,176
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for loan losses	15,000	26,000
Depreciation and amortization	6,005	5,891
Amortization of premiums, net	(216)	278
Amortization of core deposit intangibles	5,159	7,385
Net gain on sale of securities	(718)	(9,992)
Net gain on sale of loans	(40,014)	(15,902)
Stock plan-related compensation	5,109	3,612
Changes in assets and liabilities:		
Decrease in deferred tax asset, net	9,360	16,625
Decrease in other assets	60,249	16,703
Increase (decrease) in other liabilities	19,818	(29,408)
Origination of loans held for sale	(2,487,034)	(1,500,836)
Proceeds from sale of loans originated for sale	3,030,905	2,211,232
Net cash provided by operating activities	741,876	854,764
Cash Flows from Investing Activities:		
Proceeds from repayment of securities held to maturity	250,495	224,978
Proceeds from repayment of securities available for sale	154,624	51,551
Proceeds from sale of securities held to maturity	--	227,039
Proceeds from sale of securities available for sale	240,218	103,956
Purchase of securities held to maturity	(739,371)	(613,191)
Purchase of securities available for sale	(239,500)	--
Net (purchase) redemption of Federal Home Loan Bank stock	(14,170)	23,283
Net increase in loans	(904,364)	(193,966)
Purchase of premises and equipment, net	(5,802)	(19,172)
Net cash used in investing activities	(1,257,870)	(195,522)
Cash Flows from Financing Activities:		
Net increase in deposits	666,663	389,095
Net increase (decrease) in short-term borrowed funds	318,000	(500,000)
Net decrease in long-term borrowed funds	(2,289)	(16,554)
Tax effect of stock plans	(354)	1,639
Cash dividends paid on common stock	(109,554)	(109,154)
Treasury stock purchases	(2,425)	(2,381)
Net cash received from stock option exercises	--	2,300
Net cash provided by (used in) financing activities	870,041	(235,055)

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Net increase in cash and cash equivalents	354,047	424,187
Cash and cash equivalents at beginning of period	2,001,737	1,927,542
Cash and cash equivalents at end of period	\$2,355,784	\$2,351,729
Supplemental information:		
Cash paid for interest	\$161,951	\$171,491
Cash paid for (received from) income taxes	39,746	(10,134)
Non-cash investing and financing activities:		
Transfers to other real estate owned from loans	33,263	46,218
See accompanying notes to the consolidated financial statements.		

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NEW YORK COMMUNITY BANCORP, INC.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Basis of Presentation

Organization

Formerly known as Queens County Bancorp, Inc., New York Community Bancorp, Inc. (on a stand-alone basis, the Parent Company or, collectively with its subsidiaries, the Company) was organized under Delaware law on July 20, 1993 and is the holding company for New York Community Bank and New York Commercial Bank (hereinafter referred to as the Community Bank and the Commercial Bank, respectively, and collectively as the Banks). In addition, for the purpose of these Consolidated Financial Statements, the Community Bank and the Commercial Bank refer not only to the respective banks but also to their respective subsidiaries.

The Community Bank is the primary banking subsidiary of the Company. Founded on April 14, 1859 and formerly known as Queens County Savings Bank, the Community Bank converted from a state-chartered mutual savings bank to the capital stock form of ownership on November 23, 1993, on which date the Company completed its initial offering of common stock (par value: \$0.01 per share) at a price of \$25.00 per share. The Commercial Bank was established on December 30, 2005.

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

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

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

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

Basis of Presentation

The following is a description of the significant accounting and reporting policies that the Company and its wholly-owned subsidiaries follow in preparing and presenting their consolidated financial statements, which conform to U.S. generally accepted accounting principles (GAAP) and to general practices within the banking industry. The preparation of financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates that are particularly susceptible to change in the near term are used in connection with the determination of the allowances for loan losses; the valuation of loans held for sale; the evaluation of goodwill for impairment; the evaluation of other-than-temporary impairment (OTTI) on securities; and the evaluation of the need for a valuation allowance on the Company's deferred tax assets. The current economic environment has increased the degree of uncertainty inherent in these material estimates.

The unaudited consolidated financial statements include the accounts of the Company and other entities in which the Company has a controlling financial interest. All inter-company accounts and transactions are eliminated

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in consolidation. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's 2011 Annual Report on Form 10-K. The Company currently has unconsolidated subsidiaries in the form of nine wholly-owned statutory business trusts, which were formed to issue guaranteed capital debentures (capital securities). Please see Note 6, Borrowed Funds, for additional information regarding these trusts.

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

Note 2. Computation of Earnings per Share

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

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

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

(in thousands, except share and per share amounts)	Three Months Ended March 31,	
	2012	2011
Net income	\$118,253	\$123,176
Less: Dividends paid on, and earnings allocated to, participating securities	(1,089)	(890)
Earnings applicable to common stock	\$117,164	\$122,286
Weighted average common shares outstanding	437,467,859	435,563,415
Basic earnings per common share	\$0.27	\$0.28
Earnings applicable to common stock	\$117,164	\$122,286
Weighted average common shares outstanding	437,467,859	435,563,415
Potential dilutive common shares ⁽¹⁾	5,330	849,934
Total shares for diluted earnings per share computation	437,473,189	436,413,349
Diluted earnings per common share and common share equivalents	\$0.27	\$0.28

- (1) Options to purchase 5,247,328 and 2,617,993 shares, respectively, of the Company's common stock that were outstanding as of March 31, 2012 and 2011, at respective weighted average exercise prices of \$15.70 and \$19.29, were excluded from the respective computations of diluted EPS because their inclusion would have had an antidilutive effect.

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The following table summarizes the Company's portfolio of securities available for sale at March 31, 2012:

(in thousands)	March 31, 2012			Fair Value
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	
Mortgage-Related Securities:				
GSE ⁽¹⁾ certificates	\$ 94,897	\$ 5,532	\$ 1	\$100,428
GSE CMOs ⁽²⁾	62,338	2,540	--	64,878
Private label CMOs	23,652	6	--	23,658
Total mortgage-related securities	\$180,887	\$ 8,078	\$ 1	\$188,964
Other Securities:				
GSE debentures	\$306,964	\$ 1,102	\$ 664	\$307,402
State, county, and municipal	1,190	104	--	1,294
Capital trust notes	36,490	1,793	5,065	33,218
Preferred stock	--	188	--	188
Common stock	42,852	867	2,047	41,672
Total other securities	\$387,496	\$ 4,054	\$7,776	\$383,774
Total securities available for sale⁽³⁾	\$568,383	\$12,132	\$7,777	\$572,738

(1) Government-sponsored enterprises

(2) Collateralized mortgage obligations

(3) The non-credit portion of OTTI recorded in Accumulated Other Comprehensive Loss (AOCL) was \$570,000 (before taxes).

As of March 31, 2012, the fair value of marketable equity securities included common stock of \$41.7 million and Freddie Mac preferred stock of \$188,000. Common stock primarily consisted of an investment in a large cap equity fund and certain other funds that are Community Reinvestment Act (CRA) eligible. The Freddie Mac preferred stock was recognized by the Company as other-than-temporarily impaired in the fourth quarter of 2008.

The following table summarizes the Company's portfolio of securities available for sale at December 31, 2011:

(in thousands)	December 31, 2011			Fair Value
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	
Mortgage-Related Securities:				
GSE certificates	\$ 97,642	\$ 5,013	\$ 10	\$102,645
GSE CMOs	62,373	2,903	--	65,276
Private label CMOs	25,306	--	1,265	24,041
Total mortgage-related securities	\$185,321	\$ 7,916	\$ 1,275	\$191,962

Other Securities:

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GSE debentures	\$456,969	\$ 1,797	\$ --	\$458,766
State, county, and municipal	1,188	97	--	1,285
Capital trust notes	36,754	141	4,692	32,203
Preferred stock	--	195	--	195
Common stock	42,863	1,604	4,216	40,251
Total other securities	\$537,774	\$ 3,834	\$ 8,908	\$532,700
Total securities available for sale ⁽¹⁾	\$723,095	\$11,750	\$10,183	\$724,662

(1) The non-credit portion of OTTI recorded in AOCL was \$570,000 (before taxes).

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The following tables summarize the Company's portfolio of securities held to maturity at March 31, 2012 and December 31, 2011:

(in thousands)	March 31, 2012				
	Amortized Cost	Carrying Amount	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Mortgage-Related Securities:					
GSE certificates	\$ 694,550	\$ 694,550	\$ 49,358	\$ --	\$ 743,908
GSE CMOs	2,381,285	2,381,285	89,195	686	2,469,794
Other mortgage-related securities	3,341	3,341	--	--	3,341
Total mortgage-related securities	\$3,079,176	\$3,079,176	\$138,553	\$ 686	\$3,217,043
Other Securities:					
GSE debentures	\$1,039,580	\$1,039,580	\$ 12,751	\$ 73	\$1,052,258
Corporate bonds	54,779	54,779	7,667	11	62,435
Capital trust notes	153,234	131,536	17,374	16,245	132,665
Total other securities	\$1,247,593	\$1,225,895	\$ 37,792	\$16,329	\$1,247,358
Total securities held to maturity⁽¹⁾	\$4,326,769	\$4,305,071	\$176,345	\$17,015	\$4,464,401

- (1) Held-to-maturity securities are reported at a carrying amount equal to amortized cost less the non-credit portion of OTTI recorded in AOCL. The non-credit portion of OTTI recorded in AOCL was \$21.7 million (before taxes).

(in thousands)	December 31, 2011				
	Amortized Cost	Carrying Amount	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Mortgage-Related Securities:					
GSE certificates	\$ 660,945	\$ 660,945	\$ 47,064	\$ --	\$ 708,009
GSE CMOs	2,331,916	2,331,916	93,216	--	2,425,132
Other mortgage-related securities	3,379	3,379	--	--	3,379
Total mortgage-related securities	\$2,996,240	\$2,996,240	\$140,280	\$ --	\$3,136,520
Other Securities:					
GSE debentures	\$ 633,258	\$ 633,258	\$ 14,878	\$ 146	\$ 647,990
Corporate bonds	54,759	54,759	2,826	12	57,573
Capital trust notes	153,334	131,597	12,362	19,857	124,102
Total other securities	\$ 841,351	\$ 819,614	\$ 30,066	\$20,015	\$ 829,665
Total securities held to maturity⁽¹⁾	\$3,837,591	\$3,815,854	\$170,346	\$20,015	\$3,966,185

- (1) The non-credit portion of OTTI recorded in AOCL was \$21.7 million (before taxes).

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The Company had \$504.4 million and \$490.2 million of Federal Home Loan Bank (FHLB) stock, at cost, at March 31, 2012 and December 31, 2011, respectively. The Company is required to maintain this investment in order to have access to funding resources provided by the FHLB.

The following table summarizes the gross proceeds, gross realized gains, and gross realized losses from the sale of available-for-sale securities during the three months ended March 31, 2012 and 2011:

	For the Three Months Ended	
	March 31,	
(in thousands)	<u>2012</u>	<u>2011</u>
Gross proceeds	\$240,218	\$103,956
Gross realized gains	718	2,931
Gross realized losses	<u>--</u>	<u>11</u>

In addition, during the three months ended March 31, 2011, the Company sold held-to-maturity securities with gross proceeds of \$227.0 million and gross realized gains of \$7.1 million. These sales occurred because the Company had either collected a substantial portion (at least 85%) of the initial principal balance or because there was evidence of significant deterioration in the issuers' creditworthiness.

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The \$165.9 million market value of the capital trust note portfolio at March 31, 2012 included three pooled trust preferred securities. The following table details the pooled trust preferred securities that had at least one credit rating below investment grade as of March 31, 2012:

(dollars in thousands)	INCAPS Funding I Class B-2 Notes	Alesco Preferred Funding VII Ltd. Class C-1 Notes	Preferred Term Securities II Mezzanine Notes
Book value	\$14,964	\$ 553	\$579
Fair value	16,598	210	638
Unrealized gain (loss)	1,634	(343)	59
Lowest credit rating assigned to security	CCC-	C	C
Number of banks/insurance companies currently performing	24	58	24
Actual deferrals and defaults as a percentage of original collateral	11%	35%	36%
Expected deferrals and defaults as a percentage of remaining performing collateral	24	25	19
Expected recoveries as a percentage of remaining performing collateral	--	--	2
Excess subordination as a percentage of remaining performing collateral	12	--	--

As of March 31, 2012, after taking into account the Company's best estimates of future deferrals, defaults, and recoveries, two of its pooled trust preferred securities had no excess subordination in the classes it owns and one had excess subordination of 12%. Excess subordination is calculated after taking into account the deferrals, defaults, and recoveries noted in the table above, and indicates whether there is sufficient additional collateral to cover the outstanding principal balance of the class owned, after taking into account these projected deferrals, defaults, and recoveries.

As the following table indicates, there was no activity from December 31, 2011 through March 31, 2012 in the credit loss component of OTTI on debt securities for which a non-credit component of OTTI was recognized in AOCL. The beginning balance represents the credit loss component for debt securities for which OTTI occurred prior to January 1, 2012. For credit-impaired debt securities, OTTI recognized in earnings after that date is presented as an addition in two components, based upon whether the current period is the first time a debt security was credit-impaired (initial credit impairment) or is not the first time a debt security was credit-impaired (subsequent credit impairment).

(in thousands)	For the Three Months Ended March 31, 2012
Beginning credit loss amount as of December 31, 2011	\$219,978
Add: Initial other-than-temporary credit losses	--
Subsequent other-than-temporary credit losses	--
Amount previously recognized in AOCL	--
Less: Realized losses for securities sold	--
Securities intended or required to be sold	--
Increases in expected cash flows on debt securities	--
Ending credit loss amount as of March 31, 2012	\$219,978

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The following table summarizes the carrying amounts and estimated fair values of held-to-maturity debt securities, and the amortized costs and estimated fair values of available-for-sale debt securities, at March 31, 2012 by contractual maturity. Mortgage-related securities held to maturity and available for sale, all of which have prepayment provisions, are distributed to a maturity category based on the ends of the estimated average lives of such securities. Principal and amortization prepayments are not shown in maturity categories as they occur, but are considered in the determination of estimated average life.

(dollars in thousands)	Carrying Amount at March 31, 2012									
	Mortgage-Related Securities	Average Yield	U.S. Treasury and GSE Obligations	Average Yield	State, County, and Municipal	Average Yield ⁽¹⁾	Other Debt Securities ⁽²⁾	Average Yield	Fair Value	
Held-to-Maturity Securities:										
Due within one year	\$ --	--%	\$ --	--%	\$ --	--%	\$ 23,992	5.80%	\$ 24,301	
Due from one to five years	--	--	--	--	--	--	--	--	--	
Due from five to ten years	1,045,522	3.59	989,580	3.39						