# 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, 2022**

☐ **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.) |

**102 Duffy Avenue, Hicksville, New York 11801**
**(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 1/40$^{th}$ 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. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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, 2022, the aggregate market value of the shares of common stock outstanding of the registrant was $4.2 billion, excluding 6,801,356 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, 2022, $9.13 per share, as reported by the New York Stock Exchange.

The number of shares of the registrant's common stock outstanding as of February 22, 2023 was 682,901,266 shares.

Documents Incorporated by Reference

Portions of the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on June 1, 2023 are incorporated by reference into Part III.

## CROSS REFERENCE INDEX


| | | Page |
|---|---|---|
| Cautionary Statement Regarding Forward-Looking Language | | 1 |
| Glossary and Abbreviations | | 5 |
| **PART I** | | |
| Item 1. | Business | 9 |
| Item 1A. | Risk Factors | 26 |
| Item 1B. | Unresolved Staff Comments | 40 |
| Item 2. | Properties | 40 |
| Item 3. | Legal Proceedings | 41 |
| Item 4. | Mine Safety Disclosures | 41 |
| **PART II** | | |
| Item 5. | Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities | 42 |
| Item 6. | Reserved | 44 |
| Item 7. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 45 |
| Item 7A. | Quantitative and Qualitative Disclosures about Market Risk | 72 |
| Item 8. | Financial Statements and Supplementary Data | 77 |
| Item 9. | Changes in and Disagreements with Accountants on Accounting and Financial Disclosure | 149 |
| Item 9A. | Controls and Procedures | 149 |
| Item 9B. | Other Information | 150 |
| Item 9C. | Disclosure Regarding Foreign Jurisdictions that Prevent Inspections | 150 |
| **PART III** | | |
| Item 10. | Directors, Executive Officers, and Corporate Governance | 151 |
| Item 11. | Executive Compensation | 151 |
| Item 12. | Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters | 151 |
| Item 13. | Certain Relationships and Related Transactions, and Director Independence | 152 |
| Item 14. | Principal Accounting Fees and Services | 152 |
| **PART IV** | | |
| Item 15. | Exhibits and Financial Statement Schedules | 153 |
| Item 16. | Form 10-K Summary (None) | 155 |
| Signatures | | 156 |
| Certifications | | |

*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, Flagstar Bank, N.A. (the "Bank").*

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING LANGUAGE**

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

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

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

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

- general economic conditions, including higher inflation and its impacts, either nationally or in some or all of the areas in which we and our customers conduct our respective businesses;
- conditions in the securities markets and real estate markets or the banking industry;
- changes in real estate values, which could impact the quality of the assets securing the loans in our portfolio;
- changes in interest rates, which may affect our net income, prepayment penalty income, and other future cash flows, or the market value of our assets, including our investment securities;
- any uncertainty relating to the LIBOR transition process;
- changes in the quality or composition of our loan or securities portfolios;
- changes in our capital management policies, including those regarding business combinations, dividends, and share repurchases, among others;
- heightened regulatory focus on commercial real estate loan concentrations;
- changes in competitive pressures among financial institutions or from non-financial institutions;
- changes in deposit flows and wholesale borrowing facilities;
- changes in the demand for deposit, loan, and investment products and other financial services in the markets we serve;
- our timely development of new lines of business and competitive products or services in a changing environment, and the acceptance of such products or services by our customers;

- our ability to obtain timely shareholder and regulatory approvals of any merger transactions or corporate restructurings we may propose, including timely obtaining regulatory approvals for our 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 success of our previously announced investment in, and partnership with, Figure Technologies, Inc., a FinTech company focusing on payment and lending via blockchain technology;
- the ability to invest effectively in new information technology systems and platforms;
- changes in future allowance for credit losses requirements under relevant accounting and regulatory requirements;
- the ability to pay future dividends at currently expected rates;
- the ability to hire and retain key personnel;
- the ability to attract new customers and retain existing ones in the manner anticipated;
- changes in our customer base or in the financial or operating performances of our customers' businesses;
- any interruption in customer service due to circumstances beyond our control;
- the outcome of pending or threatened litigation, or of matters before regulatory agencies, whether currently existing or commencing in the future;
- 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;

- the potential impact to the Company from climate change, including higher regulatory compliance, increased expenses, operational changes, and reputational risks;
- unforeseen or catastrophic events including natural disasters, war, terrorist activities, and the emergence of a pandemic;
- the impacts related to or resulting from Russia's military action in Ukraine, including the broader impacts to financial markets and the global macroeconomic and geopolitical environment;
- the effects of COVID-19, which includes, but are not limited to, the length of time that the pandemic continues, the effectiveness and acceptance of the COVID-19 vaccination program, the potential imposition of further restrictions on business operations and/or 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 I, 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

### BARGAIN PURCHASE GAIN

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

### BASIS POINT

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

### BOOK VALUE PER COMMON SHARE

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

### BROKERED DEPOSITS

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

### CHARGE-OFF

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

### COMMERCIAL REAL ESTATE LOAN

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

### COST OF FUNDS

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

### CRE CONCENTRATION RATIO

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

### DEBT SERVICE COVERAGE RATIO

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

### DERIVATIVE

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

**EFFICIENCY RATIO**

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

**GOODWILL**

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

**GOVERNMENT-SPONSORED ENTERPRISES**

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

**GSE OBLIGATIONS**

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

**INTEREST RATE SENSITIVITY**

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

**INTEREST RATE SPREAD**

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

**LOAN-TO-VALUE RATIO**

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

**MULTI-FAMILY LOAN**

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

**NET INTEREST INCOME**

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

**NET INTEREST MARGIN**

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

**NON-ACCRUAL LOAN**

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

## NON-PERFORMING LOANS AND ASSETS

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

## OREO AND OTHER REPOSSESSED ASSETS

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

## RENT-REGULATED APARTMENTS

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

## TROUBLED DEBT 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
AOCL—Accumulated other comprehensive loss
ASC—Accounting Standards Codification
ASU—Accounting Standards Update
BaaS—Banking as a Service
BOLI—Bank-owned life insurance
BP—Basis point(s)
CARES Act – Coronavirus Aid, Relief, and Economic Security Act
C&I—Commercial and industrial loan
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
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
FCA—the United Kingdom's Financial Conduct Authority
FDI Act—Federal Deposit Insurance Act
FDIC—Federal Deposit Insurance Corporation
FHA—Federal Housing Administration
FHFA—Federal Housing Finance Agency
FHLB—Federal Home Loan Bank
FHLB-NY—Federal Home Loan Bank of New York
FOAL—Fallout-Adjusted Locks
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
GSE—Government-sponsored enterprises
HOLA—Home Owners Loan Act
HPI—Housing Price Index
LGG - Loans with government guarantees
LHFS—Loans Held-for-Sale
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
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
PAA - Purchase accounting adjustments
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
SOFR—Secured Overnight Financing Rate
TDR—Troubled debt restructurings
TILA-RESPA—Truth in Lending ACT-Real Estate Settlement Procedures Act

## 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”) is the bank holding company for Flagstar Bank, N.A. (hereinafter referred to as the “Bank”). The Company went public in 1993 and has grown organically and through a series of accretive mergers and acquisitions, culminating in its recent acquisition of Flagstar Bancorp, Inc. (“Flagstar” or “Flagstar Bancorp”), which closed on December 1, 2022. Effective as of December 1, 2022, in connection with the Parent Company’s acquisition of Flagstar Bancorp, (i) Flagstar Bank, FSB converted to a national bank to be known as “Flagstar Bank, N.A.” and (ii) New York Community Bank was merged with and into Flagstar Bank N.A., with Flagstar Bank N.A. continuing as the surviving entity.

New York Community Bancorp, Inc. has market-leading positions in several national businesses, including multi-family lending, mortgage originations and servicing, and warehouse lending. The Company is the second-largest multi-family portfolio lender in the country and the leading multi-family portfolio lender in the New York City market area, where it specializes in rent-regulated, non-luxury apartment buildings. Flagstar Mortgage is the 8th largest bank originator of residential mortgages for the 12-months ended December 31, 2022, while we are the industry’s 6th largest sub-servicer of mortgage loans nationwide, servicing 1.4 million accounts with $346 billion in unpaid principal balances as of December 31, 2022. Additionally, the Company is the 2nd largest mortgage warehouse lender nationally based on total commitments.

### *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, which can be found at www.ir.myNYCB.com.

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

Flagstar Bank, N.A. operates 395 branches across nine states, including strong footholds in the Northeast and Midwest and has exposure to high growth markets in the Southeast and on the West Coast. Flagstar Mortgage operates nationally through a wholesale network of approximately 3,000 third-party mortgage originators.

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, while the majority of the properties collateralizing our CRE and ADC loans are located in the Northeast and Midwest. Our specialty finance loans and leases are generally made to large corporate obligors that participate in stable industries nationwide and our warehouse loans are made to mortgage lenders across the country.

### *Competition for Deposits*

We compete for deposits and customers by placing an emphasis on convenience and service and, from time to time, by offering specific products at competitive rates. In addition to our 395 branches, we have 524 ATM locations that operate 24 hours a day. 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 and checking accounts through a dedicated website: www.myBankingDirect.com.

In addition to checking and savings accounts, 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 non-deposit investment products and insurance through a relationship with a third-party broker dealer and insurance agency.

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.

### *Competition for Commercial and Consumer Loans and Servicing*

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.

From a lending perspective, we compete with many institutions including commercial banks, national mortgage lenders, local savings banks, financial technology companies, credit unions and commercial lenders offering mortgage loans and other consumer loans.

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.

**Monetary Policy**

The Company and the Bank are affected by fiscal and monetary policies of the federal government, including those of the FRB which regulates the national money supply in order to mitigate recessionary and inflationary pressures. Among the techniques available to the FRB are engaging in open market transactions of U.S. Government securities, changing the discount rate and changing reserve requirements against bank deposits. These techniques are used in varying combinations to influence the overall growth of bank loans, investments, and deposits. Their use may also affect interest rates charged on loans and paid on deposits. The effect of government policies on the earnings of the Company and the Bank cannot be predicted.

**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**

We conduct business primarily through our wholly-owned bank subsidiary, Flagstar Bank, N.A. The Bank has formed, or acquired through merger transactions, 33 active subsidiary corporations. Of these, 21 are direct subsidiaries of the Bank and 12 are subsidiaries of Bank-owned entities.

The 21 direct subsidiaries of the Bank are:

| Name | Jurisdiction of Organization | Purpose |
|---|---|---|
| 100 Duffy Realty, LLC | New York | Owns a building containing back-office and a branch. |
| Beta Investments, Inc. | Delaware | Holding company for Omega Commercial Mortgage Corp. and Long Island Commercial Capital Corp. |
| BSR 1400 Corp. | New York | Organized to own interests in real estate. |
| Ferry Development Holding Company | Delaware | Formed to hold and manage investment portfolios for the Company. |
| NYCB Specialty Finance Company, LLC | Delaware | Originates asset-based, equipment financing, and dealer-floor plan loans. |

| | | |
|---|---|---|
| NYB Realty Holding Company, LLC | New York | Holding company for subsidiaries owning an interest in real estate. |
| NYCB Insurance Agency, Inc. | New York | Sells non-deposit investment products. |
| Pacific Urban Renewal, Inc. | New Jersey | Owns a branch building. |
| Synergy Capital Investments, Inc. | New Jersey | Formed to hold and manage investment portfolios for the Company. |
| NYCB Mortgage Company, LLC | Delaware | Holding company for Walnut Realty Holding Company, LLC. |
| Woodhaven Investments, LLC | Delaware | Holding company for Ironbound Investment Company, LLC. and 1400 Corp. |
| Flagstar REO, LLC | Delaware | Formed to hold real estate from foreclosed loans |
| Flagstar Mortgage Securities, LLC | Delaware | Formed to hold mortgage loans sold into private securitizations |
| Flagstar Real Estate Holdings, Inc. | Michigan | Holding company for REIT investment in MSRs |
| REIT Holding Co #1, Inc. | Michigan | Holding company for REIT investments in mortgage loans |
| REIT Holding Co #2, Inc. | Michigan | Holding company for REIT investment in commercial real estate loans |
| Propshop Mortgage, LLC | Delaware | Joint venture mortgage company developing specialized mortgage technology |
| Flagstar Investment, LLC | Michigan | Formed to invest in low income housing investments |
| Flagstar Opportunities, LLC | Michigan | Formed to invest in low income housing investments |
| Grass Lake Insurance Agency, Inc. | Michigan | Licensed insurance agency |
| FSB-Optimum Investment Fund I LLC | Michigan | Formed to invest in businesses with New Markets Tax Credits |

The 12 subsidiaries of Bank-owned entities are:

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

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

The 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 12, “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 and two non-banking subsidiaries that were acquired in connection with the Flagstar acquisition.

**Human Capital Management**

At December 31, 2022, our workforce included 7,497 employees. None of our employees are represented by a collective bargaining agreement and we believe our employee relations to be in good standing.

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, 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 and the Company's annual incentive program.

We are proud to strive 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. To increase diversity within our talent pool, we work with key stakeholders in our business locations to deepen our understanding of the local labor market and better position the organization to recruit and retain talent within under-represented communities.

We strive to create and foster a supportive environment for all of our employees, and we are proud to share our business success with individuals whose cultural and personal differences support an innovative and productive workplace. Approximately two-thirds of our workforce is female and nearly half of our workforce have diverse ethnic backgrounds. Our policies and practices reflect our commitment to diversity and inclusion in the workplace.

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. 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, which are key to our efforts. Our Employee resource groups provide our associates access to coaching, mentoring and professional development. As of December 31, 2022, our efforts have been focused on the following eleven employee resource groups which we intend to expand across our recently combined Company: African American, Asian-Indian, Environmental, Hispanic/Latino, Interfaith, LGBTQ, Military Veterans, Native American, People with Disabilities, Women and Young Professionals.

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.

**Federal, State, and Local Taxation**

The Company is subject to federal, state, and local income taxes. See the discussion of "Income Taxes" in Note 2, "Summary of Significant Accounting Policies."

## Regulation and Supervision

The following is a brief summary of certain statutes and regulations that significantly affect the Company and its subsidiaries. A number of other statutes and regulations may affect the Company and the Bank but are not discussed in the following paragraphs.

### *General*

The Bank is a national banking association, subject to federal regulation and oversight by the OCC. The activities of the Bank are limited to those specifically authorized under the National Bank Act and related interpretations of the OCC. The OCC has authority to bring an enforcement action against the Bank for unsafe or unsound banking practices, which could include limiting the Bank's ability to conduct otherwise permissible activities, or imposing corrective capital or managerial requirements on the bank. 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 DIF rather than our shareholders.

As a bank 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 Regulatory Agencies or Congress, could have a materially adverse impact on our operations.

### *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 New York Housing Stability and Tenant Protection Act of 2019*

In 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 percent 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 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 percent; (ii) a tier 1 capital ratio of 6 percent (increased from 4 percent); (iii) a total capital ratio of 8 percent (unchanged from the prior rules); and (iv) a tier 1 leverage ratio of 4 percent.

In addition, the Basel III rules assign higher risk weights to certain assets, such as the 150 percent 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 percent 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 percent, 8.5 percent, and 10.5 percent, respectively. The capital conservation buffer is now at its fully phased-in level of 2.5 percent. 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 percent or greater, a tier 1 risk-based capital ratio of 8 percent or greater, a common equity tier 1 risk-based capital ratio of 6.5 percent or greater, and a tier 1 leverage ratio of 5 percent 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 percent or greater, a tier 1 risk-based capital ratio of 6 percent or greater, a common equity tier 1 risk-based capital ratio of 4.5 percent or greater, and a tier 1 leverage ratio of 4 percent or greater.

An institution is deemed to be “undercapitalized” if it has a total risk-based capital ratio of less than 8 percent, a tier 1 risk-based capital ratio of less than 6 percent, a common equity tier 1 risk-based capital ratio of less than 4.5 percent, or a tier 1 leverage ratio of less than 4 percent. An institution is deemed to be “significantly undercapitalized” if it has a total risk-based capital ratio of less than 6 percent, a tier 1 risk-based capital ratio of less than 4 percent, a common equity tier 1 risk-based capital ratio of less than 3 percent, or a tier 1 leverage ratio of less than 3 percent. 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 percent.

“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 percent 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.

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 21 - Capital. As of December 31, 2022, 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 Category IV U.S. Banking Organizations*

In 2019, the Board of Governors of the Federal Reserve System (the “Board”) finalized a framework that sorts large banking organizations into one of four categories of prudential standards based on their risk profiles (the “tailoring rule”). The most stringent prudential standards apply under Category I (defined as U.S. Global Systemically Important Banks and their depository institution subsidiaries), and the least stringent prudential standards apply under Category IV (defined as U.S. banking organizations with $100 billion or more but less than $250 billion in total assets and have less than $75 billion in cross-jurisdictional activity, weighted short-term wholesale funding, nonbank assets, or off-balance sheet exposure).

In January 2021, the Board finalized a rule to update capital planning requirements for large banks to be consistent with the tailoring rule. The Board's capital planning requirements for large banks help ensure they plan for and determine their capital needs under a range of different scenarios. The rule removes the company-run stress test requirement for banking organizations subject to Category IV standards. Therefore, banking organizations subject to Category IV standards are not required to calculate forward-looking projections of capital under scenarios provided by the Board.

The rule also aligns the frequency of the calculation of the stress capital buffer requirement with the frequency of the supervisory stress test (that is, both would occur every other year for banking organizations subject to Category IV standards). The rule allows a banking organization subject to Category IV standards to elect to participate in the supervisory stress test in a year in which the banking organization would not otherwise be subject to the supervisory stress test, and to receive an updated stress capital buffer requirement in that year.

***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, OCC, and FRB Regulations***

The discussion that follows pertains to FDIC, OCC, and FRB regulations other than those already discussed on the preceding pages.

***Additional Regulations***

The following pertains to 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 "Federal Banking 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 Federal Banking 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 percent 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 percent or more of total risk-based capital. 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 Federal Banking 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 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 Bank would require the approval of the OCC if the dividends it declares in any calendar year were to exceed the total of its respective net profits for that year combined with its respective retained net profits for the preceding two calendar years, less any required transfer to paid-in capital. The term "net profits" is defined as net income for a given period less any dividends paid during that period. As a result of our acquisition of Flagstar, we are also required to seek regulatory approval from the OCC for the payment of any dividend to the Parent Company through at least the period ending November 1, 2024. In 2022, dividends of $335 million were paid by the Bank to the Parent Company. At December 31, 2022, the Bank could have paid additional dividends of $615 million to the Parent Company without regulatory approval.

*Investment Activities*

National bank investment activities are governed by the National Bank Act and OCC regulations which, consistent with safe and sound banking practices, prescribe standards under which national banks may purchase, sell, deal in, underwrite, and hold securities. The types of investment activities that are permissible for national banks, and the calculation of limits for investments in such covered securities, are set forth in regulations promulgated by the OCC (12 CFR Part 1), as further described in the OCC's Investment Securities Policy Statement (OCC Bulletin 1998-20). A national bank must adhere to safe and sound banking practices and the specific requirements of the OCC's regulations in conducting such investment activities. A bank must consider, as appropriate, the interest rate, credit, liquidity, price, foreign exchange, transaction, compliance, strategic, and reputation risks presented by a proposed activity, and the particular activities undertaken by the bank must be appropriate for that bank. If the OCC determines for safety and soundness reasons that a bank should calculate its investment limits more frequently than required by the OCC's Investment Securities regulations, the OCC may provide written notice to the bank directing the bank to calculate its investment limitations at a more frequent interval, and the bank must thereafter calculate its investment limits at that interval until further notice from the OCC.

The GLBA and FDIC regulations also impose certain quantitative and qualitative restrictions on such activities and on a bank's dealings with a subsidiary that engages in specified activities.

*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. No institution may pay a dividend if in default of the federal deposit insurance assessment. Deposit insurance assessments are based on total average assets, excluding PPP loans, less average tangible common equity. The FDIC has authority to increase insurance assessments. Management cannot predict what insurance assessments rates will be in the future.

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.

*Acquisition, Activities and Change in Control*. The Company may only conduct, or acquire control of companies engaged in activities permissible for a bank holding company pursuant to the BHCA. 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 bank holding company or financial holding company.

*Capital Requirements*. The Company and the Bank 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 21 - Capital.

*Holding Company Limitations on Capital Distributions*. Our ability to make any capital distributions to our stockholders, including dividends and share repurchases, is subject to the oversight of the Federal Reserve and contingent upon their non-objection to such planned distributions which typically considers our capital adequacy, comprehensiveness and effectiveness of capital planning and the prudence of the proposed capital action.

***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 percent 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 percent 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 percent of the Company's voting stock. See "Holding Company Regulation" earlier in this report.

***Banking Regulation***

*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 Bank 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. As a result of our acquisition of Flagstar, we are required to seek regulatory approval from the OCC for the payment of any dividend to the Parent Company through at least the period ending November 1, 2024, which could restrict our ability to pay the common stock dividend.

***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 percent 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 percent 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 bank to directors, executive officers, and principal stockholders.

***Community Reinvestment Act***

*Federal Regulation*

Under the CRA, as implemented by OCC 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. However, institutions are rated on their performance in meeting the needs of their communities. Performance is tested in three areas: (1) lending, to

evaluate the institution’s record of making loans in its assessment areas; (2) investment, to evaluate the institution’s record of investing in community development projects, affordable housing, and programs benefiting low- or moderate-income individuals and businesses; and (3) service, to evaluate the institution’s delivery of services through its branches, ATMs and other offices. The CRA requires each federal banking agency, in connection with its examination of a financial institution, to assess and assign one of four ratings to the institution’s record of meeting the credit needs of the community and to take such record into account in its evaluation of certain applications by the institution, including applications for charters, branches and other deposit facilities, relocations, mergers, consolidations, acquisitions of assets or assumptions of liabilities, and bank holding company and savings and loan holding company acquisitions. The CRA also requires that all institutions make public disclosure of their CRA ratings.

***Community Pledge Agreement with the National Community Reinvestment Coalition***

On January 24, 2022, the Company and the National Community Reinvestment Coalition ("NCRC") announced the Company's commitment to provide $28 billion in loans, investments, and other financial support to communities and people of color, low- and moderate-income ("LMI") families and communities, and small businesses. The Company's Community Pledge Agreement was developed with NCRC and its members in conjunction with the Company's merger with Flagstar Bancorp, Inc. The agreement includes $22 billion in community lending and affordable housing commitments and $6 billion of residential mortgage originations to underserved and LMI borrowers, and in LMI and majority-minority neighborhoods over a five-year period. NYCB will also provide $542 million in loans to small businesses with less than $1 million in revenues and in LMI and majority-minority communities; $16.5 million in philanthropic support to nonprofit organizations that meet the needs of LMI and majority-minority communities and individuals; greater access to banking products and services; and the continuation of NYCB's responsible multi-family lending practices.

***Bank Secrecy and Anti-Money Laundering***

The Bank is subject to the Bank Secrecy Act (“BSA”) and other anti-money laundering laws and regulations, including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, commonly referred to as the “USA PATRIOT Act” or the “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 USA PATRIOT Act contains prohibitions against specified financial transactions and account relationships, as well as enhanced due diligence standards intended to prevent the use of the United States financial system for money laundering and terrorist financing activities. The Patriot Act requires banks and other depository institutions, brokers, dealers and certain other businesses involved in the transfer of money to establish anti-money laundering programs, including employee training and independent audit requirements meeting minimum standards specified by the Patriot Act, to follow standards for customer identification and maintenance of customer identification records, and to compare customer lists against lists of suspected terrorists, terrorist organizations and money launderers. The Patriot Act also requires federal bank regulators to evaluate the effectiveness of an applicant in combating money laundering in determining whether to approve a proposed bank acquisition.

We have developed and operate an enterprise-wide anti-money laundering program designed to enable us to comply with all applicable anti-money laundering and anti-terrorism financing laws and regulations. Our anti-money laundering program is also designed to prevent our products from being used to facilitate business in certain countries or territories, or with certain individuals or entities, including those on designated lists promulgated by the U.S. Department of the Treasury’s Office of Foreign Assets Controls and other U.S. and non-U.S. sanctions authorities. Our anti-money laundering and sanctions compliance programs include policies, procedures, reporting protocols, and internal controls designed to identify, monitor, manage, and mitigate the risk of money laundering and terrorist financing. These controls include procedures and processes to detect and report potentially suspicious transactions, perform consumer due diligence, respond to requests from law enforcement, and meet all recordkeeping and reporting requirements related to particular transactions involving currency or monetary instruments. Our programs are designed to address these legal and regulatory requirements and to assist in managing risk associated with money laundering and terrorist financing.

### *Office of Foreign Assets Control Regulation*

The United States has imposed economic sanctions that affect transactions with designated foreign countries, foreign 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, and imposes certain limitations on the ability to share consumers' nonpublic personal information with non-affiliated third-parties. Privacy requirements, including notice and opt out requirements, under the GLBA and the FCRA are enforced by the FTC and by the CFPB through UDAAP laws and regulations, and are a standard component of CFPB examinations. State entities also may initiate actions for alleged violations of privacy or security requirements under state law.

Furthermore, an increasing number of state, federal, and international jurisdictions have enacted, or are considering enacting, privacy laws, such as the California Consumer Privacy Act ("CCPA"), which became effective on January 1, 2020, and the EU General Data Protection Regulation ("GDPR"), which regulates the collection, control, sharing, disclosure and use and other processing of personal information of data subjects in the EU and the European Economic Area. The CCPA gives residents of California expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used, and also provides for civil penalties for violations and private rights of action for data breaches. Meanwhile, the GDPR provides data subjects with greater control over the collection and use of their personal information (such as the "right to be forgotten") and has specific requirements relating to cross-border transfers of personal information to certain jurisdictions, including to the United States, with fines for noncompliance of up to the greater of 20 million euros or up to 4 percent of the annual global revenue of the noncompliant company. In addition, California approved a new privacy law in 2020, the California Privacy Rights Act ("CPRA"), which significantly modifies the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts.

### *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, 2022 the Bank held $762 million of FHLB-NY stock and, as a result of the Flagstar acquisition, $329 million of FHLB-Indianapolis shares.

***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, and their implementing regulations, include, but may not be limited to, the DFA, Truth in Lending Act (Regulation Z), Truth in Savings Act (Regulation DD), Equal Credit Opportunity Act (Regulation B), Electronic Funds Transfer Act (Regulation E), Fair Housing Act, Home Mortgage Disclosure Act (Regulation C), Fair Debt Collection Practices Act (Regulation F), Fair Credit Reporting Act (Regulation V), as amended by the Fair and Accurate Credit Transactions 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, Servicemembers Civil Relief Act, Real Estate Settlement Procedures Act (Regulation X), Telephone Consumer Protection Act, CAN-SPAM Act, Children's Online Privacy Protection Act, the Military Lending Act, and the Homeownership Counseling Act. Additionally, we are subject to Section 5 of the Federal Trade Commission Act, which prohibits unfair and deceptive acts or practices in or affecting commerce, and Section 1031 of the Dodd-Frank Act, which prohibits unfair, deceptive, or abusive acts or practices ("UDAAP") in connection with any consumer financial product or service

In addition, the Bank and its subsidiaries are subject to certain state laws and regulations designed to protect consumers. Many states have consumer protection laws analogous to, or in addition to, the federal laws listed above, such as usury laws, state debt collection practices laws, and requirements regarding loan disclosures and terms, credit discrimination, credit reporting, money transmission, recordkeeping, and unfair or deceptive business practices.

Certain states have adopted laws regulating and requiring licensing, registration, notice filing, or other approval for parties that engage in certain activity regarding consumer finance transactions. Furthermore, certain states and localities have adopted laws requiring licensing, registration, notice filing, or other approval for consumer debt collection or servicing, and/or purchasing or selling consumer loans. The licensing statutes vary from state to state and prescribe different requirements, including but not limited to: restrictions on loan origination and servicing practices (including limits on the type, amount, and manner of our fees), interest rate limits, disclosure requirements, periodic examination requirements, surety bond and minimum specified net worth requirements, periodic financial reporting requirements, notification requirements for changes in principal officers, stock ownership or corporate control, restrictions on advertising, and requirements that loan forms be submitted for review. We may also be subject

to supervision and examination by applicable state regulatory authorities in the jurisdictions in which we may offer consumer financial products or services.

***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 understanding on the part of the consumer of the material risks, costs, or conditions of the product or service; (b) the inability of the consumer to protect his/her own interest in selecting or using a financial product or service; or (c) the reasonable reliance by the consumer on a financial institution to act in the interests of the consumer.

The CFPB has exclusive examination and primary enforcement authority with respect to compliance with federal consumer financial protection laws and regulations by institutions under its supervision and is authorized, individually or jointly with the federal banking agencies, to conduct investigations to determine whether any person is, or has, engaged in conduct that violates such laws or regulations. 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.

The CFPB is also authorized to collect fines and provide consumer restitution in the event of violations, engage in consumer financial education, track consumer complaints, request data and promote the availability of financial services to underserved consumers and communities. The CFPB is authorized to pursue administrative proceedings or litigation for violations of federal consumer financial laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties which, for 2022, range from $6,323 per day for minor violations of federal consumer financial laws (including the CFPB's own rules) to $31,616 per day for reckless violations and $1,264,622 per day for knowing violations. The CFPB monetary penalty amounts are adjusted annually for inflation. Also, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations under Title X, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions for the kind of cease and desist orders available to the CFPB (but not for civil penalties).

In May 2022, the CFPB issued an Interpretive Rule to clarify the authority of states to enforce federal consumer financial protections laws under the Consumer Financial Protection Act of 2010 ("CFPA"). Specifically, the CFPB confirmed that (1) states can enforce the CFPA, including the provision making it unlawful for covered persons or service providers to violate any provision of federal consumer financial protection law; (2) the enforcement authority of states under section 1042 of the CFPA is generally not subject to certain limits applicable to the CFPB's enforcement authority, such that States may be able to bring actions against a broader cross-section of companies than the CFPB; and (3) state attorneys general and regulators may bring (or continue to pursue) actions under their CFPA authority even if the CFPB is pursuing a concurrent action against the same entity. *See* CFPB Interpretive Rule regarding Section 1042 of the Consumer Financial Protection Act of 2010 (87 FR 31940, May 26, 2022).

***Supervision and Regulation of Mortgage Banking Operations***

Our mortgage banking business is subject to the rules and regulations of the U.S. Department of Housing and Urban Development ("HUD"), the Federal Housing Administration, the Veterans' Administration ("VA") and Fannie Mae with respect to originating, processing, selling and servicing mortgage loans. Those rules and regulations, among other things, prohibit discrimination and establish underwriting guidelines, which include provisions for inspections and appraisals, require credit reports on prospective borrowers, and fix maximum loan amounts. Lenders are required annually to submit audited financial statements to Fannie Mae, FHA and VA. Each of these regulatory entities has its

own financial requirements. We are also subject to examination by Fannie Mae, FHA and VA to assure compliance with the applicable regulations, policies and procedures. Mortgage origination activities are subject to, among others, the Equal Credit Opportunity Act, the Federal Truth-in-Lending Act, the Fair Housing Act, the Fair Credit Report Act, the National Flood Insurance Act and the Real Estate Settlement Procedures Act and related regulations that prohibit discrimination and require the disclosure of certain basic information to mortgagors concerning credit terms and settlement costs. Our mortgage banking operations are also affected by various state and local laws and regulations and the requirements of various private mortgage investors.

## 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 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.

## Recent Events

### *Declaration of Dividend on Common Shares*

On January 24, 2023, our Board of Directors declared a quarterly cash dividend on the Company's common stock of $0.17 per share. The dividend was payable on February 16, 2023 to common stockholders of record as of February 6, 2023.

### *Mortgage Restructuring*

Legacy Flagstar proactively rightsized its mortgage operation throughout 2022 to adjust for market conditions. The mortgage business is cyclical by nature and challenging conditions are expected to continue throughout 2023. To better reflect demand and align to where our brand strength and familiarity lies, the distributed retail channel will reduce coverage by 69% and shift to a branch footprint only-model.

We expect that these actions will optimize our mortgage business and improve profitability during the current mortgage down cycle, while still allowing us to participate in the upside once the interest rate cycle becomes favorable. This allows us to maintain a retail presence within our nine-state footprint, leverages our marketing and branding spend, and reduces risk. More importantly, it leaves our position within the mortgage industry intact. We remain one of the largest bank originators, the 6th largest sub-servicer in the country, and the 2nd largest warehouse lender. Moreover, it allows us to continue to lend in all six channels and maintain our commitment to the correspondent and broker business.

## 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 the execution of our strategic initiatives and business strategies, including our acquisition and integration of other companies we acquire, as well as 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 stockholder 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.

### 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.***

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

The Alternative Reference Rates Committee (a group of private-market participants convened by the FRB and the FRB-NY) has identified SOFR as the recommended alternative to LIBOR. The use of SOFR as a substitute for LIBOR is voluntary and may not be suitable for all market participants. SOFR is calculated and observed differently than LIBOR. Given the manner in which SOFR is calculated, it is likely to be lower than LIBOR and is less likely to correlate with the funding costs of financial institutions. Market practices related to SOFR calculation conventions continue to develop and may vary. Inconsistent calculation conventions among financial products may expose is to increased basic rate and resultant costs. Other alternatives to LIBOR also exist, but, because of the difference in how those alternatives are constructed, they may diverge significantly from LIBOR in a range of situations and market conditions.

**Credit Risk**

***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 Estimates” 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.***

At December 31, 2022, $38.1 billion or 55 percent of our total loans and leases, held for investment portfolio consisted of multi-family loans and $8.5 billion or 12 percent 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. Consequently, 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. To date, the Company has not experienced any material negative impacts as a result of this legislation.

***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 stockholders.

**Financial Statements Risk**

***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, 2022, goodwill and other intangible assets totaled $2.7 billion. Goodwill and our other intangible assets are 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 OCC; (2) the FDIC; (3) the FRB-NY; and (4) the CFPB, as well as state licensing restrictions and limitations regarding certain consumer finance 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. Failure to comply (or to ensure that our agents and third-party service providers comply) with laws, regulations, or policies, including our failure to obtain any necessary state or local licenses, could result in enforcement actions or sanctions by regulatory agencies, civil money penalties, and/or reputational damage, which could have a material adverse effect on our business, financial

condition, or results of operations. Penalties for such violations may also include: revocation of licenses; fines and other monetary penalties; civil and criminal liability; substantially reduced payments by borrowers; modification of the original terms of loans, permanent forgiveness of debt, or inability to, directly or indirectly, collect all or a part of the principal of or interest on loans provided by the Bank. 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.

***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 maintaining 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. If our BSA policies, procedures and systems are deemed to be deficient, or the BSA policies, procedures and systems of the financial institutions that we acquire in the future are deficient, we would be subject to reputational risk and potential liability, including fines and regulatory actions such as restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including our acquisition plans, which would negatively impact our business, financial condition and results of operations.

***Failure to comply with OFAC regulations could result in legal and reputational risks.***

The United States has imposed economic sanctions that affect transactions with designated foreign countries, foreign nationals, and other potentially exposed persons.  These are typically referred to as the "OFAC" rules, given their administration by the United States Treasury Department Office of Foreign Assets Control.  Failure to comply with these sanctions could have serious legal and reputational consequences.

***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.

***We are subject to numerous laws designed to protect consumers, including the Community Reinvestment Act fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.***

The CRA requires the Federal Reserve to assess our performance in meeting the credit needs of the communities we serve, including low- and moderate-income neighborhoods. If the Federal Reserve determines that we need to improve our performance or are in substantial non-compliance with CRA requirements, various adverse regulatory consequences may ensue. In addition, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The CFPB, the U.S. Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. The CFPB is also authorized to prescribe rules applicable to any covered person or service provider, identifying and prohibiting acts or practices that are "unfair, deceptive, or abusive" 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. A successful regulatory challenge to an institution's performance under the CRA, fair lending laws or regulations, or consumer lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition and results of operations. Additionally, state attorneys general have indicated that they intend to take a more active role in enforcing consumer protection laws, including through use of Dodd-Frank Act provisions that authorize state attorneys general to enforce certain provisions of federal consumer financial laws and obtain civil money penalties and other relief available to the CFPB. If we become subject to such investigation, the required response could result in substantial costs and a diversion of the attention and resources of our management.

## 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 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.

***Higher inflation could have a negative impact on our financial results and operations.***

Inflation can negatively impact the Company by increasing our labor costs, through higher wages and higher interest rates, which may negatively affect the market value of securities on our balance sheet, higher interest expenses on our deposits, especially CDs, and a higher cost of our borrowings. Additionally, higher inflation levels could lead to higher oil and gas prices, which may negatively impact the net operating income on the properties which we lend on and could impair a borrower's ability to repay their mortgage.

***Rising mortgage rates and adverse changes in mortgage market conditions could reduce mortgage revenue.***

The residential real estate mortgage lending business is sensitive to changes in interest rates, especially long-term 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 3.88 percent at December 31, 2022, and averaged 2.95 percent during 2022, 151 basis points higher than average rates experienced during 2021. The sustained higher rates experienced throughout 2022 negatively impacted the mortgage market including our loan origination volume and refinancing activity. 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, changes in interest rates and mortgage spreads 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 growth in the mortgage and real estate markets followed by periods of 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. 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, convexity, credit spreads, or prepayment speeds, and, as a result, the change in the fair value of MSRs may negatively impact earnings.

***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. 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.

***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.

## 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 loan portfolios could adversely affect our ability to generate interest income, as well our financial condition and results of operations, perhaps materially.***

Our portfolios of multi-family and CRE loans represent the largest portion of our asset mix (68 percent of total loans held for investment as of December 31, 2022). 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 stockholder 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.

***We may be exposed to challenges in combining the operations of acquired or merged businesses, including our recent Flagstar acquisition, into our operations, which may prevent us from achieving the expected benefits from our merger and acquisition activities.***

We may not be able to fully achieve the strategic objectives and operating efficiencies that we anticipate in our merger and acquisition activities. Inherent uncertainties exist in integrating the operations of an acquired business. We may lose our customers or the customers of acquired entities as a result of the acquisition. We may also lose key personnel from the acquired entity as a result of an acquisition. We may not discover all known and unknown factors when examining a company for acquisition or merger during the due diligence period. These factors could produce unintended and unexpected consequences for us including, but not limited to, increased compliance and legal risks, including increased litigation or regulatory actions such as fines or restrictions related to the business practices or operations of the combined business. Undiscovered factors as a result of an acquisition or merger could bring civil, criminal, and financial liabilities against us, our management, and the management of those entities we acquire or merge with. In addition, if difficulties arise with respect to the integration process, we may incur higher integration expenses than anticipated and the economic benefits expected to result from the acquisition, including revenue growth and cost savings, might not occur or might not occur to the extent we expected. Failure to successfully integrate businesses that we acquire or merge with could have an adverse effect on our profitability, return on equity, return on assets, or our ability to implement our strategy, any of which in turn could have a material adverse effect on our business, financial condition and results of operations.

***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 stockholders.***

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. As a result of our acquisition of Flagstar, we are required to seek regulatory approval from the OCC for the payment of any dividend to the Bancorp through at least the period ending November 1, 2024. 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. As a result of our acquisition of Flagstar, we are required to seek regulatory approval from the OCC for the payment of any dividend to the Parent Company through at least the period ending November 1, 2024, which could restrict our ability to pay the common stock dividend. 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.

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

Communication and information systems are essential to the conduct of our business, as we use such systems, and those maintained and provided to us by third-party service providers, to manage our customer relationships, our general ledger, our deposits, and our loans. In addition, our operations rely on the secure processing, storage, and transmission of confidential and other information in our computer systems and networks. Although we take protective measures and endeavor to modify them as circumstances warrant, the security of our computer systems, software, and networks 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. We may also be required to expend significant additional resources to modify our protective measures or investigate and remediate vulnerabilities or other exposures arising from operational and security risks, including expenses for third-party expert consultants or outside counsel. We also may be subject to litigation and financial losses that either are not insured against or not fully covered through any insurance we maintain. We believe that the impact of any previously identified cyber incidents will not have a material financial impact and we have cyber insurance in place.

In addition, we routinely transmit and receive personal, confidential, and proprietary information by e-mail and other electronic means. We have discussed, and worked with our customers, clients, and counterparties to develop secure transmission capabilities, but we do not have, and may be unable to put in place, secure capabilities with all of these constituents, and we may not be able to ensure that these third parties have appropriate controls in place to protect the confidentiality of such information. We maintain disclosure controls and procedures to ensure we will timely and sufficiently notify our investors of material cybersecurity risks and incidents, including the associated financial, legal, or reputational consequence of such an event, as well as reviewing and updating any prior disclosures relating to the risk or event. While we have established information security policies and procedures, including an Incident Response Plan, to prevent or limit the impact of systems failures and interruptions, we may not be able to anticipate all possible security breaches that could affect our systems or information and there can be no assurance that such events will not occur or will be adequately prevented or mitigated if they do.

***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. These types of third-party relationships are subject to increasingly demanding regulatory requirements and oversight by federal bank regulators (such as the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation) and the CFPB. As a result, if our regulators conclude that we have not exercised adequate oversight and control over vendors and subcontractors or other ongoing third-party business relationships or that such third-parties have not performed appropriately, we could be subject to enforcement actions, including civil money penalties or other administrative or judicial penalties or fines, as well as requirements for consumer remediation. 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. 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 invest in new technology as it becomes available. Many of our competitors have greater resources than we do and may be better equipped to invest in and 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 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.

***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.***

At December 31, 2022, we had relationships with 12 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.

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 our representation and warranty 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 and 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.***

We utilize 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. These arrangements with third-party mortgage originators and the fees payable by us to such third parties could also be subject to future regulatory scrutiny and restrictions.

The Equal Credit Opportunity Act, The Consumer Protection Act and the Fair Housing Act prohibit discriminatory and other 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 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 originators, could result in the Bank being liable for damages to individual borrowers, changes in business practices, or other imposed penalties.

***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 15 - Contingencies and Commitments.

***We may be required to pay interest on certain mortgage escrow accounts 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, and are currently appealing a federal district court judgment against us in that case to the Ninth Circuit. We are 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.

**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; unintentional disproportionate assessment of fees to customers of protected classes; 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.

***Increasing scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to our environmental, social, and governance practices may impose additional costs on us or expose us to new or additional risks.***

Companies are facing increasing scrutiny from customers, regulators, investors, and other stakeholders related to their environmental, social, and governance ("ESG") practices and disclosure. Investor advocacy groups, investment funds, and influential investors are also increasingly focused on these practices, especially as they relate to the environment, health and safety, diversity, labor conditions, and human rights. Increased ESG-related compliance costs could result in increases to our overall operational costs. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation, ability to do business with certain partners, and our stock price. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure. Additionally, 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.

## 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, Florida and Michigan. We also utilize other branch and back-office locations in those states, and in New Jersey, Arizona, California, Indiana, and Wisconsin under various lease and license agreements that expire at various times. (See Note 8, "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, 2022, the number of outstanding shares was 681,217,334 and the number of registered owners was approximately 11,746. The latter figure does not include those investors whose shares were held for them by a bank or broker at that date.

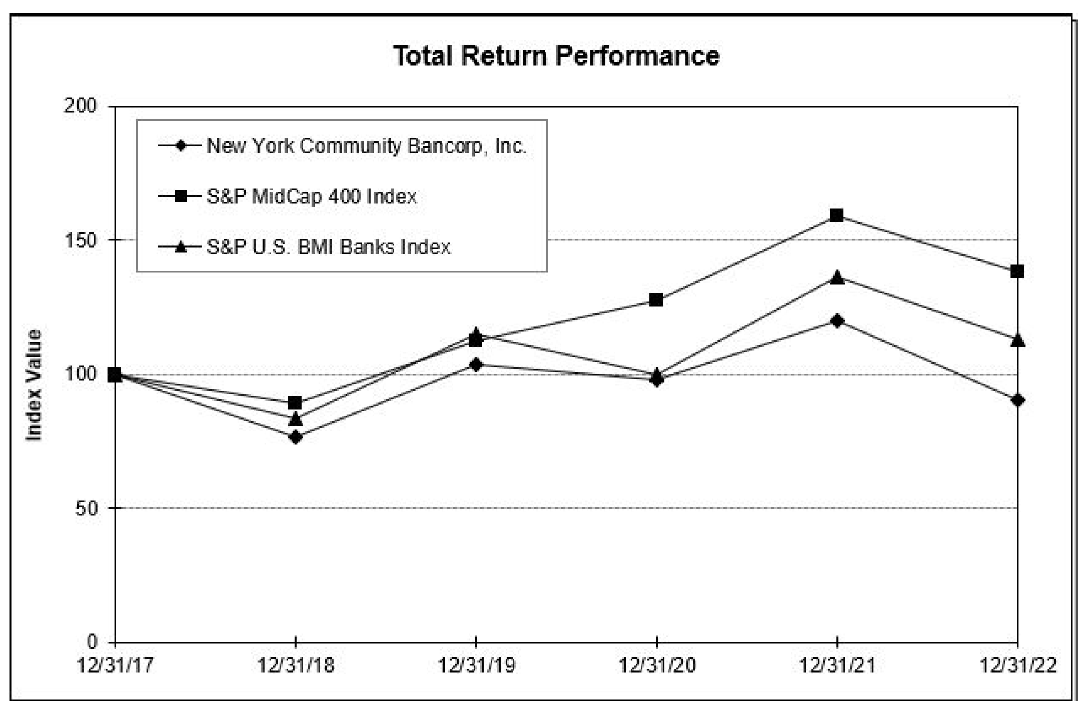
**Stock Performance Graph**

The following graph compares the cumulative total return on the Company's stock in the five years ended December 31, 2022 with the cumulative total returns on a broad market index (the S&P Mid-Cap 400 Index) and a peer group index (the S&P U.S. BMI Banks 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 S&P U.S. BMI Banks Index currently is comprised of 302 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, 2017 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 S&P U.S. BMI Banks Index***




ASSUMES $100 INVESTED ON DECEMBER 31, 2017 AND DIVIDEND REINVESTED

| | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 |
|---|---|---|---|---|---|---|
| New York Community Bancorp, Inc. | $ 100.00 | $ 76.76 | $ 103.92 | $ 97.88 | $ 120.07 | $ 90.61 |
| S&P Mid-Cap 400 Index | $ 100.00 | $ 88.92 | $ 112.21 | $ 127.54 | $ 159.12 | $ 138.34 |
| S&P U.S. BMI Banks Index | $ 100.00 | $ 83.54 | $ 114.74 | $ 100.10 | $ 136.10 | $ 112.89 |

**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 recent event 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, 2022, the Company has approximately $9 million remaining under this repurchase authorization.

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

During the year December 31, 2022, the Company repurchased $24 million or 2.3 million shares of its common stock:

| *(dollars in millions, except per share data)* Period | Total Shares of Common Stock Repurchased | Average Price Paid per Common Share | Total Allocation | Total Shares of Common Stock Purchased as Part of Publicly Announced Plans or Programs |
|---|---|---|---|---|
| First Quarter 2022 | 901,934 | $ 12.93 | $ 11 | — |
| Second Quarter 2022 | 809,996 | 8.88 | 7 | 791,101 |
| Third Quarter 2022 | 107,022 | 9.16 | 1 | 80,609 |
| Fourth Quarter 2022 | | | | |
| October 1-31, 2022 | 236 | 8.54 | — | — |
| November 1-30, 2022 | 2,173 | 9.90 | — | — |
| December 1-31, 2022 | 515,574 | 8.72 | 5 | — |
| Total Fourth Quarter 2022 | 517,983 | 8.72 | 5 | — |
| 2022 Total | 2,336,935 | 10.42 | $ 24 | 871,710 |

**ITEM 6. RESERVED**

## 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 Flagstar Bank N.A. (the "Bank"). 45.755.3

## EXECUTIVE SUMMARY

For the twelve months ended December 31, 2022, net income was $650 million, an increase of $54 million or 9 percent compared to the $596 million the Company reported for the twelve months ended December 31, 2021. Net income available to common stockholders for the twelve months ended December 31, 2022 was $617 million, also up $54 million and 10 percent compared to the twelve months ended December 31, 2021. On a per share basis, this translates into diluted earnings per share of $1.26 in full-year 2022, up 5 percent compared to the $1.20 we reported in full-year 2021. In terms of profitability, our full-year 2022 results reflect a return on average assets of 1.01 percent compared to 1.04 percent in full-year 2021 and a return on average common stockholders' equity of 9.38 percent for the full-year 2022 versus 8.75 percent for the full-year 2021.

### *Loan Portfolio*

At December 31, 2022, total loans and leases held for investment were $69.0 billion, up $23.3 billion or 51 percent compared to $45.7 billion at December 31, 2021. Of the $23.3 billion in growth this year, the Flagstar acquisition contributed $17.2 billion in loans, net of PAA. During the year, multi-family loans increased $3.5 billion or 10 percent to $38.1 billion, while the CRE portfolio increased $3.6 billion or 52 percent to $10.5 billion. The increase in the CRE portfolio was due to the Flagstar acquisition, while the increase in multi-family loans was primarily the result of organic growth.

Our specialty finance portfolio increased $912 million or 26 percent to $4.4 billion at December 31, 2022. Total commitments for the specialty finance portfolio stood at $7.4 billion at December 31, 2022. The remaining C&I portfolio, excluding specialty finance, totaled $7.9 billion at year-end 2022 compared to $526 million at year-end 2021 due primarily to the Flagstar acquisition.

One-to-four family residential loans held for investment totaled $5.8 billion at December 31, 2022. The vast majority of these loans were acquired in the Flagstar acquisition. Other loans totaled $2.3 billion at December 31, 2022 compared to only $6 million at year-end 2021. The increase was due to the Flagstar acquisition and is mostly comprised of consumer loans.

Loans held for sale were $1.1 billion at December 31, 2022, resulting from the Flagstar acquisition. These loans consisted of one-to-four family residential mortgage loans pending sale for which we have elected the fair value option.

At December 31, 2022, multi-family loans represented 55 percent of total loans, compared to 76 percent at December 31, 2021, commercial loans (including specialty finance and CRE loans) represented 33 percent compared to less than 25 percent at December 31, 2021, while residential loans represented 8 percent.

### *Deposit Base*

Total deposits at December 31, 2022 were $58.7 billion, up $23.7 billion or 67 percent compared to $35.1 billion at December 31, 2021. Deposit growth was driven by the addition of $16.0 billion of deposits from the Flagstar acquisition and $7.6 billion growth in loan-related deposits and BaaS deposits. Non-interest-bearing deposits were $12.1 billion at December 31, 2022 and represented 21 percent of total deposits, compared to $4.5 billion, or 13 percent as of December 31, 2021. Excluding the impact of the Flagstar acquisition, deposits increased $7.6 billion or 22 percent during 2022. Loan-related deposits totaled $4.4 billion at December 31, 2022 up $389 million or 10 percent as compared to $4.0 billion at December 31, 2021.

In addition, our BaaS deposits totaled $11.5 billion at December 31, 2022, up $10.5 billion compared to $1.0 billion at December 31, 2021. Our BaaS deposits fall into three verticals: traditional BaaS, banking as a service for government agencies and states, which includes the U.S. Treasury's prepaid debit card program, and mortgage as a service, which caters to mortgage companies and consists primarily of escrow deposit accounts for principal, interest, and tax payments. The majority of the year-over-year growth was in the government banking as a service vertical and related to certain prepaid debit card programs.

***Net Interest Income***

During the twelve months ended December 31, 2022, our net interest income grew driven by our higher asset base. Net interest income for full-year 2022 was $1.4 billion, up $107 million or 8 percent compared to $1.3 billion for the twelve months ended December 31, 2021. Average interest-earning assets increased $7.0 billion or 13 percent over the course of the year to $59.3 billion primarily due to organic loan growth and the Flagstar acquisition. The average yield increased 30 basis points to 3.53 percent. Average interest-bearing liabilities totaled $51.4 billion, up $6.2 billion or 14 percent, while the average cost of funds rose 47 basis points to 1.35 percent.

For the twelve months ended December 31, 2022, the NIM declined 12 basis points to 2.35 percent compared to 2.47 percent for the twelve months ended December 31, 2021 primarily driven by the impact of higher interest rates on the liability sensitive balance sheet through November 30, 2022. With the Flagstar acquisition we remain slightly liability sensitive. See Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,”. Prepayment income contributed eight basis points to the full-year NIM compared to 15 basis points during full-year 2021 as prepayments slowed due to rising interest rates.

***Asset Quality***

Asset quality remained strong during 2022 as increases in NPAs were substantially due to changes in asset mix related to the Flagstar acquisition and centered on non-performing one-to-four family residential and home equity loans. Total NPAs at December 31, 2022 were $153 million compared to $41 million at December 31, 2021, primarily driven by NPLs and assets acquired in the Flagstar acquisition. At December 31, 2022, NPAs to total assets equaled 0.17 percent and NPLs to total loans were 0.20 percent, compared to 0.07 percent for both metrics at December 31, 2021.

## RESULTS OF OPERATIONS: 2022 AS COMPARED TO 2021

### 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.

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

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

It should be noted that the level of prepayment income on loans recorded in any given period depends on the volume of loans that refinance or prepay during that time. Such activity is largely dependent on such external factors as current market conditions, including real estate values, and the perceived or actual direction of market interest rates. 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, 2022, net interest income totaled $1.4 billion, up $107 million or 8 percent compared to the twelve months ended December 31, 2021. The year-over-year improvement was driven by an increase in interest income partially offset by higher interest expense due to the rising rate environment.

***Year-Over-Year Comparison***

The following factors contributed to the year-over-year increase in net interest income:

- Interest income on mortgage and other loans, net, totaled $1.8 billion, up $323 million compared to full-year 2021. Interest income also increased across all other categories with securities up $44 million and income on money market investments up $36 million compared to last year.
- Interest income on mortgages and other loans, net was driven by a $6.2 billion or 14 percent increase in average loan balances to $49.4 billion. This is due to organic loan growth throughout the year and the December acquisition of Flagstar. Additionally, we had a 21 basis point increase in the average loan yield to 3.74 percent from 3.53 percent in 2021 due primarily to the rising interest rate environment.
- Interest income on securities was positively impacted by a 34 bps increase in the average yield to 2.69 percent from 2.35 percent along with a $823 million or 12 percent increase in the average securities balance to $7.4 billion.
- Interest-earning cash and cash equivalents were positively impacted by a 130 bps increase in the average yield to 1.47 percent driven by higher short term market rates while balances remained flat.
- Interest expense on average interest-bearing deposits increased $269 million to $383 million during full-year 2022, driven by a 68 basis point increase in the average cost of interest-bearing deposits due to rising interest rates and competition for deposits. Additionally, our average deposits grew $6.5 billion, or 22 percent, to $36.0 billion. The balance growth reflects the December acquisition of Flagstar, as well as growth in the Company’s loan-related deposits and BaaS deposits. Loan-related deposits totaled $4.4 billion at December 31, 2022 up $389 million or 10 percent from to $4.0 billion at December 31, 2021. Our BaaS deposits totaled $11.5 billion at December 31, 2022, as compared to $1.0 billion at December 31, 2021.
- Interest expense on borrowed funds increased $27 million or 9 percent to $313 million driven by a 22 basis point increase in rates partially offset by a $319 million or 2 percent decline in in the average balance to $15.4 billion, partially due to our shift to lower cost deposits.

***Net Interest Margin***

The Company’s net interest margin declined 12 basis points for the twelve months ended December 31, 2022, to 2.35 percent compared to 2.47 percent for the twelve months ended December 31, 2021. This decline was driven by our liability sensitive balance sheet in the rising rate environment. Prepayment income contributed eight basis points to the full-year net interest margin compared to 15 basis points during full-year 2021.

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

| | For the Years Ended December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | | 2020 | | |
| (dollars in millions) | Average Balance | Interest | Average Yield/ Cost | Average Balance | Interest | Average Yield/ Cost | Average Balance | Interest | Average Yield/ Cost |
| ASSETS: | | | | | | | | | |
| Interest-earning assets: | | | | | | | | | |
| Mortgage and other loans and leases, net [1] | $ 49,376 | $ 1,848 | 3.74 % | $ 43,200 | $ 1,525 | 3.53 % | $ 42,028 | $ 1,542 | 3.67 % |
| Securities [2][3] | 7,448 | 200 | 2.69 | 6,625 | 156 | 2.35 | 5,965 | 163 | 2.73 |
| Reverse repurchase agreements | 460 | 15 | 3.24 | 430 | 4 | 1.05 | 20 | — | 0.32 |
| Interest-earning cash and cash equivalents | 1,988 | 29 | 1.47 | 2,016 | 4 | 0.17 | 1,088 | 3 | 0.27 |
| Total interest-earning assets | 59,272 | 2,092 | 3.53 | 52,271 | 1,689 | 3.23 | 49,101 | 1,708 | 3.48 |
| Non-interest-earning assets | 5,130 | | | 5,275 | | | 5,008 | | |
| Total assets | $ 64,402 | | | $ 57,546 | | | $ 54,109 | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | | | | | | | | |
| Interest-bearing deposits: | | | | | | | | | |
| Interest-bearing checking and money market accounts | $ 17,910 | $ 226 | 1.26 % | $ 12,829 | $ 31 | 0.24 % | $ 10,965 | $ 57 | 0.52 % |
| Savings accounts | 9,336 | 60 | 0.64 | 7,612 | 28 | 0.36 | 5,520 | 32 | 0.57 |
| Certificates of deposit | 8,772 | 97 | 1.11 | 9,094 | 55 | 0.60 | 12,412 | 217 | 1.75 |
| Total interest-bearing deposits | 36,018 | 383 | 1.06 | 29,535 | 114 | 0.38 | 28,897 | 306 | 1.06 |
| Short term borrowed funds | 2,408 | 56 | 2.32 | 2,343 | 8 | 0.34 | 2,319 | 16 | 0.70 |
| Other borrowed funds | 12,982 | 257 | 1.99 | 13,366 | 278 | 2.08 | 12,514 | 286 | 2.28 |
| Total Borrowed funds | 15,390 | 313 | 2.04 | 15,709 | 286 | 1.82 | 14,833 | 302 | 2.03 |
| Total interest-bearing liabilities | 51,408 | 696 | 1.35 | 45,244 | 400 | 0.88 | 43,730 | 608 | 1.39 |
| Non-interest-bearing deposits | 5,124 | | | 4,578 | | | 2,957 | | |
| Other liabilities | 787 | | | 790 | | | 714 | | |
| Total liabilities | 57,319 | | | 50,612 | | | 47,401 | | |
| Stockholders' equity | 7,083 | | | 6,934 | | | 6,708 | | |
| Total liabilities and stockholders' equity | $ 64,402 | | | $ 57,546 | | | $ 54,109 | | |
| Net interest income/interest rate spread | | $ 1,396 | 2.17 % | | $ 1,289 | 2.35 % | | $ 1,100 | 2.09 % |
| Net interest margin | | | 2.35 % | | | 2.47 % | | | 2.24 % |
| Ratio of interest-earning assets to interest-bearing liabilities | | | 1.15x | | | 1.16x | | | 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 non-performing loans.*
*(2) Amounts are at amortized cost.*
*(3) Includes FHLB stock and FRB stock.*

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

**Rate/Volume Analysis**

| (in millions) | Year Ended December 31, 2022 Compared to Year Ended December 31, 2021 Increase/(Decrease) | | | Year Ended December 31, 2021 Compared to Year Ended December 31, 2020 Increase/(Decrease) | | |
|---|---|---|---|---|---|---|
| | Due to | | | Due to | | |
| | Volume | Rate | Net | Volume | Rate | Net |
| INTEREST-EARNING ASSETS: | | | | | | |
| Mortgage and other loans and leases, net | $ 227 | $ 96 | $ 323 | $ 48 | $ (65) | $ (17) |
| Securities | 21 | 23 | 44 | 28 | (35) | (7) |
| Reverse repurchase agreements | — | 11 | 11 | 4 | — | 4 |
| Interest Earning Cash & Cash Equivalent | — | 25 | 25 | 1 | — | 1 |
| Total | 248 | 155 | 403 | 81 | (100) | (19) |
| INTEREST-BEARING LIABILITIES: | | | | | | |
| Interest-bearing checking and money market accounts | $ 17 | $ 178 | $ 195 | $ 12 | $ (38) | $ (26) |
| Savings accounts | 7 | 25 | 32 | (148) | 144 | (4) |
| Certificates of deposit | (2) | 44 | 42 | (47) | (115) | (162) |
| Short Term Borrowed Funds | — | 48 | 48 | — | (8) | (8) |
| Other Borrowed Funds | (8) | (13) | (21) | 25 | (33) | (8) |
| Totals | 14 | 282 | 296 | (158) | (50) | (208) |
| Change in net interest income | $ 234 | $ (127) | $ 107 | $ 239 | $ (50) | $ 189 |

In connection with the Flagstar acquisition we have recorded certain assets and liabilities at fair value. The following table provides information regarding the discounts and premiums that are estimated to accrete or amortize into earnings in future periods using the estimated effective duration and methods shown below.

| (dollars in millions) | Remaining fair value adjustment at December 31, 2022 | Estimated effective duration | Amortization method |
|---|---|---|---|
| One-to-four family first mortgage | $ (295) | 4 years | Interest method |
| Commercial real estate | (5) | 2 years | Interest method |
| Commercial and industrial | (25) | 2 years | Interest method |
| Consumer and other | (136) | 3 years | Interest method |
| Core deposit and other intangibles | 287 | 9 years | Sum of years digits and straight-line |
| Deposits | 36 | 2 years | Interest method |
| Other borrowings | 40 | 7 years | Interest method |

**Provision for Credit Losses**

For the twelve months ended December 31, 2022, the provision for credit losses totaled $133 million compared to $3 million for the twelve months ended December 31, 2021. The fourth-quarter and full-year provision for credit losses was impacted by the provision for credit losses related to the initial ACL measurement of non-PCD Flagstar acquired loans totaling $117 million. 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; net return on our MSR asset; gains on sales of securities; and "other" sources, including the revenues produced through the sale of third-party investment products and loan subservicing.

For the twelve months ended December 31, 2022, non-interest income totaled $247 million, which includes a bargain purchase gain of $159 million related to the Flagstar acquisition. Non-interest income increased an additional $27 million from the year-ended December 31, 2021, to $88 million for the year-ended December 31, 2022, a 44 percent increase due primarily to fee income generated in December from the Flagstar acquisition.

**Non-Interest Income Analysis**

The following table summarizes our sources of non-interest income:

| | For the Years Ended December 31, | | |
|---|---|---|---|
| *(in millions)* | 2022 | 2021 | 2020 |
| Fee income | $ 27 | $ 23 | $ 22 |
| BOLI income | 32 | 29 | 32 |
| Net (loss) gain on securities | (2) | — | 1 |
| Net return on mortgage servicing rights | 6 | — | — |
| Net gain on loan sales | 5 | — | — |
| Loan administration income | 3 | — | — |
| Bargain purchase gain | 159 | — | — |
| Other income: | | | |
| Third-party investment product sales | 6 | 5 | 4 |
| Other | 11 | 4 | 2 |
| Total other income | 17 | 9 | 6 |
| Total non-interest income | $ 247 | $ 61 | $ 61 |

**Non-Interest Expense**

For the twelve months ended December 31, 2022, total non-interest expenses were $684 million, up $143 million or 26 percent compared to the twelve months ended December 31, 2021. Excluding the impact of merger-related expenses totaling $75 million and intangible asset amortization of $5 million, total operating expenses were $604 million compared to $518 million last year, up $86 million or 17 percent. The increase was primarily due to one month of Flagstar in our results. The efficiency ratio for full-year 2022 was 40.72 percent compared to 38.36 percent for full-year 2021.

**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, 2022, total income tax expense was $176 million and the effective tax rate was 21.36 percent compared to income tax expense of $210 million and an effective tax rate of 26.09 percent for the twelve months ended December 31, 2021. The year-over-year decline in the effective tax rate primarily reflects the non-taxability of certain merger-related items including the bargain purchase gain. In addition, the effective tax rate in 2021 was negatively impacted by $2 million of income tax expense related to the revaluation of deferred taxes related to a change in the New York State tax rate.

**RESULTS OF OPERATIONS: 2021 AS COMPARED TO 2020**

The results of operations comparison of 2021 compared to 2020 can be found in the Company's previously filed Annual Report on Form 10-K for the year-ended December 31, 2021 under Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations"- Results of Operations: 2021 As Compared to 2020."

## FINANCIAL CONDITION

### Balance Sheet Summary

At December 31, 2022, total assets were $90.1 billion, up $30.6 billion or 51 percent compared to December 31, 2021. The growth compared the prior period was primarily due to the Flagstar acquisition which added $25.8 billion of assets, net of PAA, while the remaining growth was driven by growth in our lending portfolios.

Total loans and leases held for investment were $69.0 billion at December 31, 2022 compared to $45.7 billion at December 31, 2021. The Flagstar acquisition added $18.0 billion of loans held for investment, net of PAA. Total loans held for sale were $1.3 billion at December 31, 2022, all of which were the result of the Flagstar acquisition.

At December 31, 2022, total deposits were $58.7 billion compared to $35.1 billion at December 31, 2021. The acquisition of Flagstar added $16.0 billion in deposits, net of PAA. Wholesale borrowings at December 31, 2022 totaled $20.3 billion compared to $15.9 billion at December 31, 2021. The acquisition of Flagstar added $6.4 billion of wholesale borrowings.

Borrowed funds totaled $21.3 billion as of year-end 2022, up $4.8 billion or 29 percent compared to year-end 2021. The acquisition of Flagstar added $6.7 billion of borrowings, net of PAA. The net decline was due to lower cost deposit growth.

***Loans Held for Investment***

The following table summarizes the composition of our loan portfolio:

| | At December 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| *(dollars in millions)* | Amount | Percent of Loans Held for Investment | Amount | Percent of Loans Held for Investment |
| Mortgage Loans: | | | | |
| Multi-family | $ 38,130 | 55.3 % | $ 34,628 | 75.7 % |
| Commercial real estate | 8,526 | 12.4 | 6,701 | 14.7 |
| One-to-four family first mortgage | 5,821 | 8.4 | 160 | 0.3 |
| Acquisition, development, and construction | 1,996 | 2.8 | 209 | 0.5 |
| Total mortgage loans | 54,473 | 78.9 | 41,698 | 91.2 |
| Other Loans: | | | | |
| Commercial and industrial | 12,276 | 17.8 | 4,034 | 8.8 |
| Other loans | 2,252 | 3.3 | 6 | 0.0 |
| Total other loans held for investment | 14,528 | 21.1 | 4,040 | 8.8 |
| Total loans and leases held for investment | $ 69,001 | 100.0 | $ 45,738 | 100.0 |
| Allowance for credit losses on loans and leases | (393) | | (199) | |
| Total loans and leases held for investment, net | $ 68,608 | | $ 45,539 | |
| Loans held for sale, at fair value | 1,115 | | — | |
| Total loans and leases, net | $ 69,723 | | $ 45,539 | |

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

| | For the Years Ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| (dollars in millions) | Amount | Percent of Total | Amount | Percent of Total |
| Mortgage Loan Originated for Investment: | | | | |
| Multi-family | $ 8,387 | 49.2 % | $ 8,256 | 62.9 % |
| Commercial real estate | 1,086 | 6.4 | 893 | 6.8 |
| One-to-four family first mortgage | 328 | 1.9 | 168 | 1.3 |
| Acquisition, development, and construction | 149 | 0.9 | 119 | 0.9 |
| Total mortgage loans originated for investment | 9,950 | 58.4 | 9,436 | 71.9 |
| Other Loans Originated for Investment: | | | | |
| Specialty finance | 6,001 | 35.2 | 3,153 | 24.0 |
| Commercial and industrial | 1,016 | 6.0 | 536 | 4.1 |
| Other | 83 | 0.4 | 6 | 0.0 |
| Total other loans originated for investment | 7,100 | 41.6 | 3,695 | 28.1 |
| Total loans originated for investment | $ 17,050 | 100.0 % | $ 13,131 | 100.0 % |

*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 $8.4 billion, or 49 percent, of the loans we produced for investment in 2022.

At December 31, 2022, multi-family loans represented $38.1 billion, or 55 percent, of total loans held for investment, reflecting a year-over-year increase of $3.5 billion, or 10 percent.

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

At December 31, 2022, $22.2 billion or 58 percent of the Company's total multi-family loan portfolio is secured by properties in New York State and, therefore, are subject to the new rent regulation laws. The weighted average LTV of the NYS rent regulated multi-family portfolio was 57.15 percent as of December 31, 2022, compared to a weighted average LTV of 60.48 percent 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 indexed to CME Term SOFR , plus a spread. Alternately, the borrower may opt for a fixed rate that is tied to the five-year fixed advance rate of the FHLB-NY, plus a spread. The fixed-rate option also requires the payment of one percentage point of the then-outstanding loan balance. In either case, the minimum rate at repricing is equivalent to the rate in the initial five-or seven-year term. As the rent roll increases, the typical property owner seeks to refinance the mortgage, and generally does so before the loan reprices in year six or eight.

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

to a range of five points to one point over years six through ten or eight through twelve. For example, a ten-year multi-family loan that prepays in year three would generally be expected to pay a prepayment penalty equal to three percentage points of the remaining principal balance. A twelve-year multi-family loan that prepays in year one or two would generally be expected to pay a penalty equal to five percentage points.

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

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

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

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

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

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

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

| | At December 31, 2022 | | |
|---|---|---|---|
| | Multi-Family Loans | | |
| *(dollars in millions)* | Amount | Percent of Total | |
| New York City: | | | |
| Manhattan | $ 7,330 | 19.23 | % |
| Brooklyn | 6,385 | 16.75 | |
| Bronx | 3,715 | 9.74 | |
| Queens | 2,889 | 7.58 | |
| Staten Island | 126 | 0.33 | |
| Total New York City | $ 20,445 | 53.63 | % |
| New Jersey | 5,107 | 13.39 | |
| Long Island | 574 | 1.51 | |
| Total Metro New York | $ 26,126 | 68.53 | % |
| Other New York State | 1,157 | 3.02 | |
| Pennsylvania | 3,760 | 9.86 | |
| Florida | 1,690 | 4.43 | |
| Ohio | 1,006 | 2.64 | |
| Arizona | 442 | 1.16 | |
| All other states | 3,949 | 10.36 | |
| Total | $ 38,130 | 100.00 | % |

*Commercial Real Estate*

At December 31, 2022, CRE loans represented $8.5 billion, or 12 percent, of total loans held for investment, reflecting a year-over-year increase of $1.8 billion compared to December 31, 2021 primarily driven by the Flagstar acquisition.

CRE loans represented $1.1 billion, or 6 percent, of the loans we originated in 2022, as compared to $893 million, or 7 percent, 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, 2022, the largest concentration of CRE loans were secured by properties in the metro New York City area, refer to the Geographical Analysis table included above for additional details.

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

Prepayment penalties apply to certain of our CRE loans, as they do our multi-family credits. Depending on the remaining term of the loan at the time of prepayment, the penalties normally range from five percentage points to one percentage point of the then-current loan balance. If a loan extends past the fifth or seventh year and the borrower selects the fixed rate option, the prepayment penalties typically reset to a range of five points to one point over years six through ten or eight through twelve.

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

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

| | At December 31, 2022 | |
|---|---|---|
| | Commercial Real Estate Loans | |
| *(dollars in millions)* | Amount | Percent of Total |
| New York | $ 5,081 | 59.59 % |
| Michigan | 1,039 | 12.19 |
| New Jersey | 560 | 6.57 |
| Pennsylvania | 328 | 3.85 |
| Florida | 255 | 2.99 |
| Ohio | 149 | 1.75 |
| Arizona | 73 | 0.86 |
| All other states | 1,041 | 12.20 |
| Total | $ 8,526 | 100.00 % |

*Acquisition, Development, and Construction Loans*

At December 31, 2022, our ADC loans represented $2.0 billion or 3 percent, of total loans held for investment, reflecting a year-over-year increase of $1.8 billion compared to December 31, 2021 primarily driven by the Flagstar acquisition.

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, 2022 and 2021, 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.

*C&I Loans*

At December 31, 2022 C&I loans totaled $12.3 billion or 18 percent of total loans held-for-investment. Included in this portfolio is $3.5 billion in warehouse loans that allow mortgage lenders to fund the closing of residential mortgage loans.

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

A broad range of C&I loans, both collateralized and unsecured, are made available to businesses for working capital (including inventory and accounts receivable), business expansion, the purchase of machinery and equipment,

and other general corporate needs. In determining the term and structure of C&I loans, several factors are considered, including the purpose, the collateral, and the anticipated sources of repayment. C&I loans are typically secured by business assets and personal guarantees of the borrower, and include financial covenants to monitor the borrower's financial stability.

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

Underlying mortgage loans are predominantly originated using the Agencies' underwriting standards. The guideline for debt to tangible net worth is 15 to 1. We have $3.5 billion outstanding warehouse loans to other mortgage lenders and have relationships in place to lend up to $11.6 billion at our discretion.

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

At December 31, 2022, specialty finance loans and leases totaled $4.4 billion or 7 percent of total loans held for investment, up $912 million or 26 percent compared to December 31, 2021.

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

The specialty finance loans and leases we fund fall into three categories: asset-based lending, dealer floor-plan lending, and equipment loan and lease financing. Each of these credits is secured with a perfected first security interest in, or outright ownership of, the underlying collateral, and structured as senior debt or as a non-cancelable lease. As of December 31, 2022, 78 percent of specialty finance loan commitments outstanding are structured as floating rate obligations which will benefit in a rising rate environment. All floating rate obligations are being transitioned from LIBOR to an appropriate LIBOR replacement index in accordance with the regulatory guidance provided around LIBOR cessation.

During 2022, the Company originated $6.0 billion of specialty finance loans and leases, representing 35 percent of total originations compared to $3.2 billion during 2021, representing 24 percent of total originations.

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

*One-to-Four Family Loans*

At December 31, 2022, one-to-four family loans represented $5.8 billion, including $1.1 billion of LGG or 8 percent, of total loans held for investment. As of December 31, 2021 total one-to-four family loans totaled $160 million, with the increase being driven by the Flagstar acquisition. These loans include various types of conforming and non-conforming fixed and adjustable rate loans underwritten using Fannie Mae and Freddie Mac guidelines for the purpose of purchasing or refinancing owner occupied and second home properties. We typically hold certain mortgage loans in 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, 2022, non-government guaranteed loans in this portfolio had an average current FICO score of 743 and an average LTV of 58 percent.

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

As of December 31, 2022, LGG loans totaled $1.2 billion and the repurchase liability was $0.3 billion.

*Other Loans*

At December 31, 2022, other loans totaled $2.3 billion and consisted primarily of home equity lines of credit, boat and recreational vehicle indirect lending, point of sale consumer loans and other consumer loans, including overdraft loans.

Our home equity portfolio includes HELOANs, second mortgage loans, and HELOCs. These loans are underwritten and priced in an effort to ensure credit quality and loan profitability. Our debt-to-income ratio on HELOANs and HELOCs is capped at 43 percent and 45 percent, respectively. We currently limit the maximum CLTV to 89.99 percent and FICO scores to a minimum of 700. Second mortgage loans and HELOANs are fixed rate loans and are available with terms up to 20 years. HELOC loans are primarily variable-rate loans that contain a 10-year interest only draw period followed by a 20-year amortizing period. As of December 31, 2022, loans in this portfolio had an average current FICO score of 752.

As of December 31, 2022, loans in our indirect portfolio had an average current FICO score of 750. Point of sale loans consist of unsecured consumer installment loans originated primarily for home improvement purposes through a third-party financial technology company who also provides us a level of credit loss protection.

**Loans Held for Sale**

At December 31, 2022, loans held for sale were $1.1 billion compared to zero at December 31, 2021 with the increase driven by the Flagstar acquisition. We classify loans as held for sale when we originate or purchase loans that we intend to sell. We have elected the fair value option for nearly all of this portfolio. 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.

**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, 2022. Loans that have adjustable rates are shown as being due in the period during which their interest rates are next subject to change.

| *(in millions)* | Multi-Family | Commercial Real Estate | One-to-Four Family | Acquisition, Development, and Construction | Other | Total Loans |
|---|---|---|---|---|---|---|
| Amount due: | | | | | | |
| Within one year | $ 4,399 | $ 1,878 | $ 122 | $ 1,363 | $ 8,960 | $ 16,722 |
| After one year: | | | | | | |
| One to five years | 22,746 | 5,394 | 523 | 620 | 3,563 | 32,846 |
| Over five years to fifteen years | 10,961 | 1,254 | 1,639 | 13 | 1,386 | 15,253 |
| Over fifteen years | 24 | — | 3,537 | — | 619 | 4,180 |
| Total due or repricing after one year | 33,731 | 6,648 | 5,699 | 633 | 5,568 | 52,279 |
| Total amounts due or repricing, gross | $ 38,130 | $ 8,526 | $ 5,821 | $ 1,996 | $ 14,528 | $ 69,001 |

The following table sets forth, as of December 31, 2022, the dollar amount of all loans held for investment that are due after December 31, 2023, and indicates whether such loans have fixed or adjustable rates of interest:

| | Due after December 31, 2023 | | |
|---|---|---|---|
| *(in millions)* | Fixed | Adjustable | Total |
| Mortgage Loans: | | | |
| Multi-family | $ 8,564 | $ 25,167 | $ 33,731 |
| Commercial real estate | 2,040 | 4,608 | 6,648 |
| One-to-four family first mortgage | 2,402 | 3,297 | 5,699 |
| Acquisition, development, and construction | 21 | 612 | 633 |
| Total mortgage loans | 13,027 | 33,684 | 46,711 |
| Other loans | 2,534 | 3,034 | 5,568 |
| Total loans | $ 15,561 | $ 36,718 | $ 52,279 |

***Lending Authority***

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

At December 31, 2022 and 2021, the largest mortgage loan in our portfolio was a $329 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.

At December 31, 2022 and 2021, the largest mortgage loan in our portfolio was a $329 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.

**<u>Asset Quality</u>**

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

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

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

| (dollars in millions) | December 31, 2022 | December 31, 2021 | Change from December 31, 2021 to December 31, 2022 | |
|---|---|---|---|---|
| | | | Amount | Percent |
| **Loans 30-89 Days Past Due:** | | | | |
| Multi-family | $ 34 | $ 57 | $ (23) | -40% |
| Commercial real estate | 2 | 2 | — | 0 |
| One-to-four family first mortgage | 21 | 8 | 13 | 163 |
| Acquisition, development, and construction | — | — | — | NM |
| Other loans | 13 | — | 13 | NM |
| Total loans 30-89 days past due | $ 70 | $ 67 | $ 3 | 4% |

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, 2022 and 2021, all of our non-performing loans were non-accrual loans. A loan is generally returned to accrual status when the loan is current and we have reasonable assurance that the loan will be fully collectible.

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

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

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

| (dollars in millions) | December 31, 2022 | December 31, 2021 | Change from December 31, 2021 to December 31, 2022 Amount | Percent |
|---|---|---|---|---|
| **Non-Performing Loans:** | | | | |
| Non-accrual mortgage loans: | | | | |
| Multi-family | $ 13 | $ 10 | $ 3 | 30 % |
| Commercial real estate | 20 | 16 | 4 | 25 |
| One-to-four family first mortgage | 92 | 1 | 91 | 9,100 |
| Acquisition, development, and construction | — | — | — | — |
| Total non-accrual mortgage loans | 125 | 27 | 98 | 363 |
| Non-accrual other loans [(1)] | 16 | 6 | 10 | 167 |
| Total non-performing loans | $ 141 | $ 33 | $ 108 | 327 |

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

The following table sets forth the changes in non-performing loans over the twelve months ended December 31, 2022:

| (in millions) | |
|---|---|
| Balance at December 31, 2021 | $ 33 |
| New non-accrual | 39 |
| Non-accrual acquired from acquisition | 104 |
| Charge-offs | (1 ) |
| Transferred to repossessed assets | — |
| Loan payoffs, including dispositions and principal pay-downs | (32 ) |
| Restored to performing status | (2 ) |
| Balance at December 31, 2022 | $ 141 |

Total non-accrual mortgage loans increased $98 million to $125 million, while other non-accrual loans increased $10 million to $16 million compared to $6 million at December 31, 2021. Included the December 31, 2022 amount were non-accrual home equity loans of $9 million acquired in the Flagstar acquisition.

Total NPAs were $153 million or 0.17 percent of total assets at December 31, 2022, up 273 percent or $112 million compared to $41 million or 0.07 percent of total assets at December 31, 2021, primarily driven by the Flagstar acquisition. Repossessed assets totaled $12 million, up $4 million compared to the balance at December 31, 2021. The Company's repossessed assets includes repossessed taxi medallions of $4 million at December 31, 2022 compared to $5 million at December 31, 2021.

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

Properties and other assets that are acquired through foreclosure are classified as repossessed assets, and are recorded at fair value at the date of acquisition, less the estimated cost of selling the property. Subsequent declines in

the fair value of the assets are charged to earnings and are included in non-interest expense. It is our policy to require an appraisal and an environmental assessment of properties classified as OREO before foreclosure, and to re-appraise the properties on an as-needed basis, and not less than annually, until they are sold. We dispose of such properties as quickly and prudently as possible, given current market conditions and the property's condition.

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

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

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

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

To further manage our credit risk, our lending policies limit the amount of credit granted to any one borrower, and typically require minimum DSCRs of 120 percent for multi-family loans and 130 percent for CRE loans. Although we typically lend up to 75 percent of the appraised value on multi-family buildings and up to 65 percent on commercial properties, the average LTVs of such credits at origination were below those amounts at December 31, 2022. 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 percent of the estimated as-completed market value of multi-family and residential tract projects; however, in the case of home construction loans to individuals, the limit is 80 percent. With respect to commercial construction loans, we typically lend up to 65 percent of the estimated as-completed market value of the property. Credit risk is also managed through the loan disbursement process. Loan proceeds are disbursed periodically in increments as construction progresses, and as warranted by inspection reports provided to us by our own lending officers and/or consulting engineers.

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

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

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

Fair values for all multi-family buildings, CRE properties, and land are determined based on the appraised value. If an appraisal is more than one year old and the loan is classified as either non-performing or as an accruing 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 2022, we recorded a net recovery of $4 million, as compared to net recovery of $2 million in the previous year.

Partially reflecting the net recoveries noted above, and the provision of $133 million for the allowance for loan losses, the allowance for credit losses increased $194 million, equaling $393 million at December 31, 2022 from $199 million at December 31, 2021. The majority of the increase is related to the initial provision for credit losses of $117 million and the adjustment for PCD loans acquired in the Flagstar acquisition. The allowance for credit losses on loans and leases represented 278.87 percent of non-performing loans at December 31, 2022, as compared to 611.79 percent 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.

*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, 2022, loans modified as TDRs totaled $44 million, including accruing loans of $16 million and non-accrual loans of $28 million. At the prior year-end, loans modified as TDRs totaled $29 million, including accruing loans of $16 million and non-accrual loans of $13 million.

**Analysis of Troubled Debt Restructurings**

The following table sets forth the changes in our TDRs over the twelve months ended December 31, 2022:

| *(in millions)* | Accruing | Non-Accrual | Total |
|---|---|---|---|
| Balance at December 31, 2021 | $ 16 | $ 13 | $ 29 |
| New TDRs | — | 19 | 19 |
| Charge-offs | — | — | — |
| Transferred from performing | — | — | — |
| Loan payoffs, including dispositions and principal pay-downs | — | (4) | (4) |
| Balance at December 31, 2022 | $ 16 | $ 28 | $ 44 |

Loans on which concessions were made with respect to rate reductions and/or extensions of maturity dates totaled $38 million and $29 million, respectively, at December 31, 2022 and 2021; loans in connection with which forbearance agreements were reached amounted to $6 million and $0 million at the respective dates.

Based on the number of loans performing in accordance with their revised terms, at December 31, 2022, our success rate for restructured CRE loans was 100 percent, our success rate for one-to-four loans was 100 percent and our success rate for other loans was 35 percent.

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 2022, 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, 2022 and 2021, see the discussion of "Asset Quality" in Note 6, "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, 2022 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.

**Asset Quality Analysis**

The following table presents information regarding our asset quality measures:

| | At or for the Years Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| Non-performing loans to total loans | 0.20 % | 0.07 % | 0.09 |
| Non-performing assets to total assets | 0.17 | 0.07 | 0.08 |
| Allowance for losses on loans to non-performing loans | 278.87 | 611.79 | 513.55 |
| Allowance for losses on loans to total loans | 0.57 | 0.44 | 0.45 |

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

| *(dollars in millions)* | For the Year Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| Multi-family | | | |
| Net charge-offs (recoveries) during the period | $ 1 | $ 1 | $ (1) |
| Average amount outstanding | $ 36,292 | $ 32,424 | $ 31,322 |
| Net charge-offs (recoveries) as a percentage of average loans | 0.00 % | 0.00 % | 0.00 % |
| | | | |
| Commercial real estate | | | |
| Net charge-offs (recoveries) during the period | $ - | $ 2 | $ 2 |
| Average amount outstanding | $ 6,964 | $ 5,489 | $ 6,009 |
| Net charge-offs (recoveries) as a percentage of average loans | 0.00 % | 0.04 % | 0.03 % |
| | | | |
| One-to-Four Family first mortgage | | | |
| Net charge-offs (recoveries) during the period | $ - | $ 1 | $ - |
| Average amount outstanding | $ 516 | $ 191 | $ 314 |
| Net charge-offs (recoveries) as a percentage of average loans | 0.00 % | 0.52 % | 0.00 % |
| | | | |
| Acquisition, Development and Construction | | | |
| Net charge-offs (recoveries) during the period | $ - | $ - | $ - |
| Average amount outstanding | $ 203 | $ 152 | $ 116 |
| Net charge-offs (recoveries) as a percentage of average loans | 0.00 % | 0.00 % | 0.00 % |
| | | | |
| Other Loans | | | |
| Net charge-offs (recoveries) during the period | $ (5) | $ (6) | $ 18 |
| Average amount outstanding | $ 5,401 | $ 4,944 | $ 4,267 |
| Net charge-offs (recoveries) as a percentage of average loans | -0.09 % | -0.12 % | 0.42 % |
| | | | |
| Total loans | | | |
| Net charge-offs (recoveries) during the period | $ (4) | $ (2) | $ 19 |
| Average amount outstanding | $ 49,376 | $ 43,200 | $ 42,028 |
| Net charge-offs (recoveries) as a percentage of average loans | -0.01 % | 0.00 % | 0.04 % |

The following table sets forth the allocation of the consolidated allowance for losses on loans, at each year-end:

| *(dollars in millions)* | 2022 Amount | 2022 Percent of Loans in Each Category to Total Loans Held for Investment | 2021 Amount | 2021 Percent of Loans in Each Category to Total Loans Held for Investment | 2020 Amount | 2020 Percent of Loans in Each Category to Total Loans Held for Investment |
|---|---|---|---|---|---|---|
| Multi-family loans | $ 178 | 55.26 % | $ 159 | 75.71 % | $ 150 | 75 % |
| Commercial real estate loans | 46 | 12.36 | 17 | 14.65 | 24 | 15.96 |
| One-to-four family first mortgage loans | 46 | 8.44 | 1 | 0.35 | 1 | 0.55 |
| Acquisition, development, and construction loans | 20 | 2.79 | 2 | 0.46 | 1 | 0.21 |
| Other loans | 103 | 21.05 | 20 | 8.83 | 18 | 8.00 |
| Total loans | $ 393 | 100.00 % | $ 199 | 100.00 % | $ 194 | 100.00 % |

Each of the preceding allocations was based upon an estimate of various factors, as discussed in "Critical Accounting Estimates", 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 loans allocated to each 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 loan portfolio.

**Securities**

Total securities were $9.1 billion, or 10 percent, of total assets at December 31, 2022, compared to $5.8 billion, or 10 percent of total assets at December 31, 2021. At December 31, 2022 and December 31, 2021, all of our securities were designated as "Available-for-Sale". At December 31, 2022, 15 percent of our portfolio are floating rate securities.

At December 31, 2022, available-for-sale securities had an estimated weighted average life of 6 years. Included in the year-end amount were mortgage-related securities of $4.8 billion and other debt securities of $4.3 billion.

At the prior year-end, available-for-sale securities were $5.8 billion, and had an estimated weighted average life of 6.9 years. Mortgage-related securities accounted for $2.8 billion of the year-end balance, with other debt securities accounting for the remaining $3.0 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, 2022 and 2021, GSE obligations and U.S. Treasury obligations together represented 86 percent and 83 percent of total securities, respectively. The remainder of the portfolio at those dates was comprised of asset-backed securities, corporate bonds, foreign notes, capital trust notes, and municipal obligations.

The following table summarizes the weighted average yields of debt securities for the maturities indicated at December 31, 2022:

| | Mortgage-Related Securities | U.S. Government and GSE Obligations | State, County, and Municipal | Other Debt Securities [2] |
|---|---|---|---|---|
| Available-for-Sale Debt Securities: [1] | | | | |
| Due within one year | 4.46 % | 3.12 % | 4.89 % | 4.29 % |
| Due from one to five years | 3.27 | 3.14 | — | 5.58 |
| Due from five to ten years | 3.05 | 1.53 | 3.72 | 5.09 |
| Due after ten years | 3.61 | 1.88 | 4.07 | 5.35 |
| Total debt securities available for sale | 3.58 | 2.42 | 3.91 | 5.32 |

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

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

**Federal Reserve and Federal Home Loan Bank Stock**

At December 31, 2022, the Company had $762 million and $329 million of FHLB-NY stock, at cost and FHLB-Indianapolis stock, at cost, respectively. At December 31, 2021, the Company had $734 million of FHLB-NY stock, at cost. The Company maintains an investment in FHLB-NY stock and, as a result of the Flagstar acquisition, FHLB-Indianapolis stock, partly in conjunction with its membership in the FHLB and partly related to its access to the FHLB funding it utilizes. In addition, at December 31, 2022, the Company had $176 million of Federal Reserve Bank stock, at cost. The Company had no Federal Reserve Bank stock, at December 31, 2021.

## 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, and $373 million acquired in the Flagstar acquisition our investment in BOLI rose $377 million year-over-year to $1.6 billion at December 31, 2022.

## Goodwill

We record goodwill in our consolidated statements of condition in connection with certain of our business combinations. Goodwill, which is tested at least annually for impairment, refers to the difference between the purchase price and the fair value of an acquired company's assets, net of the liabilities assumed.

For more information about the Company's goodwill, see the discussion of "Summary of Significant Accounting Policies" in the Footnote 2 of these consolidated statements.

## 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 2022, loan repayments and sales generated cash flows of $10.7 billion, as compared to $10.4 billion in 2021.

In 2022, cash flows from the repayment of securities totaled $732 million, while the purchase of securities amounted to $2.2 billion for the year. By comparison, cash flows from the repayment of securities totaled $1.7 billion, in 2021, and were offset by the purchase of securities totaling $1.7 billion.

In 2022, 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*

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

Total deposits increased $23.7 billion or 67 percent on a year-over-year basis to $58.7 billion. Deposit growth was driven by the addition of $16.0 billion of deposits from the Flagstar acquisition and $7.6 billion growth in loan-related deposits and BaaS deposits. Loan-related deposits totaled $4.4 billion at December 31, 2022 up $389 million or 10 percent relative to $4.0 billion at December 31, 2021. Our BaaS deposits totaled $11.5 billion at December 31, 2022, as compared to $1.0 billion at December 31, 2021. In addition, the Company has institutional deposits and municipal deposits. Institutional deposits remained unchanged from the prior year end at $1.4 billion. Municipal deposits represented $488 million of total deposits at the end of this December, a $263 million decrease from the balance at December 31, 2021.

Depending on their availability and pricing relative to other funding sources, we also include brokered deposits in our deposit mix. Brokered deposits accounted for $5.1 billion of our deposits at the end of this December, compared to $5.7 billion at December 31, 2021. Brokered money market accounts represented $2.8 billion of total brokered deposits at December 31, 2022 and $2.9 billion at December 31, 2021; brokered interest-bearing checking accounts represented $1.0 billion and $1.6 billion, respectively, at the corresponding dates. At December 31, 2022, we had $1.3 billion of brokered CDs, compared to $1.2 billion at December 31, 2021.

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

| *(in millions)* | | December 31, 2022 |
|---|---|---|
| Portion of U.S. time deposits in excess of insurance limit | $ | 3,749 |
| Time deposits otherwise uninsured with a maturity of: | | |
| 3 months or less | $ | 969 |
| Over 3 months through 6 months | | 604 |
| Over 6 months through 12 months | | 1,269 |
| Over 12 months | | 907 |
| Total time deposits otherwise uninsured | $ | 3,749 |

Our uninsured deposits, on an unconsolidated basis, are the portion of deposit accounts that exceed the FDIC insurance limit (currently $250,000), and were approximately $19.6 billion and $10.1 billion at December 31, 2022 and 2021, respectively. These amounts were estimated based on the same methodologies and assumptions used for regulatory reporting purposes.

***Borrowed Funds***

The majority of our borrowed funds are wholesale borrowings (FHLB-NY and FHLB-Indianapolis advances) and, to a lesser extent, junior subordinated debentures and subordinated notes. At December 31, 2022, total borrowed funds increased $4.8 billion or 29 percent to $21.3 billion compared to the balance at December 31, 2021. The year-over-year increase was primarily driven by the amounts assumed in the Flagstar acquisition of $6.7 billion

*Wholesale Borrowings*

Wholesale borrowings totaled $20.3 billion and $15.9 billion, respectively, at December 31, 2022 and 2021, representing 23 percent of total assets at both dates. FHLB-NY and FHLB-Indianapolis advances accounted for $20.3 billion of the year-end 2022 balance, as compared to $15.1 billion at the prior year-end. Pursuant to blanket collateral agreements with the Bank, our FHLB-NY, FHLB-Indianapolis advances and overnight advances are secured by pledges of certain eligible collateral in the form of loans and securities. (For more information regarding our FHLB 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, 2022 and 2021, $6.8 billion and $7.5 billion of our wholesale borrowings had callable features, respectively.

Included in wholesale borrowings at December 31, 2021, was $800 million of repurchase agreements. There were no repurchase agreements outstanding at December 31, 2022. 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 were 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, 2022 and 2021.

*Junior Subordinated Debentures*

Junior subordinated debentures totaled $575 million, including $214 million assumed from the Flagstar acquisition, net of purchase accounting adjustments at December 31, 2022.

*Subordinated Notes*

At December 31, 2022, the balance of subordinated notes was $432 million, including $135 million assumed from the Flagstar acquisition, net of purchase accounting adjustments.

See Note 12, "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 $2.0 billion and $2.2 billion, respectively, at December 31, 2022 and 2021. As in the past, our loan and securities portfolios provided meaningful liquidity in 2022, with cash flows from the repayment and sale of loans totaling $10.7 billion and cash flows from the repayment and sale of securities totaling $960 million.

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, 2022, our available borrowing capacity with the FHLB-NY was $11.3 billion. In addition, the Bank had available-for-sale securities of $9.1 billion, of which, $8.6 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. The maximum amount the Bank could borrow from the FRB-NY was $1.0 billion. There were no borrowings against these lines of credit at December 31, 2022.

Our primary investing activity is loan production, and the volume of loans we originated for investment totaled $17.1 billion in 2022. During this time, the net cash used in investing activities totaled $6.3 billion; the net cash provided by our operating activities totaled $1.0 billion. Our financing activities provided net cash of $5.2 billion.

CDs due to mature or reprice in one year or less from December 31, 2022 totaled $9.2 billion, representing 74 percent of total CDs at that date. Our ability to attract and retain retail deposits, including CDs, depends on numerous factors, including, among others, the convenience of our branches and our other banking channels; our customers' satisfaction with the service they receive; the rates of interest we offer; the types of products we feature; and the attractiveness of their terms.

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

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

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 Bank would require the approval of the OCC if the dividends it declares in any calendar year were to exceed the total of its respective net profits for that year combined with its respective retained net profits for the preceding two calendar years, less any required transfer to paid-in capital. The term "net profits" is defined as net income for a given period less any dividends paid during that period. As a result of our acquisition of Flagstar, we are also required to seek regulatory approval from the OCC for the payment of any dividend to the Parent Company through at least the period ending November 1, 2024. In 2022, dividends of $335 million were paid by the Bank to the Parent Company. At December 31, 2022, the Bank could have paid additional dividends of $615 million to the Parent Company without regulatory approval.

***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, 2022, we had CDs of $12.5 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 $122 million at December 31, 2022.

At December 31, 2022, 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 $22.4 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 letters of credit we issue consist of performance stand-by, financial stand-by, and commercial letters of credit. Financial stand-by letters of credit primarily are issued for the benefit of other financial institutions, municipalities, or landlords on behalf of certain of our current borrowers, and obligate us to guarantee payment of a specified financial obligation. Performance stand-by letters of credit are primarily issued for the benefit of local municipalities on behalf of certain of our borrowers. Performance letters of credit obligate us to make payments in the event that a specified third party fails to perform under non-financial contractual obligations. Commercial letters of credit act as a means of ensuring payment to a seller upon shipment of goods to a buyer. Although commercial letters of credit are used to effect payment for domestic transactions, the majority are used to settle payments in international trade. Typically, such letters of credit require the presentation of documents that describe the commercial transaction, and provide evidence of shipment and the transfer of title. The fees we collect in connection with the issuance of letters of credit are included in "Fee income" in the Consolidated Statements of Income and Comprehensive Income.

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

For the year ended December 31, 2022, we did not engage in any off-balance sheet transactions reasonably likely to have a material effect on our financial condition, results of operations or cash flows.

At December 31, 2022, we had no commitments to purchase securities.

***Capital Position***

As reflected in the following table, our capital measures continued to exceed the minimum federal requirements for a bank holding company:

| At December 31, 2022 | Actual | | Minimum |
| --- | --- | --- | --- |
| *(dollars in millions)* | Amount | Ratio | Required Ratio |
| Common equity tier 1 capital | $ 6,335 | 9.06 % | 4.50 % |
| Tier 1 risk-based capital | 6,838 | 9.78 | 6.00 |
| Total risk-based capital | 8,154 | 11.66 | 8.00 |
| Leverage capital | 6,838 | 9.70 | 4.00 |

| At December 31, 2021 | Actual | | Minimum |
| --- | --- | --- | --- |
| *(dollars in millions)* | Amount | Ratio | Required Ratio |
| Common equity tier 1 capital | $ 4,226 | 9.68 % | 4.50 % |
| Tier 1 risk-based capital | 4,729 | 10.83 | 6.00 |
| Total risk-based capital | 5,558 | 12.73 | 8.00 |
| Leverage capital | 4,729 | 8.46 | 4.00 |

At December 31, 2022, 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 21, “Capital,” in Item 8, “Financial Statements and Supplementary Data.”

**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. 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 March 2022, the FASB issued ASU No. 2022-02 - Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures. The amendments in this ASU eliminate TDR accounting for entities that have adopted ASU No. 2016-13, while enhancing disclosure requirements for certain loan modifications when a borrower is experiencing financial difficulty. The ASU also requires disclosure of current period gross write-offs by year of origination for financing receivables and net investment in leases. 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 SHAREHOLDERS’ EQUITY, COMMON STOCKHOLDERS’ EQUITY, AND TANGIBLE COMMON SHAREHOLDERS’ EQUITY; TOTAL ASSETS AND TANGIBLE ASSETS; AND THE RELATED MEASURES**

While stockholders’ equity, common stockholders’ equity, total assets, and book value per common share are financial measures that are recorded in accordance with U.S. GAAP, tangible common stockholders’ equity, tangible

assets, and tangible book value per common share are not. It is management's belief that these non-GAAP measures should be disclosed in this report and others we issue for the following reasons:

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

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

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

| | At or for the Twelve Months Ended December 31, | |
|---|---|---|
| *(dollars in millions)* | 2022 | 2021 |
| **Stockholders' Equity** | $ 8,824 | $ 7,044 |
| Less: Goodwill and other intangible assets | (2,713) | (2,426) |
| Preferred stock | (503) | (503) |
| Tangible common stockholders' equity | $ 5,608 | $ 4,115 |
| **Total Assets** | $ 90,144 | $ 59,527 |
| Less: Goodwill and other intangible assets | (2,713) | (2,426) |
| Tangible assets | $ 87,431 | $ 57,101 |
| Common stockholders' equity to total assets | 9.23% | 10.99% |
| Tangible common stockholders' equity to tangible assets | 6.41 | 7.21 |
| Book value per common share | $ 12.21 | $ 14.07 |
| Tangible book value per common share | 8.23 | 8.85 |

## 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.

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

*LIBOR Transition Process and Phase Out*

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

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

continue to develop and may vary. Inconsistent calculation conventions among financial products may expose is to increased basic rate and resultant costs.

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

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

**Interest Rate Sensitivity Analysis**

Interest rate sensitivity is monitored through the use of a model that generates estimates of the change in our Economic Value of Equity 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.

Based on the information and assumptions in effect at December 31, 2022, the following table sets forth our EVE, assuming the changes in interest rates noted:

*(dollars in millions)*

| Change in Interest Rates (in basis points) | Market Value of Assets | Market Value of Liabilities | Economic Value of Equity | Net Change | Estimated Percentage Change in Economic Value of Equity |
|---|---|---|---|---|---|
| -200 | $ 90,388 | $ 79,644 | $ 10,744 | $ 95 | 0.89 % |
| -100 | 88,570 | 77,719 | 10,851 | 202 | 1.90 % |
| - | 86,770 | 76,121 | 10,649 | — | — |
| +100 | 85,050 | 74,725 | 10,325 | (324) | (3.04) % |
| +200 | 83,398 | 73,466 | 9,932 | (717) | (6.73) % |

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.

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, 2022, the following table reflects the estimated percentage change in future net interest income for the next twelve months, assuming the changes in interest rates noted:

| Change in Interest Rates (in basis points) [(1)] | Estimated Percentage Change in Future Net Interest Income |
|---|---|
| -200 over one year | 3.14 % |
| -100 over one year | 1.70 % |
| +100 over one year | (2.81 ) % |
| +200 over one year | (4.93 ) % |

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

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:

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

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

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

In connection with our net interest income simulation modeling, we also evaluate the impact of changes in the slope of the yield curve. At December 31, 2022, our analysis indicated that a further inversion of the yield curve would be expected to result in a 4.80% decrease in net interest income; conversely, an immediate steepening of the yield curve would be expected to result in a 1.21% increase in net interest income.

**Critical Accounting Estimates**

The preparation of these financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting periods. Actual results may differ from these estimates under varying conditions. On a quarterly basis, management evaluate its

estimates, particularly those that involve the most difficult, subjective or complex judgments and are often about matters that are inherently uncertain.

The judgments used by management in applying these critical accounting estimates 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 $148 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 $2 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 $1 million. Upon adoption, the Company recognized an increase in the allowance for unfunded commitments of $13 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). 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.

When applying this critical accounting estimate we incorporate several inputs and judgments that may be influenced by changes period to period. These include, but are not limited to changes in the economic environment and forecasts, changes in the credit profile and characteristics of the loan portfolio, and changes in prepayment assumptions which will result in provisions to or recoveries from the balance of the allowance for credit losses.

While changes to the economic environment forecasts, and portfolio characteristics will change from period to period, portfolio prepayments are an integral assumption in estimating the allowance for credit losses on our commercial real estate portfolio (multi -family, CRE and ADC) which comprises 70.5% of the loan portfolio at December 31, 2022. Portfolio prepayments are subject to estimation uncertainty and changes in this assumption could have a material impact to our estimation process. Prepayment assumptions are sensitive to interest rates and existing loan terms and determine the weighted average life of the commercial mortgage loan portfolio. Excluding other factors, as the weighted average life of the portfolio increases or decreases, so will the required amount of the allowance for credit losses on commercial real estate.

**Valuation of Mortgage Servicing Rights**

We purchase and originate mortgage loans for sale to the secondary market and often retain the right to service the loan at the time of sale upon which, a mortgage servicing right (MSR) is created. We have elected to report our MSR assets at fair value which is determined using an internal valuation model that utilizes an option-adjusted spread, constant prepayment rates, costs to service, and other assumptions. The assumptions used in the MSR valuation are unobservable in nature, involve a higher degree of judgment and are estimated based on our judgment regarding the value that market participants would assign to the asset. To corroborate this estimate, we obtain 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.

For further information and sensitivity analysis regarding the valuation of the MSR asset, see Note 19, “Fair Value Measurements,” in Item 8, “Financial Statements and Supplementary Data."

**Acquisition Method of Accounting**

The acquisition method of accounting requires that acquired assets and liabilities in a business combination be recorded at their fair values as of the acquisition date. This method often involves estimates, all of which are inherently subjective. We have elected to hold the measurement period open to allow for potential adjustments for up to one year after the acquisition date, for new information that existed at the acquisition date but may not have been known or available at that time. For further information, refer to Note 3, "Business Combination" in Item 8, "Financial Statements and Supplementary Data".

## 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 millions, except share data)* | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| ASSETS: | | | | |
| Cash and cash equivalents | $ | 2,032 | $ | 2,211 |
| Securities: | | | | |
| Debt securities available-for-sale ($434 and $1,168 pledged at December 31, 2022 and 2021, respectively) | | 9,060 | | 5,780 |
| Equity investments with readily determinable fair values, at fair value | | 14 | | 16 |
| Total securities | | 9,074 | | 5,796 |
| Loans held for sale, at fair value | | 1,115 | | — |
| Loans and leases held for investment, net of deferred loan fees and costs | | 69,001 | | 45,738 |
| Less: Allowance for credit losses on loans and leases | | (393 ) | | (199 ) |
| Total loans and leases held for investment, net | | 68,608 | | 45,539 |
| Federal Home Loan Bank and Federal Reserve Bank stock, at cost | | 1,267 | | 734 |
| Premises and equipment, net | | 491 | | 270 |
| Core deposit and other intangibles | | 287 | | — |
| Goodwill | | 2,426 | | 2,426 |
| Mortgage servicing rights | | 1,033 | | — |
| Bank-owned life insurance | | 1,561 | | 1,184 |
| Other assets | | 2,250 | | 1,367 |
| Total assets | $ | 90,144 | $ | 59,527 |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | | | |
| Deposits: | | | | |
| Interest-bearing checking and money market accounts | $ | 22,511 | $ | 13,209 |
| Savings accounts | | 11,645 | | 8,892 |
| Certificates of deposit | | 12,510 | | 8,424 |
| Non-interest-bearing accounts | | 12,055 | | 4,534 |
| Total deposits | | 58,721 | | 35,059 |
| Borrowed funds: | | | | |
| Wholesale borrowings: | | | | |
| Federal Home Loan Bank advances | | 20,325 | | 15,105 |
| Repurchase agreements | | — | | 800 |
| Total wholesale borrowings | | 20,325 | | 15,905 |
| Junior subordinated debentures | | 575 | | 361 |
| Subordinated notes | | 432 | | 296 |
| Total borrowed funds | | 21,332 | | 16,562 |
| Other liabilities | | 1,267 | | 862 |
| Total liabilities | | 81,320 | | 52,483 |
| Stockholders' equity: | | | | |
| Preferred stock at par $0.01 (5,000,000 shares authorized): Series A (515,000 shares issued and outstanding) | | 503 | | 503 |
| Common stock at par $0.01 (900,000,000 shares authorized; 705,429,386 and 490,439,070 shares issued; and 681,217,334 and 465,015,643 shares outstanding, respectively) | | 7 | | 5 |
| Paid-in capital in excess of par | | 8,130 | | 6,126 |
| Retained earnings | | 1,041 | | 741 |
| Treasury stock, at cost (24,212,052 and 25,423,427 shares, respectively) | | (237 ) | | (246 ) |
| Accumulated other comprehensive loss, net of tax: | | | | |
| Net unrealized (loss) gain on securities available for sale, net of tax of $240 and $17, respectively | | (626 ) | | (45 ) |
| Net unrealized loss on pension and post-retirement obligations, net of tax of $18 and $12 respectively | | (46 ) | | (31 ) |
| Net unrealized gain (loss) on cash flow hedges, net of tax of $(20) and $3, respectively | | 52 | | (9 ) |
| Total accumulated other comprehensive loss, net of tax | | (620 ) | | (85 ) |
| Total stockholders' equity | | 8,824 | | 7,044 |
| Total liabilities and stockholders' equity | $ | 90,144 | $ | 59,527 |

*See accompanying notes to the consolidated financial statements.*

## NEW YORK COMMUNITY BANCORP, INC.
## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

| *(in millions, except per share data)* | Years Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| INTEREST INCOME: | | | |
| Loans and leases | $ 1,848 | $ 1,525 | $ 1,542 |
| Securities and money market investments | 244 | 164 | 166 |
| Total interest income | 2,092 | 1,689 | 1,708 |
| | | | |
| INTEREST EXPENSE: | | | |
| Interest-bearing checking and money market accounts | 226 | 31 | 57 |
| Savings accounts | 60 | 28 | 32 |
| Certificates of deposit | 97 | 55 | 217 |
| Borrowed funds | 313 | 286 | 302 |
| Total interest expense | 696 | 400 | 608 |
| Net interest income | 1,396 | 1,289 | 1,100 |
| Provision for credit losses | 133 | 3 | 62 |
| Net interest income after provision for credit loan losses | 1,263 | 1,286 | 1,038 |
| | | | |
| NON-INTEREST INCOME: | | | |
| Fee income | 27 | 23 | 22 |
| Bank-owned life insurance | 32 | 29 | 32 |
| Net (loss) gain on securities | (2 ) | — | 1 |
| Net return on mortgage servicing rights | 6 | — | — |
| Net gain on loan sales | 5 | — | — |
| Loan administration income | 3 | — | — |
| Bargain purchase gain | 159 | — | — |
| Other | 17 | 9 | 6 |
| Total non-interest income | 247 | 61 | 61 |
| | | | |
| NON-INTEREST EXPENSE: | | | |
| Operating expenses: | | | |
| Compensation and benefits | 354 | 303 | 301 |
| Occupancy and equipment | 92 | 88 | 86 |
| General and administrative | 158 | 127 | 124 |
| Total operating expense | 604 | 518 | 511 |
| Intangible asset amortization | 5 | — | — |
| Merger-related expenses | 75 | 23 | — |
| Total non-interest expense | 684 | 541 | 511 |
| Income before income taxes | 826 | 806 | 588 |
| Income tax expense | 176 | 210 | 77 |
| Net income | $ 650 | $ 596 | $ 511 |
| Preferred stock dividends | 33 | 33 | 33 |
| Net income available to common stockholders | $ 617 | $ 563 | $ 478 |
| Basic earnings per common share | $ 1.26 | $ 1.20 | $ 1.02 |
| Diluted earnings per common share | $ 1.26 | $ 1.20 | $ 1.02 |
| | | | |
| Net income | $ 650 | $ 596 | $ 511 |
| Other comprehensive (loss) income, net of tax: | | | |
| Change in net unrealized (loss) gain on securities available for sale, net of tax of $223; $42; and $(16), respectively | (581 ) | (112 ) | 42 |
| Change in pension and post-retirement obligations, net of tax of $6; $(8) and $2 | (17 ) | 23 | (5 ) |
| Change in net unrealized gain (loss) on cash flow hedges, net of tax of $(24); $(2) and $16, respectively | 64 | 6 | (42 ) |
| Less: Reclassification adjustment for sales of available-for-sale securities, net of tax of $-; $-; and $-;, respectively | — | — | (1 ) |
| Reclassification adjustment for defined benefit pension plan, net of tax of $0; $(2) and $(2), respectively | 2 | 5 | 5 |
| Reclassification adjustment for net gain on cash flow hedges included in net income, net of tax $1; $(7) and $(3), respectively | (3 ) | 18 | 8 |
| Total other comprehensive (loss) income, net of tax | (535 ) | (60 ) | 7 |
| Total comprehensive income, net of tax | $ 115 | $ 536 | $ 518 |

*See accompanying notes to the consolidated financial statements.*

## NEW YORK COMMUNITY BANCORP, INC.
## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

| *(in millions, 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, 2022** | | | | | | | | |
| Balance at December 31, 2021 | 465,015,643 | $ 503 | $ 5 | $ 6,126 | $ 741 | $ (246) | $ (85) | $ 7,044 |
| Issuance of common stock for business combination | 214,990,316 | — | 2 | 2,008 | — | — | — | 2,010 |
| Shares issued for restricted stock, net of forfeitures | 3,548,310 | — | — | (33) | — | 33 | — | — |
| Compensation expense related to restricted stock awards | — | — | — | 29 | — | — | — | 29 |
| Net income | — | — | — | — | 650 | — | — | 650 |
| Dividends paid on common stock ($0.68) | — | — | — | — | (317) | — | — | (317) |
| Dividends paid on preferred stock ($63.76) | — | — | — | — | (33) | — | — | (33) |
| Purchase of common stock | (2,336,935) | — | — | — | — | (24) | — | (24) |
| Other comprehensive income, net of tax | — | — | — | — | — | — | (535) | (535) |
| Balance at December 31, 2022 | 681,217,334 | $ 503 | $ 7 | $ 8,130 | $ 1,041 | $ (237) | $ (620) | $ 8,824 |
| **Twelve Months Ended December 31, 2021** | | | | | | | | |
| Balance at December 31, 2020 | 463,901,808 | $ 503 | $ 5 | $ 6,123 | $ 494 | $ (258) | $ (25) | $ 6,842 |
| Shares issued for restricted stock, net of forfeitures | 2,515,942 | — | — | (28) | — | 28 | — | — |
| Compensation expense related to restricted stock awards | — | — | — | 31 | — | — | — | 31 |
| Net income | — | — | — | — | 596 | — | — | 596 |
| Dividends paid on common stock ($0.68) | — | — | — | — | (316) | — | — | (316) |
| Dividends paid on preferred stock ($63.76) | — | — | — | — | (33) | — | — | (33) |
| Purchase of common stock | (1,402,107) | — | — | — | — | (16) | — | (16) |
| Other comprehensive loss, net of tax | — | — | — | — | — | — | (60) | (60) |
| Balance at December 31, 2021 | 465,015,643 | $ 503 | $ 5 | $ 6,126 | $ 741 | $ (246) | $ (85) | $ 7,044 |
| **Twelve Months Ended December 31, 2020** | | | | | | | | |
| Balance at December 31, 2019 | 467,346,781 | $ 503 | $ 5 | $ 6,115 | $ 342 | $ (220) | $ (33) | $ 6,712 |
| Opening retained earnings adjustment (1) | — | — | — | — | (10) | — | — | (10) |
| Adjusted balance, beginning of period | | | | | 332 | | | 6,702 |
| Shares issued for restricted stock, net of forfeitures | 2,321,105 | — | — | (22) | — | 22 | — | — |
| Compensation expense related to restricted stock awards | — | — | — | 30 | — | — | — | 30 |
| Net income | — | — | — | — | 511 | — | — | 511 |
| Dividends paid on common stock ($0.68) | — | — | — | — | (316) | — | — | (316) |
| Dividends paid on preferred stock ($63.76) | — | — | — | — | (33) | — | — | (33) |
| Purchase of common stock | (5,766,078) | — | — | — | 0 | (60) | — | (60) |
| Other comprehensive loss, net of tax | — | — | — | — | — | — | 8 | 8 |
| Balance at December 31, 2020 | 463,901,808 | $ 503 | $ 5 | $ 6,123 | $ 494 | $ (258) | $ (25) | $ 6,842 |

(1) Amount represents a $10 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 millions)* | Years Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | $ 650 | $ 596 | $ 511 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Provision for loan losses | 133 | 3 | 62 |
| Amortization of core deposit intangible | 5 | — | — |
| Depreciation | 18 | 21 | 24 |
| Amortization of discounts and premiums, net | (37) | (5) | 11 |
| Net (gain) loss on securities | 2 | — | (2) |
| Net (gain) loss on sales of loans | (5) | (1) | — |
| Net gain on sales of fixed assets | (2) | — | — |
| Gain on business acquisition | (159) | — | — |
| Stock-based compensation | 29 | 31 | 29 |
| Deferred tax expense | (3) | (13) | 219 |
| Changes in operating assets and liabilities: | | | |
| Decrease (increase) in other assets | 348 | (284) | (411) |
| (Decrease) increase in other liabilities | (100) | (6) | 9 |
| Purchases of securities held for trading | (75) | (110) | (15) |
| Proceeds from sales of securities held for trading | 75 | 110 | 15 |
| Change in loans held for sale, net | 147 | (52) | (119) |
| Net cash provided by operating activities | 1,026 | 290 | 334 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Proceeds from repayment of securities available for sale | 732 | 1,728 | 2,062 |
| Proceeds from sales of securities available for sale | 228 | — | 484 |
| Purchase of securities available for sale | (2,242) | (1,796) | (2,514) |
| Redemption of Federal Home Loan Bank stock | 635 | 92 | 173 |
| Purchases of Federal Home Loan Bank and Federal Reserve Bank stock | (839) | (112) | (239) |
| Proceeds from bank-owned life insurance, net | 16 | 12 | 12 |
| Proceeds from sales of loans | — | 37 | 3 |
| Purchases of loans | (162) | (161) | (95) |
| Other changes in loans, net | (5,019) | (2,558) | (912) |
| (Purchases) dispositions of premises and equipment, net | (3) | (4) | 1 |
| Cash acquired in business acquisition | 331 | — | — |
| Net cash used in investing activities | (6,323) | (2,762) | (1,025) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Net increase in deposits | 7,662 | 2,622 | 780 |
| Net increase in short-term borrowed funds | 2,550 | 950 | 1,150 |
| Proceeds from long-term borrowed funds | 9,479 | 2,072 | 6,925 |
| Repayments of long-term borrowed funds | (13,960) | (2,544) | (6,550) |
| Net receipt of payments of loans serviced for others | (189) | — | — |
| Cash dividends paid on common stock | (317) | (316) | (316) |
| Cash dividends paid on preferred stock | (33) | (33) | (33) |
| Treasury stock repurchased | (7) | — | (50) |
| Payments relating to treasury shares received for restricted stock award tax payments | (17) | (16) | (9) |
| Net cash provided by financing activities | 5,168 | 2,735 | 1,897 |
| Net (decrease) increase in cash, cash equivalents, and restricted cash [3] | (129) | 263 | 1,206 |
| Cash, cash equivalents, and restricted cash at beginning of year [3] | 2,211 | 1,948 | 742 |
| Cash, cash equivalents, and restricted cash at end of year [3] | $ 2,082 | $ 2,211 | $ 1,948 |
| Supplemental information: | | | |
| Cash paid for interest | $ 657 | $ 402 | $ 633 |
| Cash paid for income taxes | 17 | 471 | 118 |
| Non-cash investing and financing activities: | | | |
| Transfers to repossessed assets from loans | $ — | $ 1 | $ 1 |
| Securitization of residential mortgage loans to mortgage-backed securities available for sale | 162 | 161 | 53 |
| Transfer of loans from held for investment to held for sale | — | 52 | — |
| Transfer of loans from held for sale to held for investment | — | 94 | — |
| MSRs resulting from sale or securitization of loans | 19 | — | — |
| Shares issued for restricted stock awards | 33 | 28 | 22 |
| Business Combination: | | | |
| Fair value of tangible assets acquired | 24,449 | — | — |
| Intangible assets | 292 | — | — |
| Mortgage Servicing Rights | 1,012 | — | — |
| Liabilities assumed | 23,584 | — | — |
| Common Stock issued in business combination | 2,010 | — | — |

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

*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” or "we") was organized under Delaware law on July 20, 1993 and is the holding company for Flagstar Bank N.A. (hereinafter referred to as the “Bank”). The Company is headquartered in Hicksville, New York with regional headquarters in Troy, Michigan.

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

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

Flagstar Bank, N.A. currently operates 395 branches across nine states, including strong footholds in the Northeast and Midwest and exposure to markets in the Southeast and West Coast. Flagstar Mortgage operates nationally through a wholesale network of approximately 3000 third-party mortgage originators. Flagstar Bank N.A. also operates through eight local divisions, each with a history of service and strength: Queens County Savings Bank, Roslyn Savings Bank, Richmond County Savings Bank, Roosevelt Savings Bank, and Atlantic Bank in New York; Garden State Community Bank in New Jersey; Ohio Savings Bank in Ohio; and AmTrust Bank in Arizona and Florida.

### Basis of Presentation

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

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 12 “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 and Restricted Cash**

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, 2022 and 2021, the Company's cash and cash equivalents totaled $2.0 billion and $2.2 billion, respectively. Included in cash and cash equivalents at those dates were $837 million and $1.7 billion, respectively, of interest-bearing deposits in other financial institutions, primarily consisting of balances due from the FRB-NY. There were no federal funds sold outstanding at December 31, 2022 or December 31, 2021. There was $793 million of reverse repurchase agreements outstanding at December 31, 2022. There was $406 million reverse repurchase agreements outstanding at December 31, 2021. Restricted cash totaled $50 million at December 31, 2022, and includes cash that the Bank pledges as maintenance margin on centrally cleared derivatives and is included in other assets on the Consolidated Statements of Condition.

**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 assesses 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 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. In addition, in connection with the Flagstar acquisition, the Company also holds shares of FHLB-Indianapolis stock, which is carried at cost. The Company's holding requirement varies based on certain factors, including its outstanding borrowings from the FHLB-NY and FHLB-Indianapolis.

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 Held-for-Sale**

The Company classifies 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. The Company estimates 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. Changes in fair value are recorded to other noninterest income on the Consolidated Statements of Income and Comprehensive Income. LHFS that are recorded at the 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 19 - 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**

Loans and leases, 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 and leases.

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.

**Loans with Government Guarantees**

The Company originates government guaranteed loans which are pooled and sold as Ginnie Mae MBS. Pursuant to Ginnie Mae servicing guidelines, the Company has 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, the Company accounts for the loans as if they had been repurchased. The Company recognizes the loans and corresponding liability as loans with government guarantees and loans with government guarantees repurchase options, respectively, in the Consolidated Statements of Condition. If the loan is repurchased, the liability is cash settled and the loan with government guarantee remains. Once repurchased, the Company works to cure the outstanding loans such that they are re-eligible for sale or may begin foreclosure and recover losses through a claims process with the government agency, as an approved lender.

**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 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.

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). 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. At December 31, 2022 and December 31, 2021, the allowance for credit losses on off-balance sheet exposures was $23 million and $12 million, respectively. 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 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.

When applying this critical accounting estimate, we incorporate several inputs and judgments that may be influenced by changes period to period. These include, but are not limited to changes in the economic environment and forecasts, changes in the credit profile and characteristics of the loan portfolio, and changes in prepayment assumptions which will result in provisions to or recoveries from the balance of the allowance for credit losses.

While changes to the economic environment forecasts and portfolio characteristics will change from period to period, portfolio prepayments are an integral assumption in estimating the allowance for credit losses on our commercial real estate (multi-family, CRE and ADC) portfolio which comprises 70.5% of the loan portfolio at December 31, 2022. Portfolio prepayments are subject to estimation uncertainty and changes in this assumption could have a material impact to our estimation process. Prepayment assumptions are sensitive to interest rates and existing loan terms and determine the weighted average life of the commercial mortgage loan portfolio. Excluding other factors, as the weighted average life of the portfolio increases or decreases, so will the required amount of the allowance for credit losses on commercial real estate.

**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, 2022, 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, 2022, the Company's goodwill was not impaired.

**Mortgage Servicing Rights**

The Company purchases and originates mortgage loans for sale to the secondary market and sell the loans on either a servicing-retained or servicing-released basis. If the Company retains the right to service the loan, an MSR is created at the time of sale which is recorded at fair value. The Company uses 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 Income and Comprehensive Income in net return on mortgage servicing. For further information, see Note 9 - Mortgage Servicing Rights and Note 19 - Fair Value Measurements.

**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 $18 million, $21 million, and $24 million, respectively, in the years ended December 31, 2022, 2021, and 2020.

**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, 2022 and 2021, the Company’s investment in BOLI was $1.6 billion and $1.2 billion, respectively. The December 31, 2022 amount includes $373 million acquired in the Flagstar merger. The Company’s investment in BOLI generated income of $32 million, $29 million, and $32 million, respectively, during the years ended December 31, 2022, 2021, and 2020.

**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 10 - Variable Interest Entities.

**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, 2022, the Company had $8 million of OREO and $4 million of taxi medallions. At December 31, 2021, the Company had $3 million of OREO and $5 million of taxi medallions.

**Servicing Fee Income**

Servicing fee income, late fees and ancillary fees received on loans for which the Company owns the MSR are included in net return on mortgage servicing rights on the Consolidated Statements of Income and Comprehensive Income. 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 Income and Comprehensive Income, are based on a contractual monthly amount per loan including late fees and other ancillary income.

**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.

The Company utilizes 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 Condition as other assets and liabilities, as applicable, at their estimated fair value.

The Company uses 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.

The Company also enters 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.

To assist customers in meeting their needs to manage interest rate risk, the Company enters into interest rate swap derivative contracts. To economically hedge this risk, the Company enters 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 14 - Derivatives and Hedging Activities and for additional information on recurring fair value disclosures, see Note 19 - Fair Value Measurements.

**Representation and Warranty Reserve**

When the Company sells mortgage loans into the secondary mortgage market, it makes customary representations and warranties to the purchasers about various characteristics of each loan. Upon the sale of a loan, the Company recognizes 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 at fair value 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 Condition, and was $10 million at December 31, 2022, as compared to $2 million at December 31, 2021.

**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, 2022, the Company had 5,774,229 shares available for grant under the 2020 Incentive Plan. In addition, the Company had 4,025,636 shares available for grant under the Flagstar Bancorp, Inc. 2016 Stock Award and 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 18, “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 and mortality rates.

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:

| *(in millions, except share and per share amounts)* | Years Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| Net income available to common stockholders | $ 617 | $ 563 | $ 478 |
| Less: Dividends paid on and earnings allocated to participating securities | (8) | (7) | (6) |
| Earnings applicable to common stock | $ 609 | $ 556 | $ 472 |
| Weighted average common shares outstanding | 483,603,395 | 463,865,661 | 462,605,341 |
| Basic earnings per common share | $ 1.26 | $ 1.20 | $ 1.02 |
| Earnings applicable to common stock | $ 609 | $ 556 | $ 472 |
| Weighted average common shares outstanding | 483,603,395 | 463,865,661 | 462,605,341 |
| Potential dilutive common shares | 1,530,950 | 767,058 | 676,061 |
| Total shares for diluted earnings per common share computation | 485,134,345 | 464,632,719 | 463,281,402 |
| Diluted earnings per common share and common share equivalents | $ 1.26 | $ 1.20 | $ 1.02 |

**Impact of Recent Accounting Pronouncements**

**Recently Adopted Accounting Standards**

The Company adopted ASU No. 2022-01—Derivatives and Hedging (Topic 815): Fair Value Hedging-Portfolio Layer Method in the first quarter of 2022 upon issuance. The amendments expand the current last-of-layer method of hedge accounting that permits only one hedged layer to allow multiple hedged layers of a single closed portfolio. To reflect that expansion, the last-of-layer method is renamed the portfolio layer method. In addition, the amendments expand the scope of the portfolio layer method to include non-prepayable assets; specify eligible hedging instruments in a single-layer hedge; provide additional guidance on the accounting for and disclosure of hedge basis adjustments; specify how hedge basis adjustments should be considered when determining credit losses for the assets included in the closed portfolio. To date, the guidance has not had any impact on the Company's Consolidated Statements of Condition, results of operations, or cash flows.

**NOTE 3: BUSINESS COMBINATION**

On December 1, 2022, the Company closed the acquisition of Flagstar Bancorp, Inc. ("Flagstar Bancorp") in an all-stock transaction. Flagstar was a savings and loan holding company headquartered in Troy, MI.

Pursuant to the terms of the Merger Agreement, each share of Flagstar Bancorp. common stock was converted into 4.0151 shares of the Company's common shares at the effective time of the merger. In addition, the Company received approval from the Office of the Comptroller of the Currency (the "OCC") to convert Flagstar Bank, FSB to a national bank to be known as Flagstar Bank, N.A., and to merge New York Community Bank into Flagstar Bank, N.A. with Flagstar Bank, N.A. being the surviving entity. Flagstar Bank, FSB, provided commercial, small business, and consumer banking services through 158 branches in Michigan, Indiana, California, Wisconsin, and Ohio. It also provided home loans through a wholesale network of brokers and correspondents in all 50 states. The acquisition of Flagstar added significant scale, geographic diversification, improved funding profile, and a broader product mix to the Company.

The acquisition of Flagstar has been accounted for as a business combination. The Company recorded the estimate of fair value based on initial valuations at December 1, 2022. Due to the timing of the transaction closing date and the Company's annual report on Form 10-K, these estimated fair values are considered preliminary as of December 31, 2022, and subject to adjustment for up to one year after December 1, 2022. While the Company believes that the information available on December 1, 2022 provided a reasonable basis for estimating fair value, the Company expects that it may obtain additional information and evidence during the measurement

period that would result in changes to the estimated fair value amounts. Valuations subject to change include, but are not limited to, loans and leases, certain deposits, intangibles, deferred tax assets and liabilities and certain other assets and other liabilities.

The Company's results of operations for the year-ended December 31, 2022, include the results of operations of Flagstar on and after December 1, 2022. Results for periods prior to December 1, 2022, do not include the results of operations of Flagstar.

The following table provides a preliminary allocation of consideration paid for the fair value of assets acquired and liabilities and equity assumed from Flagstar as of December 1, 2022.

| *(in millions)* | | |
|---|---|---|
| **Purchase price consideration** | $ | 2,010 |
| | | |
| **Fair value of assets acquired:** | | |
| Cash & cash equivalents | | 331 |
| Securities | | 2,695 |
| Loans held for sale | | 1,257 |
| Loans held for investment: | | |
| One-to-four family first mortgage | | 5,438 |
| Commercial real estate | | 3,891 |
| Commercial and industrial | | 6,523 |
| Consumer and other | | 2,156 |
| Total loans held for investment | | 18,008 |
| CDI and other intangible assets | | 292 |
| Mortgage servicing rights | | 1,012 |
| Other assets | | 2,158 |
| Total assets acquired | | 25,753 |
| **Fair value of liabilities assumed:** | | |
| Deposits | | 15,995 |
| Borrowings | | 6,700 |
| Other liabilities | | 889 |
| Total liabilities assumed | | 23,584 |
| Fair value of net identifiable assets | | 2,169 |
| Bargain purchase gain | $ | 159 |

In connection with the acquisition, the Company recorded a bargain purchase gain of approximately $159 million.

***Fair Value of Assets Acquired and Liabilities Assumed***

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

*Cash and Cash Equivalents*

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

*Investment Securities and Federal Home Loan Bank Stock*

Quoted market prices for the securities acquired were used to determine their fair values. If quoted market prices were not available for a specific security, then quoted prices for similar securities in active markets were used to estimate the fair value. The fair value of FHLB-Indianapolis stock is equivalent to the redemption amount.

*Loans*

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

*Core Deposit Intangible*

CDI is a measure of the value of non-interest-bearing and interest-bearing checking accounts, savings accounts, and money market accounts that are acquired in a business combination. The fair value of the CDI stemming from any given business combination is based on the present value of the expected cost savings attributable to the core deposit funding, relative to an alternative source of funding. The CDI relating to the Flagstar acquisition will be amortized over an estimated useful life of 10 years using the sum of years digits depreciation method. The Company evaluates such identifiable intangibles for impairment when an indication of impairment exists.

*Deposit Liabilities*

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

*Borrowed Funds*

The estimated fair value of borrowed funds is based 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.

***PCD loans***

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

| *(in millions)* | Total |
|---|---|
| Par value (UPB) | $ 1,950 |
| ACL at acquisition | (51) |
| Non-credit (discount) | (33) |
| Fair value | $ 1,866 |

***Pro Forma Combined Results of Operations***

The following pro forma financial information presents the unaudited consolidated results of operations of the Company and Flagstar as if the Merger occurred as of January 1, 2021 with pro forma adjustments. The pro forma adjustments give effect to any change in interest income due to the accretion of the net discounts from the fair value adjustments of acquired loans, any change in interest expense due to the estimated net premium from the fair value adjustments to acquired time deposits and other debt, and the amortization of intangibles had the deposits been acquired as of January 1, 2021. The pro forma amounts for the twelve months ended December 31, 2022 and 2021 do not reflect the anticipated cost savings that have not yet been realized. Merger related expenses incurred by the Company during the twelve months ended December 31, 2022 and 2021 are reflected in the pro forma amounts. The pro forma information does not necessarily reflect the results of operations that would have occurred had the Company merged with Flagstar at the beginning of 2021.

| | Twelve Months Ended December 31, (unaudited) | |
|---|---|---|
| *(in millions)* | 2022 | 2021 |
| Net interest income | $ 2,278 | $ 2,208 |
| Non-interest income | 650 | 1,105 |
| Net income | 804 | 1,207 |
| Net income available to common stockholders | 771 | 1,174 |

## NOTE 4: RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE LOSS

| *(in millions)* | For the Twelve Months Ended December 31, 2022 | |
|---|---|---|
| Details about Accumulated Other Comprehensive Loss | Amount Reclassified out of Accumulated Other Comprehensive Loss [1] | Affected Line Item in the Consolidated Statements of Income and Comprehensive Income |
| Unrealized gains on available-for-sale securities: | $ - | Net gain on securities |
| | - | Income tax expense |
| | $ - | Net gain on securities, net of tax |
| Unrealized gains on cash flow hedges: | $ 4 | Interest expense |
| | (1) | Income tax benefit |
| | $ 3 | Net gain on cash flow hedges, net of tax |
| Amortization of defined benefit pension plan items: | | |
| Past service liability | $ - | Included in the computation of net periodic credit [2] |
| Actuarial losses | (2) | Included in the computation of net periodic cost [2] |
| | (2) | Total before tax |
| | - | Income tax benefit |
| | $ (2) | Amortization of defined benefit pension plan items, net of tax |
| Total reclassifications for the period | $ 1 | |

*(1) Amounts in parentheses indicate expense items.*
*(2) See Note 17, "Employee Benefits," for additional information.*

**NOTE 5: SECURITIES**

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

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

*(1) The underlying assets of the asset-backed securities are substantially guaranteed by the U.S. Government.*
*(2) Excludes accrued interest receivable of $31 million included in other assets in the Consolidated Statements of Condition.*

| (in millions) | December 31, 2021 Amortized Cost | Gross Unrealized Gain | Gross Unrealized Loss | Fair Value |
|---|---|---|---|---|
| Debt securities available-for-sale | | | | |
| Mortgage-Related Debt Securities: | | | | |
| GSE certificates | 1,102 | 20 | 15 | $ 1,107 |
| GSE CMOs | 1,717 | 11 | 45 | 1,683 |
| Total mortgage-related debt securities | $ 2,819 | $ 31 | $ 60 | $ 2,790 |
| Other Debt Securities: | | | | |
| U. S. Treasury obligations | 45 | $ — | $ — | $ 45 |
| GSE debentures | 1,524 | 1 | 45 | 1,480 |
| Asset-backed securities [(1)] | 479 | 3 | 3 | 479 |
| Municipal bonds | 25 | — | — | 25 |
| Corporate bonds | 821 | 18 | 1 | 838 |
| Foreign Notes | 25 | 1 | — | 26 |
| Capital trust notes | 96 | 8 | 7 | 97 |
| Total other debt securities | $ 3,015 | $ 31 | $ 56 | $ 2,990 |
| Total other securities available for sale | $ 5,834 | $ 62 | $ 116 | $ 5,780 |
| Equity securities: | | | | |
| Mutual funds | 16 | — | — | 16 |
| Total equity securities | $ 16 | $ — | $ — | $ 16 |
| Total securities [(2)] | $ 5,850 | $ 62 | $ 116 | $ 5,796 |

*(1) The underlying assets of the asset-backed securities are substantially guaranteed by the U.S. Government.*
*(2) Excludes accrued interest receivable of $15 million included in other assets in the Consolidated Statements of Condition.*

At December 31, 2022, the Company had $762 million and $329 million of FHLB-NY stock, at cost and FHLB-Indianapolis stock, at cost, respectively. At December 31, 2021, the Company had $734 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. In addition, at December 31, 2022, the Company had $176 million of Federal Reserve Bank stock, at cost. The Company had no Federal Reserve Bank stock, at December 31, 2021.

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:

| (in millions) | December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| Gross proceeds | $ 228 | $ — | $ 484 |
| Gross realized gains | — | — | 2 |
| Gross realized losses | — | — | 1 |

Net unrealized (loss) gains on equity securities recognized in earnings for the years ended December 31, 2022, 2021, and 2020 were $(2) million, $0 million and $1 million, respectively.

The following table summarizes, by contractual maturity, the amortized cost of securities at December 31, 2022:

| *(dollars in millions)* | Mortgage-Related Securities | U.S. Government and GSE Obligations | State, County, and Municipal | Other Debt Securities [(1)] | Fair Value |
|---|---|---|---|---|---|
| Available-for-Sale Debt Securities: | | | | | |
| Due within one year | $ 52 | $ 1,588 | $ 2 | $ 20 | $ 1,657 |
| Due from one to five years | 195 | 150 | — | 472 | 804 |
| Due from five to ten years | 277 | 1,177 | 18 | 509 | 1,656 |
| Due after ten years | 4,718 | 325 | 10 | 404 | 4,943 |
| Total debt securities available for sale | $ 5,242 | $ 3,240 | $ 30 | $ 1,405 | $ 9,060 |

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

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

| | Less than Twelve Months | | Twelve Months or Longer | | Total | |
|---|---|---|---|---|---|---|
| *(in millions)* | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| Temporarily Impaired Securities: | | | | | | |
| U. S. Treasury obligations | $ 1,487 | $ 4 | $ — | $ — | $ 1,487 | $ 4 |
| U.S. Government agency and GSE obligations | 243 | 5 | 1,156 | 346 | 1,399 | 351 |
| GSE certificates | 871 | 46 | 420 | 114 | 1,291 | 160 |
| GSE CMOs | 2,219 | 36 | 925 | 264 | 3,144 | 300 |
| Asset-backed securities | 61 | 2 | 262 | 12 | 323 | 14 |
| Municipal bonds | 9 | — | 7 | — | 16 | — |
| Corporate bonds | 698 | 27 | 97 | 4 | 795 | 30 |
| Foreign notes | 20 | — | — | — | 20 | — |
| Capital trust notes | 46 | 2 | 34 | 10 | 80 | 12 |
| Equity securities | 4 | — | 10 | 2 | 14 | 2 |
| Total temporarily impaired securities | $ 5,658 | $ 122 | $ 2,911 | $ 752 | $ 8,569 | $ 873 |

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, 2021:

| | Less than Twelve Months | | Twelve Months or Longer | | Total | |
|---|---|---|---|---|---|---|
| *(in millions)* | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| Temporarily Impaired Securities: | | | | | | |
| U. S. Treasury obligations | $ 45 | $ — | $ — | $ — | $ 45 | $ — |
| U.S. Government agency and GSE obligations | 317 | 7 | 185 | 8 | 502 | 15 |
| GSE certificates | 846 | 28 | 293 | 17 | 1,139 | 45 |
| GSE CMOs | 491 | 8 | 926 | 37 | 1,417 | 45 |
| Asset-backed securities | 130 | 1 | 135 | 2 | 265 | 3 |
| Municipal bonds | — | — | 8 | — | 8 | — |
| Corporate bonds | — | — | 99 | 1 | 99 | 1 |
| Foreign notes | 5 | — | — | — | 5 | — |
| Capital trust notes | — | — | 37 | 7 | 37 | 7 |
| Equity securities | 12 | — | — | — | 12 | — |
| Total temporarily impaired securities | $ 1,846 | $ 44 | $ 1,683 | $ 72 | $ 3,529 | $ 116 |

The investment securities designated as having a continuous loss position for twelve months or more at December 31, 2022 consisted of twenty three agency collateralized mortgage obligations, five capital trusts notes, seven asset-backed securities, two corporate bonds, thirty three US government agency bonds, one hundred thirty three mortgage-backed securities, one mutual fund, and one municipal bond. The investment securities designated as having a continuous loss position for twelve months or more at December 31, 2021 consisted of four agency collateralized mortgage obligations, five capital trusts notes, four asset-backed securities, two corporate bonds, twenty US government agency bonds, twenty one mortgage-backed securities 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 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, 2022 or December 31, 2021 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 twelve months ended December 31, 2022.

## NOTE 6: LOANS AND LEASES

The following table sets forth, at the dates indicated, the composition of the loan and lease portfolio held for investment, at their amortized cost, which includes the outstanding principal balance adjusted for any unamortized premiums, discounts, deferred fees and costs:

| *(dollars in millions)* | December 31, 2022 Amount | December 31, 2022 Percent of Loans Held for Investment | December 31, 2021 Amount | December 31, 2021 Percent of Loans Held for Investment |
|---|---|---|---|---|
| Loans and Leases Held for Investment: | | | | |
| Mortgage Loans: | | | | |
| Multi-family | $ 38,130 | 55.3 % | $ 34,628 | 75.7 % |
| Commercial real estate | 8,526 | 12.4 | 6,701 | 14.7 |
| One-to-four family first mortgage | 5,821 | 8.4 | 160 | 0.3 |
| Acquisition, development, and construction | 1,996 | 2.8 | 209 | 0.5 |
| Total mortgage loans held for investment [1] | 54,473 | 78.9 | 41,698 | 91.2 |
| Other Loans: | | | | |
| Commercial and industrial | 10,597 | 15.4 | 2,238 | 3.2 |
| Lease financing, net of unearned income of $85 and $95 respectively | 1,679 | 2.4 | 1,796 | 3.9 |
| Total commercial and industrial loans [2] | 12,276 | 17.8 | 4,034 | 7.2 |
| Other | 2,252 | 3.3 | 6 | 0.0 |
| Total other loans held for investment | 14,528 | 21.1 | 4,040 | 7.2 |
| Total loans and leases held for investment [1] | $ 69,001 | 100.0 % | $ 45,738 | 100.0 % |
| Allowance for credit losses on loans and leases | (393) | | (199) | |
| Total loans and leases held for investment, net | $ 68,608 | | $ 45,539 | |
| Loans held for sale, at fair value | 1,115 | | — | |
| Total loans and leases, net | $ 69,723 | | $ 45,539 | |

*(1) Excludes accrued interest receivable of $292 million and $199 million at December 31, 2022 and December 31, 2021, respectively, which is included in other assets in the Consolidated Statements of Condition.*

*(2) Includes specialty finance loans and leases of $4.4 billion and $3.5 billion, respectively, at December 31, 2022 and December 31, 2021.*

***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.

At December 31, 2022, one-to-four family loans represented $5.8 billion and as of December 31, 2021 one-to-four family loans totaled $160 million, with the increase being driven by the Flagstar acquisition. These loans include various types of conforming and non-conforming fixed and adjustable rate loans underwritten using Fannie Mae and Freddie Mac guidelines for the purpose of purchasing or refinancing owner occupied and second home properties.

At December 31, 2022, other loans totaled $2.3 billion and consisted primarily of home equity lines of credit, boat and recreational vehicle indirect lending, point of sale consumer loans and other consumer loans, including overdraft loans acquired in the Flagstar acquisition.

Included in loans held for investment at December 31, 2022 and December 31, 2021, were loans of $101 million and $6 million, respectively, to officers, directors, and their related interests and parties. There were no loans to principal shareholders at that date.

*Loans with Government Guarantees*

Substantially all LGG are insured or guaranteed by the FHA or the U.S. Department of Veterans Affairs. Nonperforming repurchased loans in this portfolio earn interest at a rate based upon the 10-year U.S. Treasury note rate from the time the underlying loan becomes 60 days delinquent until the loan is conveyed to HUD (if foreclosure timelines are met), which is not paid by the FHA until claimed. The Bank has a unilateral option to repurchase loans sold to GNMA if the loan is due, but unpaid, for three consecutive months (typically referred to as 90 days past due) and can recover losses through a claims process from the guarantor. These loans are recorded in loans held for investment and the liability to repurchase the loans is recorded in other liabilities on the Consolidated Statements of Condition. Certain loans within our portfolio may be subject to indemnifications and insurance limits which expose us to limited credit risk. As of December 31, 2022, LGG loans totaled $1.2 billion and the repurchase liability was $0.3 billion.

Repossessed assets and the associated net claims related to government guaranteed loans are recorded in other assets and was $14 million at December 31, 2022.

*Loans Held-for-Sale*

At December 31, 2022, loans held for sale were $1.1 billion compared to zero at December 31, 2021, with the increase driven by the Flagstar acquisition. The Company classifies loans as held for sale when we originate or purchase loans that we intend to sell. The Company has elected the fair value option for nearly all of this portfolio. The Company estimates 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. 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 MBS.

*Asset Quality*

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

A loan generally is classified as a non-accrual loan when it is 90 days or more past due or when it is deemed to be impaired because the Company no longer expects to collect all amounts due according to the contractual terms of the loan agreement. When a loan is placed on non-accrual status, management ceases the accrual of interest owed, and previously accrued interest is charged against interest income. A loan is generally returned to accrual status when the loan is current and management has reasonable assurance that the loan will be fully collectible. Interest income on non-accrual loans is recorded when received in cash. At December 31, 2022 and December 31, 2021, 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, 2022:

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

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

The following table presents information regarding the quality of the Company's loans held for investment at December 31, 2021:

| (in millions) | Loans 30-89 Days Past Due | Non-Accrual Loans | Loans 90 Days or More Delinquent and Still Accruing Interest | Total Past Due Loans | Current Loans | Total Loans Receivable |
|---|---|---|---|---|---|---|
| Multi-family | $ 57 | $ 10 | $ — | $ 67 | $ 34,561 | $ 34,628 |
| Commercial real estate | 2 | 16 | — | 18 | 6,683 | 6,701 |
| One-to-four family first mortgage | 8 | 1 | — | 9 | 151 | 160 |
| Acquisition, development, and construction | — | — | — | — | 209 | 209 |
| Commercial and industrial(1) | — | 6 | — | 6 | 4,029 | 4,035 |
| Other | — | — | — | — | 5 | 5 |
| Total | $ 67 | $ 33 | $ — | $ 100 | $ 45,638 | $ 45,738 |

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

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

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

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

The following table summarizes the Company's portfolio of loans held for investment by credit quality indicator at December 31, 2021:

| | Mortgage Loans | | | | | Other Loans | | |
|---|---|---|---|---|---|---|---|---|
| (in millions) | 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 | $ 33,035 | $ 5,876 | $ 137 | $ 204 | $ 39,252 | $ 3,987 | $ 6 | $ 3,993 |
| Special mention | 982 | 644 | 14 | 5 | 1,645 | 2 | — | 2 |
| Substandard | 611 | 181 | 9 | — | 801 | 45 | — | 45 |
| Doubtful | — | — | — | — | — | — | — | — |
| Total | $ 34,628 | $ 6,701 | $ 160 | $ 209 | $ 41,698 | $ 4,034 | $ 6 | $ 4,040 |

*(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, 2022:

| | Vintage Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (in millions)<br>Risk Rating Group | 2022 | 2021 | 2020 | 2019 | 2018 | Prior To 2018 | Revolving Loans | Revolving Loans Converted to Term Loans | Total |
| Pass | $ 12,817 | $ 10,925 | $ 9,121 | $ 5,519 | $ 4,301 | $ 8,055 | $ 1,452 | $ 5 | $ 52,195 |
| Special Mention | — | 15 | 103 | 244 | 293 | 451 | — | — | 1,106 |
| Substandard | 1 | 6 | 48 | 224 | 137 | 753 | — | 3 | 1,172 |
| Total mortgage loans | $ 12,818 | $ 10,946 | $ 9,272 | $ 5,987 | $ 4,731 | $ 9,259 | $ 1,452 | $ 8 | $ 54,473 |
| Pass | 5,415 | 964 | 637 | 727 | 180 | 266 | 6,209 | 46 | 14,444 |
| Special Mention | 12 | — | — | 7 | — | — | — | — | 19 |
| Substandard | 1 | 1 | 22 | 2 | 9 | 7 | 19 | 4 | 65 |
| Total other loans | 5,428 | 965 | 659 | 736 | 189 | 273 | 6,228 | 50 | 14,528 |
| Total | $ 18,246 | $ 11,911 | $ 9,931 | $ 6,723 | $ 4,920 | $ 9,532 | $ 7,680 | $ 58 | $ 69,001 |

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

The following table summarizes the extent to which collateral secures the Company's collateral-dependent loans held for investment by collateral type as of December 31, 2022:

| | Collateral Type | |
|---|---|---|
| *(in millions)* | Real Property | Other |
| Multi-family | $ 13 | $ — |
| Commercial real estate | 35 | — |
| One-to-four family first mortgage | 136 | — |
| Acquisition, development, and construction | — | — |
| Commercial and industrial | — | 3 |
| Other | 14 | — |
| Total collateral-dependent loans held for investment | 198 | 3 |

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

There were no significant changes in the extent to which collateral secures the Company's collateral-dependent financial assets during the twelve months ended December 31, 2022.

At December 31, 2022 and December 31, 2021, the Company had $121 million residential mortgage loans in the process of foreclosure and no residential mortgage loans in the process of foreclosure, respectively.

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:

| | December 31, | | |
|---|---|---|---|
| *(in millions)* | 2022 | 2021 | 2020 |
| Interest income that would have been recorded | $ 3 | $ 3 | $ 5 |
| Interest income actually recorded | (1) | (1) | (1) |
| Interest income foregone | $ 2 | $ 2 | $ 4 |

*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, 2022, loans on which concessions were made with respect to rate reductions and/or extension of maturity dates amounted to $38 million.

The following table presents information regarding the Company's TDRs:

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| *(in millions)* | Accruing | Non-Accrual | Total | Accruing | Non-Accrual | Total |
| Loan Category: | | | | | | |
| Multi-family | $ — | $ 6 | $ 6 | $ — | $ 7 | $ 7 |
| Commercial real estate | 16 | 19 | 35 | 16 | — | 16 |
| One-to-four family first mortgage | — | — | — | — | — | — |
| Acquisition, development, and construction | — | — | — | — | — | — |
| Commercial and industrial | — | 3 | 3 | — | 6 | 6 |
| Total | $ 16 | $ 28 | $ 44 | $ 16 | $ 13 | $ 29 |

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 are summarized as follows:

| (dollars in millions) | For the Twelve Months Ended December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | Weighted Average Interest Rate | | | |
| | 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 | 2 | $ 22 | $ 19 | 6.00 % | 4.02 % | $ 3 | $ — |
| Total | 2 | $ 22 | $ 19 | | | $ 3 | $ — |

| (dollars in millions) | For the Twelve Months Ended December 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | Weighted Average Interest Rate | | | |
| | 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 | 2 | $ 4 | $ 4 | 6.00 % | 3.55 % | $ — | $ — |
| Commercial and industrial | 1 | 8 | 8 | 3.13 | 3.25 | — | — |
| Total | 3 | $ 12 | $ 12 | | | | $ — |

| (dollars in millions) | For the Twelve Months Ended December 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | Weighted Average Interest Rate | | | |
| | 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 first mortgage | 1 | $ 15 | $ 15 | 8.00 % | 3.50 % | $ — | $ — |
| Commercial and industrial | 42 | 9 | $ 8 | 2.36 | 2.23 | 1 | — |
| Total | 43 | $ 24 | $ 23 | | | $ 1 | $ — |

At December 31, 2022 and December 31, 2021, no loans have been modified as TDR's that were in payment default during the twelve months ended at that date. At December 31, 2020, C&I loans in the amount of $3 million 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 7: ALLOWANCE FOR CREDIT LOSSES ON LOANS AND LEASES

*Allowance for Credit Losses on Loans and Leases*

The following table summarizes activity in the allowance for loan and lease losses for the periods indicated:

| | Twelve Months Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | |
| *(in millions)* | Mortgage | Other | Total | Mortgage | Other | Total |
| Balance, beginning of period | $ 178 | $ 21 | $ 199 | $ 176 | $ 18 | $ 194 |
| Adjustment for Purchased PCD Loans | 21 | 30 | 51 | — | — | — |
| Charge-offs | (5) | (2) | (7) | (6) | (7) | (13) |
| Recoveries | 4 | 7 | 11 | 2 | 13 | 15 |
| Provision for (recovery of) credit losses on loans and leases | 92 | 47 | 139 | 6 | (3) | 3 |
| Balance, end of period | $ 290 | $ 103 | $ 393 | $ 178 | $ 21 | $ 199 |

At December 31, 2022, the allowance for credit losses on loans and leases totaled $393 million, up $194 million compared to December 31, 2021, driven primarily by the initial provision for credit losses and the adjustment for PCD loans acquired in the Flagstar acquisition. In addition, the increase was also driven by net recoveries of $4 million during the year 2022.

At December 31, 2022 and 2021, the allowance for unfunded commitments totaled $23 million and $12 million, respectively.

For the year ended December 31, 2022 the increase in the allowance for credit losses on loans and leases was primarily driven by a combination of increased loan balances as a result of the Flagstar acquisition and changes in the macroeconomic environment both on a spot and forecasted basis, specifically the inflationary pressures leading to sharp increases in interest rates and a slow-down of prepayment activity leading to longer weighted average lives on the balance sheet. In addition, the impact of the forecasted macroeconomic factors had resultant decreases on market level factors in Property Prices on the Multi-Family, Commercial Real Estate and 1-4 Family loan portfolios reflecting the changing economic landscape.

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, 2022:

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

The following table presents additional information about the Company's nonaccrual loans at December 31, 2021

| *(in millions)* | Recorded Investment | Related Allowance | Interest Income Recognized |
|---|---|---|---|
| Nonaccrual loans with no related allowance: | | | |
| Multi-family | $ 9 | $ — | $ 1 |
| Commercial real estate | 14 | — | — |
| One-to-four family first mortgage | — | — | — |
| Acquisition, development, and construction | — | — | — |
| Other | 6 | — | — |
| Total nonaccrual loans with no related allowance | $ 29 | $ — | $ 1 |
| Nonaccrual loans with an allowance recorded: | | | |
| Multi-family | $ 1 | $ — | $ — |
| Commercial real estate | 2 | — | — |
| One-to-four family first mortgage | 1 | — | — |
| Acquisition, development, and construction | — | — | — |
| Other | — | — | — |
| Total nonaccrual loans with an allowance recorded | $ 4 | $ — | $ — |
| Total nonaccrual loans: | | | |
| Multi-family | $ 10 | $ — | $ 1 |
| Commercial real estate | 16 | — | — |
| One-to-four family first mortgage | 1 | — | — |
| Acquisition, development, and construction | — | — | — |
| Other | 6 | — | — |
| Total nonaccrual loans | $ 33 | $ — | $ 1 |

## NOTE 8. LEASES

***Lessor Arrangements***

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

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

The residual value component of a lease financing receivable represents the estimated fair value of the leased equipment at the end of the lease term. In establishing residual value estimates, the Company may rely on industry data, historical experience, and independent appraisals and, where appropriate, information regarding product life cycle, product upgrades and competing products. Upon expiration of a lease, residual assets are remarketed, resulting in either an extension of the lease by the lessee, a lease to a new customer or purchase of the residual asset by the lessee or another party. Impairment of residual values arises if the expected fair value is less than the carrying amount. The Company assesses its net investment in lease financing receivables (including residual values) for impairment on an annual basis with any impairment losses recognized in accordance with the impairment guidance for financial instruments. As such, net investment in lease financing receivables may be reduced by an allowance for credit losses with changes

recognized as provision expense. On certain lease financings, the Company obtains residual value insurance from third parties to manage and reduce the risk associated with the residual value of the leased assets. At December 31, 2022 and December 31, 2021, the carrying value of residual assets with third-party residual value insurance for at least a portion of the asset value was $32 million and $61 million, respectively.

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

The components of lease income were as follows:

| *(in millions)* | For the Twelve Months Ended December 31, 2022 | For the Twelve Months Ended December 31, 2021 |
|---|---|---|
| Interest income on lease financing [(1)] | $ 53 | $ 53 |

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

At December 31, 2022 and December 31, 2021, the carrying value of net investment in leases was $1.7 billion and $1.9 billion, respectively. The components of net investment in direct financing leases, including the carrying amount of the lease receivables, as well as the unguaranteed residual asset were as follows:

| *(in millions)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Net investment in the lease - lease payments receivable | $1,685 | $1,790 |
| Net investment in the lease - unguaranteed residual assets | 60 | 75 |
| Total lease payments | $1,745 | $1,865 |

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

| *(in millions)* | December 31, 2022 |
|---|---|
| 2022 | **$** - |
| 2023 | 52 |
| 2024 | 152 |
| 2025 | 396 |
| 2026 | 342 |
| Thereafter | 803 |
| Total lease payments | 1,745 |
| Plus: deferred origination costs | 19 |
| Less: unearned income | (85) |
| Total lease finance receivables, net | **$** 1,679 |

***Lessee Arrangements***

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

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

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

The components of lease expense were as follows:

| *(in millions)* | For the Twelve Months Ended December 31, 2022 | For the Twelve Months Ended December 31, 2021 |
|---|---|---|
| Operating lease cost | $ 28 | $ 27 |
| Sublease income | — | — |
| Total lease cost | $ 28 | $ 27 |

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

| *(in millions)* | For the Twelve Months Ended December 31, 2022 | For the Twelve Months Ended December 31, 2021 |
|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | $ 28 | $ 27 |

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

| *(in millions, except lease term and discount rate)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Operating Leases: | | |
| Operating lease right-of-use assets [(1)] | $ 119 | $ 249 |
| Operating lease liabilities [(2)] | $ 122 | 249 |
| Weighted average remaining lease term | 6 years | 16 years |
| Weighted average discount rate % | 3.85 % | 3.05 % |

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

| (in millions) Maturities of lease liabilities: | December 31, 2022 |
|---|---|
| 2023 | $ 28 |
| 2024 | 25 |
| 2025 | 24 |
| 2026 | 19 |
| 2027 | 13 |
| Thereafter | 28 |
| Total lease payments | 137 |
| Less: imputed interest | (15) |
| Total present value of lease liabilities | $ 122 |

**NOTE 9: MORTGAGE SERVICING RIGHTS**

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

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

| | For the Month Ended December 31, 2022 |
|---|---|
| *(in millions)* | |
| Balance at beginning of period, December 1, 2022 | $ 1,012 |
| Additions from loans sold with servicing retained | 19 |
| Reductions from sales | - |
| Decrease in MSR fair value due to pay-offs, pay-downs, run-off, model changes, and other [(1)] | (8) |
| Changes in estimates of fair value due to interest rate risk [(1)] [(2)] | 10 |
| Fair value of MSRs at end of period | $ 1,033 |

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

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

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

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

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance. Changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in

assumption to the change in fair value may not be linear. To isolate the effect of the specified change, the fair value shock analysis is consistent with the identified adverse change, while holding all other assumptions constant. In practice, a change in one assumption generally impacts other assumptions, which may either magnify or counteract the effect of the change. For further information on the fair value of MSRs.

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

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

| (in millions) | For the Month Ended December 31, 2022 |
|---|---|
| Net return on mortgage servicing rights | |
| Servicing fees, ancillary income and late fees [1] | $ 20 |
| Decrease in MSR fair value due to pay-offs, pay-downs, run-off, model changes and other | (8) |
| Changes in fair value due to interest rate risk | 10 |
| Loss on MSR derivatives [2] | (16) |
| Net transaction costs | - |
| Total return (loss) 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:

| (in millions) | For the Month Ended December 31, 2022 |
|---|---|
| Loan administration income on mortgage loans subserviced | |
| Servicing fees, ancillary income and late fees [1] | $ 11 |
| Charges on subserviced custodial balances [2] | (8) |
| Other servicing charges | - |
| Total income on mortgage loans subserviced, included in loan administration | $ 3 |

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

**NOTE 10: VARIABLE INTEREST ENTITIES**

We have no consolidated VIEs as of December 31, 2022 and December 31, 2021.

In connection with our non-qualified mortgage securitization activities, we have retained a five percent interest in the investment securities of certain trusts ("other MBS") and are contracted as the 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 Condition. The Bank's maximum exposure to loss is limited to our five percent retained interest in the investment securities that had a fair value of $191 million as of December 31, 2022 as well as the standard representations and warranties made in conjunction with the loan transfers.

**NOTE 11: DEPOSITS**

The following table sets forth the weighted average interest rates for each type of deposit at December 31, 2022 and 2021:

| | December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | |
| (dollars in millions) | Amount | Percent of Total | Weighted Average Interest Rate | Amount | Percent of Total | Weighted Average Interest Rate |
| Interest-bearing checking and money market accounts | $ 22,511 | 38.34 % | 2.66 % | $ 13,209 | 37.68 % | 0.20 % |
| Savings accounts | 11,645 | 19.83 | 1.30 | 8,892 | 25.36 | 0.35 |
| Certificates of deposit | 12,510 | 21.30 | 2.04 | 8,424 | 24.03 | 0.52 |
| Non-interest-bearing accounts | 12,055 | 20.53 | — | 4,534 | 12.93 | — |
| Total deposits | $ 58,721 | 100.00 % | 1.71 % | $ 35,059 | 100.00 % | 0.29 % |

At December 31, 2022 and 2021, the aggregate amount of deposits that had been reclassified as loan balances (i.e., overdrafts) was $4 million and $2 million, respectively.

The scheduled maturities of certificates of deposit at December 31, 2022 were as follows:

| *(in millions)* | |
|---|---|
| 1 year or less | $ 9,247 |
| More than 1 year through 2 years | 2,922 |
| More than 2 years through 3 years | 298 |
| More than 3 years through 4 years | 50 |
| More than 4 years through 5 years | 24 |
| Over 5 years | 5 |
| Total CDs [1] | $ 12,546 |

*(1) Excludes PAA.*

Included in total deposits at both December 31, 2022 and 2021 were brokered deposits of $5.1 billion and $5.7 billion with weighted average interest rates of .49 percent and .07 percent at the respective year-ends. Brokered money market accounts represented $2.8 billion and $3.0 billion of the December 31, 2022 and 2021 totals, and brokered interest-bearing checking accounts represented $1.0 billion and $1.5 billion, respectively. Brokered CDs represented $1.3 billion and $1.2 billion of brokered deposits at December 31, 2022 and 2021, respectively.

**NOTE 12: BORROWED FUNDS**

The following table summarizes the Company’s borrowed funds at December 31, 2022 and 2021:

| | December 31, | |
|---|---|---|
| *(in millions)* | 2022 | 2021 |
| Wholesale borrowings: | | |
| FHLB advances | $ 20,325 | $ 15,105 |
| Repurchase agreements | — | 800 |
| Total wholesale borrowings | $ 20,325 | $ 15,905 |
| Junior subordinated debentures | 575 | 361 |
| Subordinated notes | 432 | 296 |
| Total borrowed funds | $ 21,332 | $ 16,562 |

Accrued interest on borrowed funds is included in “Other liabilities” in the Consolidated Statements of Condition and amounted to $37 million and $18 million, respectively, at December 31, 2022 and 2021.

**FHLB Advances**

The contractual maturities and the next call dates of FHLB advances outstanding at December 31, 2022 were as follows:

| (dollars in millions) | Contractual Maturity | | | Earlier of Contractual Maturity or Next Call Date | | |
|---|---|---|---|---|---|---|
| Year | Amount | Weighted Average Interest Rate [(1)] | | Amount | Weighted Average Interest Rate [(1)] | |
| 2023 | $ 10,325 | 3.51 | % | $ 15,325 | 3.26 | % |
| 2024 | 1,600 | 1.36 | | 3,100 | 2.42 | |
| 2025 | — | — | | 250 | 3.50 | |
| 2026 | — | — | | — | — | |
| 2027 | 2,650 | 3.77 | | 1,250 | 3.87 | |
| 2028 | 400 | 4.11 | | 400 | 4.11 | |
| 2029 | 200 | 1.61 | | — | — | |
| 2030 | — | — | | — | — | |
| 2031 | — | — | | — | — | |
| 2032 | 5,150 | 2.80 | | — | — | |
| Total FHLB advances | $ 20,325 | 3.19 | | $ 20,325 | 3.19 | |

*(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.

At December 31, 2022 and 2021, respectively, the Bank had unused lines of available credit with the FHLB-NY of up to $11.3 billion and $8.4 billion. The Company had $2.8 billion of overnight advances at December 31, 2022, and no overnight advances at December 31, 2021. During the twelve months ended December 31, 2022, the average balance of overnight advances amounted to $318 million, with a weighted average interest rate of 3.48 percent. During the twelve months ended December 31, 2021, the average balances of overnight advances amounted to $6 million, with weighted average interest rates of 0.36 percent.

Total FHLB advances generated interest expense of $251 million, $233 million, and $246 million, in the years ended December 31, 2022, 2021, and 2020, respectively.

**Repurchase Agreements**

The Company had no outstanding repurchase agreements as of December 31, 2022. As of December 31, 2021, the company had $800 million of outstanding repurchase agreements.

The Company had no short-term repurchase agreements outstanding at December 31, 2022 or 2021.

At December 31, 2021, the accrued interest on repurchase agreements amounted to $2 million. The interest expense on repurchase agreements was $14 million for the year ended December 31, 2022, and $18 million for each of the years ended December 31, 2021 and 2020.

**Federal Funds Purchased**

There were no federal funds purchased outstanding at December 31, 2022 or 2021.

In 2022 and 2021, respectively, the average balances of federal funds purchased were $466 million and $81 million, with weighted average interest rates of 1.65 percent and 0.09 percent. The interest expense produced by federal funds purchased was $8 million, $0 million and $1 million for the years ended December 31, 2022, 2021 and 2020, respectively.

**Junior Subordinated Debentures**

At December 31, 2022 and 2021, the Company had $608 million and $361 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 table presents contractual terms of the junior subordinated debentures outstanding at December 31, 2022:

| Issuer | Interest Rate of Capital Securities and Debentures | Junior Subordinated Debentures Amount Outstanding | Capital Securities Amount Outstanding | Date of Original Issue | Stated Maturity |
|---|---|---|---|---|---|
| | | *(dollars in millions)* | | | |
| New York Community Capital Trust V (BONUSES Units) [1] | 6.00 % | $ 147 | $ 141 | Nov. 4, 2002 | Nov. 1, 2051 |
| New York Community Capital Trust X [2] | 6.37 | 124 | 120 | Dec. 14, 2006 | Dec. 15, 2036 |
| PennFed Capital Trust III [2] | 8.02 | 31 | 30 | June 2, 2003 | June 15, 2033 |
| New York Community Capital Trust XI [2] | 6.38 | 59 | 58 | April 16, 2007 | June 30, 2037 |
| Flagstar Statutory Trust II [2] | 7.97 | 26 | 25 | Dec. 26, 2002 | Dec. 26, 2032 |
| Flagstar Statutory Trust III [2] | 7.33 | 26 | 25 | Feb. 19, 2003 | April 7, 2033 |
| Flagstar Statutory Trust IV [2] | 7.98 | 26 | 25 | Mar. 19, 2003 | Mar 19, 2033 |
| Flagstar Statutory Trust V [2] | 6.08 | 26 | 25 | Dec 29, 2004 | Jan. 7, 2035 |
| Flagstar Statutory Trust VI [2] | 6.08 | 26 | 25 | Mar. 30, 2005 | April 7, 2035 |
| Flagstar Statutory Trust VII [2] | 6.52 | 51 | 50 | Mar. 29, 2005 | June 15, 2035 |
| Flagstar Statutory Trust VIII [2] | 5.58 | 25 | 24 | Sept. 22, 2005 | Oct. 7, 2035 |
| Flagstar Statutory Trust IX [2] | 6.22 | 25 | 24 | June 28, 2007 | Sept. 15, 2037 |
| Flagstar Statutory Trust X [2] | 7.27 | 16 | 16 | Aug. 31, 2007 | Sept 15, 2037 |
| Total junior subordinated debentures | | $ 608 | $ 588 | | |

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

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 percent 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 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, 2022, this discount totaled $64 million.

The other remaining 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, 2022, all dividends were current.

Interest expense on junior subordinated debentures was $22 million, $18 million, and $19 million, respectively, for the years ended December 31, 2022, 2021, and 2020.

**Subordinated Notes**

At December 31, 2022 and 2021, the Company had a total of $432 million and $296 million subordinated notes outstanding; respectively, of fixed-to-floating rate subordinated notes outstanding:

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

*(1) From and including the date of original issuance to, but excluding November 6, 2023, the Notes will bear interest at an initial rate of 5.90 percent per annum payable semi-annually. Unless redeemed, from and including November 6, 2023 to but excluding the maturity date, the interest rate will reset quarterly to an annual interest rate equal to the then-current three-month LIBOR rate plus 278 basis point payable quarterly.*

*(2) From and including the date of original issuance, the Notes will bear interest at a fixed rate of 4.125 percent through October 31, 2025, and a variable rate tied to SOFR thereafter until maturity. The Company has the option to redeem all or a part of the Notes beginning on November 1, 2025, and on any subsequent interest payment date.*

The interest expense on subordinated notes amounted to $19 million for the year ended December 31, 2022 and $18 million for the years ended December 31, 2021, and 2020.

**NOTE 13: FEDERAL, STATE, AND LOCAL TAXES**

The following table summarizes the components of the Company's net deferred tax asset (liability) at December 31, 2022 and 2021:

| *(in millions)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Deferred Tax Assets: | | |
| Allowance for credit losses on loans and leases | $ 102 | $ 55 |
| Acquisition accounting and fair value adjustments on securities (including OTTI) | 227 | 21 |
| Acquisition accounting and fair value adjustments on loans | 36 | — |
| Capitalized loans costs | 46 | — |
| Compensation and related benefit obligations | 23 | 17 |
| Capitalized research and development costs | 10 | — |
| Net operating loss carryforwards | 15 | 1 |
| Other | 18 | 15 |
| Gross deferred tax assets | 477 | 109 |
| Valuation allowance | (5) | — |
| Net deferred tax asset after valuation allowance | $ 472 | $ 109 |
| Deferred Tax Liabilities: | | |
| Leases | $ (328) | $ (360) |
| Mortgage servicing rights | (105) | $ — |
| Premises and equipment | (18) | (5) |
| Prepaid pension cost | (29) | (35) |
| Fair value adjustments on loans | — | (81) |
| Amortizable intangibles | (71) | (3) |
| Acquisition accounting and fair value adjustments on deposits | (9) | — |
| Acquisition accounting and fair value adjustments on debt | (10) | — |
| Other | (9) | (9) |
| Gross deferred tax liabilities | $ (579) | $ (493) |
| Net deferred tax liability | $ (107) | $ (384) |

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, 2022 and 2021.

The Company evaluates the need for a deferred tax asset valuation allowances based on a more likely than not standard. The Company's evaluation is 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.

At December 31, 2022, the Company had a state deferred tax asset for net operating losses ("NOL") of $15 million, (net of federal tax impact) which includes total state net operating loss carryforwards of $303 million at December 31, 2022, 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 $5 million to reduce the DTA to the amount which is more likely than not to be realized.

The following table summarizes the Company's income tax expense for the years ended December 31, 2022, 2021, and 2020:

| | December 31, | | |
|---|---|---|---|
| *(in millions)* | 2022 | 2021 | 2020 |
| Federal – current | $ 147 | $ 188 | $ (148) |
| State and local – current | 32 | 35 | 5 |
| Total current | 179 | 223 | (143) |
| Federal – deferred | (10) | (28) | 190 |
| State and local – deferred | 7 | 15 | 29 |
| Total deferred | (3) | (13) | 219 |
| Income tax expense reported in net income | 176 | 210 | 77 |
| Income tax expense reported in stockholders' equity related to: | | | |
| Securities available-for-sale | (223) | (42) | 16 |
| Pension liability adjustments | (6) | 10 | — |
| Cash flow hedge | 23 | 9 | (13) |
| Adoption of ASU 2016-13 | — | — | (4) |
| Total income taxes | $ (30) | $ 187 | $ 76 |

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, 2022, 2021, and 2020:

| | December 31, | | |
|---|---|---|---|
| *(in millions)* | 2022 | 2021 | 2020 |
| Statutory federal income tax at 21% | $ 174 | $ 169 | $ 123 |
| State and local income taxes, net of federal income tax effect | 31 | 40 | 27 |
| Effect of tax law changes | — | — | (73) |
| Non-taxable bargain gain | (33) | — | — |
| Non-deductible FDIC deposit insurance premiums | 10 | 9 | 8 |
| Effect of tax deductibility of ESOP | (3) | (3) | (3) |
| Non-taxable income and expense of BOLI | (7) | (6) | (7) |
| Non-deductible merger expenses | 3 | 3 | — |
| Non-deductible compensation expense | 4 | — | — |
| Federal tax credits | (1) | — | (1) |
| Adjustments relating to prior tax years | (1) | (1) | 1 |
| Other, net | (1) | (1) | 2 |
| Total income tax expense | $ 176 | $ 210 | $ 77 |

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.

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 $304 million and $76 million, respectively, at December 31, 2022 and 2021, and included commitments of $183 million and $34 million that are expected to be funded over the next 5 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, 2022, 2021, and 2020 were $11 million, $9 million, and $8 million, respectively, of affordable housing tax credits and other tax benefits, and an offsetting $10 million, $9 million, and $6 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, 2022, 2021, and 2020.

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, 2022, the Company had $40 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, 2022 that would have affected the effective tax rate, if recognized, was $32 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, 2022, 2021, and 2020, the Company recognized income tax expense attributed to interest and penalties of $4 million, $4 million, and $3 million, respectively. Accrued interest and penalties on tax liabilities were $26 million and $22 million, respectively, at December 31, 2022 and 2021.

The following table summarizes changes in the liability for unrecognized gross tax benefits for the years ended December 31, 2022, 2021, and 2020:

| | December 31, | | |
|---|---|---|---|
| *(in millions)* | 2022 | 2021 | 2020 |
| Uncertain tax positions at beginning of year | $ 39 | $ 38 | $ 36 |
| Additions for tax positions relating to current-year operations | 1 | 2 | 1 |
| Additions for tax positions relating to prior tax years | — | 1 | 1 |
| Subtractions for tax positions relating to prior tax years | — | (2) | — |
| Uncertain tax positions at end of year | $ 40 | $ 39 | $ 38 |

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 2019 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 2015 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:

- Federal 2019
- New York State for the tax years 2010 through 2016; 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, 2022, the Bank's federal tax bad debt base-year reserve was $62 million, with a related federal deferred tax liability of $13 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 14. DERIVATIVE AND HEDGING ACTIVITIES

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

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

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

*Derivatives designated as hedging instruments*. The Company has designated certain interest rate swaps as cash flow hedges on LIBOR and overnight SOFR-based variable interest payments on federal home loan bank advances. Changes in the fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income on the Consolidated Statements of Condition and reclassified into interest expense in the same period in which the hedge transaction is recognized in earnings. At December 31, 2022, the Company had $52 million (net-of-tax) of unrealized gains on derivatives classified as cash flow hedges recorded in accumulated other comprehensive loss. The Company had $9 million (net-of-tax) of unrealized losses on derivatives classified as cash flow hedges at December 31, 2021.

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, 2022.

*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 had entered into an interest rate swap with a notional amount of $2.0 billion to hedge certain real estate loans. Interest income from loans and lease receivables decreased by $6 million and $49 million for the twelve months ended December 31,

2022 and 2021, respectively, related to a $2.0 billion of interest swaps designated in a fair value relationship related to certain real estate loans which matured in February 2022.

As of December 31, 2022 and 2021, the following amounts were recorded on the balance sheet related to cumulative basis adjustment for fair value hedges.

| *(in millions)* | December 31, 2022 | | December 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 | 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)] | $ - | $ - | $ 2,025 | $ 25 |

*(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. Since the swap expired in February 2022, at December 31, 2022, the amortized cost basis of the closed portfolios used in these hedging relationships, the cumulative basis adjustments associated with these hedging relationships, and the amount of the designated hedged items, were zero.*

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

| *(in millions)* | For the Twelve Months Ended December 31, 2022 | For the Twelve Months Ended December 31, 2021 |
|---|---|---|
| Derivative – interest rate swap: | | |
| Interest income | $ 25 | $ 48 |
| Hedged item – loans: | | |
| Interest income | $ (25) | $ (48) |

The following table sets forth information regarding the Company's derivative financial instruments at December 31, 2022.

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

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

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

*(1) Notional value of cash flow hedging instruments at December 31, 2021 $2.3 billion. Securities pledged at December 31, 2021 was $9 million.*
*(2) Variation margin pledged to, or received from, a Central Counterparty Clearing House to cover the prior days fair value of open positions is considered settlement of the derivative position for accounting purposes.*

*Cash Flow Hedges of Interest Rate Risk*

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

Interest rate swaps with notional amounts totaling $3.8 billion and $2.3 billion as of December 31, 2022 and December 31, 2021, were designated as cash flow hedges of certain FHLB borrowings.

The following table presents the effect of the Company's cash flow derivative instruments on AOCL for the year ending December 31, 2022 and 2021:

| *(in millions)* | For the Twelve Months Ended December 31, 2022 | For the Twelve Months Ended December 31, 2021 |
|---|---|---|
| Amount of gain recognized in AOCL | $ 88 | $ 8 |
| Amount of reclassified from AOCL to interest expense | (4) | 25 |

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 $51 million will be reclassified to interest expense.

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

| *(dollars in millions)* | | For the Twelve Months Ended December 31, 2022 | For the Twelve Months Ended December 31, 2021 |
|---|---|---|---|
| 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 | (11) | — |
| Mortgage-backed securities forwards | Net return on mortgage servicing rights | (4) | — |
| Rate lock commitments and US Treasury futures | Net gain on loan sales | 28 | — |
| Forward commitments | Other noninterest income | (1) | — |
| Interest rate swaps [(1)] | Other noninterest income | — | — |
| Total derivative (loss) gain | | $ 11 | $ — |

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

**NOTE 15: COMMITMENTS AND CONTINGENCIES**

**Pledged Assets**

The Company pledges securities to serve as collateral for its repurchase agreements, among other purposes. At December 31, 2022, the Company had pledged available for sale mortgage-related securities and other debt securities with carrying values of $430 million and $4 million, respectively. At December 31, 2021, the Company had pledged available for sale mortgage-related securities and other debt securities with carrying values of $704 million and $464 million, respectively. In addition, the Company had $44.5 billion and $33.9 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, 2022 and 2021, the Company had commitments to originate loans, including unused lines of credit, of $21.8 billion and $2.8 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 $541 million and $291 million at December 31, 2022 and 2021.

The following table summarizes the Company's off-balance sheet commitments to originate loans and letters of credit at December 31, 2022:

| *(in millions)* | | |
|---|---|---|
| Multi-family and commercial real estate | $ | 216 |
| One-to-four family including interest rate locks | | 2,066 |
| Acquisition, development, and construction | | 3,539 |
| Warehouse loan commitments | | 8,042 |
| Other loan commitments | | 7,964 |
| Total loan commitments | $ | 21,827 |
| Commercial, performance stand-by, and financial stand-by letters of credit | | 541 |
| Total commitments | $ | 22,368 |

**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, 2022:

| *(in millions)* | Expires Within One Year | Expires After One Year | Total Outstanding Amount | Maximum Potential Amount of Future Payments |
|---|---|---|---|---|
| Financial stand-by letters of credit | $ 79 | $ 85 | $ 164 | $ 398 |
| Performance stand-by letters of credit | 108 | 11 | 119 | 118 |
| Commercial letters of credit | 10 | 1 | 11 | 25 |
| Total letters of credit | $ 197 | $ 97 | $ 294 | $ 541 |

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. 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, 2022, the Company had no commitments to purchase securities.

**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 16: INTANGIBLE ASSETS

Goodwill is presumed to have an indefinite useful life and is tested for impairment at the reporting unit level, at least once a year. There was no change in goodwill during the year ended December 31, 2022.

At December 31, 2022, other intangible assets consisted of the following:

| *(in millions)* | Gross Carrying Amount | Accumulated Amortization | Net Carrying Value |
|---|---|---|---|
| Core deposit intangible | $ 250 | $ (4) | $ 246 |
| Other intangible assets | 42 | (1) | 41 |
| Total other intangible assets | $ 292 | $ (5) | $ 287 |

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

| *(in millions)* | Amortization Expense |
|---|---|
| 2023 | $ 59 |
| 2024 | 54 |
| 2025 | 38 |
| 2026 | 33 |
| 2027 | 29 |
| Total | $ 213 |

## NOTE 17: 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 millions)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Change in Benefit Obligation: | | |
| Benefit obligation at beginning of year | $ 158 | $ 172 |
| Interest cost | 4 | 4 |
| Actuarial gain | (38) | (9) |
| Annuity payments | (7) | (6) |
| Settlements | (1) | (3) |
| Benefit obligation at end of year | $ 116 | $ 158 |
| Change in Plan Assets: | | |
| Fair value of assets at beginning of year | $ 283 | $ 261 |
| Actual return (loss) on plan assets | (47) | 31 |
| Annuity payments | (7) | (6) |
| Settlements | (1) | (3) |
| Fair value of assets at end of year | $ 228 | $ 283 |
| Funded status (included in “Other assets”) | $ 112 | $ 125 |
| Changes recognized in other comprehensive income for the year ended December 31: | | |
| Amortization of actuarial loss | (2) | (7) |
| Net actuarial (gain) loss arising during the year | 26 | (23) |
| Total recognized in other comprehensive income for the year (pre-tax) | $ 24 | $ (30) |
| Accumulated other comprehensive loss (pre-tax) not yet recognized in net periodic benefit cost at December 31: | | |
| Actuarial loss, net | 66 | 43 |
| Total accumulated other comprehensive loss (pre-tax) | $ 66 | $ 43 |

In 2023, an estimated $7 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 2022 was $2 million. No prior service cost was amortized in 2022 or 2021. The discount rates used to determine the benefit obligation at December 31, 2022 and 2021 were 4.9 percent and 2.6 percent, 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:

| *(in millions)* | Years Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| Components of net periodic pension expense (credit): | | | |
| Interest cost | $ 4 | $ 4 | $ 5 |
| Expected return on plan assets | (16) | (16) | (15) |
| Amortization of net actuarial loss | 2 | 7 | 7 |
| Net periodic pension credit | $ (10) | $ (5) | $ (3) |

The following table indicates the weighted average assumptions used in determining the net periodic benefit cost for the years indicated:

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| Discount rate | 2.6% | 2.2% | 3.0% |
| Expected rate of return on plan assets | 6.0 | 6.3 | 6.5 |

As of December 31, 2022, 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 percent 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 percent 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 percent in a cash equivalents portfolio for liquidity purposes.

In addition, the Retirement Plan holds Company shares, the value of which is approximately equal to 11 percent 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, 2022:

| (in millions) | 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 | $ — | $ 23 | $ — |
| Large-cap growth (2) | 17 | — | 17 | — |
| Large-cap core (3) | 13 | — | 13 | — |
| Mid-cap value (4) | 5 | — | 5 | — |
| Mid-cap growth (5) | 4 | — | 4 | — |
| Mid-cap core (6) | 5 | — | 5 | — |
| Small-cap value (7) | 3 | — | 3 | — |
| Small-cap growth (8) | 6 | — | 6 | — |
| Small-cap core (9) | 4 | — | 4 | — |
| International equity (10) | 30 | — | 30 | — |
| Fixed Income Funds: | | | | |
| Fixed Income – U.S. Core (11) | 65 | — | 65 | — |
| Intermediate duration (12) | 22 | — | 22 | — |
| Equity Securities: | | | | |
| Company common stock | 26 | 26 | — | — |
| Cash Equivalents: | | | | |
| Money market * | 5 | 1 | 4 | — |
| | $ 228 | $ 27 | $ 201 | $ — |

** 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 percent 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 percent 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 percent 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 percent 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 were as follows:

| | At December 31, | |
|---|---|---|
| | 2022 | 2021 |
| Equity securities | 60 % | 62 % |
| Debt securities | 38 | 36 |
| 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 percent to 8 percent and 3 percent to 5 percent, respectively, with an assumed long-term inflation rate of 2.5 percent 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 percent to 7 percent.

***Expected Contributions***

The Company does not expect to contribute to the Retirement Plan in 2022.

***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 millions)* | |
|---|---|
| 2023 | $ 8 |
| 2024 | 8 |
| 2025 | 8 |
| 2026 | 8 |
| 2027 | 8 |
| 2028 and thereafter | 42 |
| Total | $ 82 |

**<u>Qualified Savings Plan (401(k) Plan)</u>**

The Company maintains a defined contribution qualified savings plan in the form of a 401(k) plan in which all salaried employees are able to participate after one month of service and having attained age 21. The Company instituted a safe harbor matching contribution program during the year ended December 31, 2020, and accordingly, the Company matches a portion of employee 401(k) plan contributions. Such expense totaled $7 million and $6 million for the twelve months ended December 31, 2022 and 2021, respectively. Flagstar also maintains a defined contribution qualified savings plan in the form of a 401(k) plan in which certain employees are able to participate.

**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 millions)* | 2022 | 2021 |
| Change in benefit obligation: | | |
| Benefit obligation at beginning of year | $ 10 | $ 12 |
| Interest cost | — | — |
| Actuarial gain | (2) | (2) |
| Premiums and claims paid | (1) | — |
| Benefit obligation at end of year | $ 7 | 10 |
| Change in plan assets: | | |
| Fair value of assets at beginning of year | $ — | $ — |
| Employer contribution | 1 | — |
| Premiums and claims paid | (1) | — |
| Fair value of assets at end of year | $ — | $ — |
| Funded status (included in "Other liabilities") | $ (7) | (10) |
| Changes recognized in other comprehensive income for the year ended December 31: | | |
| Amortization of prior service cost | $ — | $ — |
| Amortization of actuarial gain | — | — |
| Net actuarial (gain) loss arising during the year | (2) | (2) |
| Total recognized in other comprehensive income for the year (pre-tax) | $ (2) | $ (2) |
| Accumulated other comprehensive (gain) loss (pre-tax) not yet recognized in net periodic benefit cost at December 31: | | |
| Prior service cost | $ — | $ — |
| Actuarial (gain) loss, net | (2) | — |
| Total accumulated other comprehensive income (pre-tax) | $ (2) | — |

The discount rates used in the preceding table were 4.8 percent at December 31, 2022 and 2.3 percent at December 31, 2021.

The estimated net actuarial loss and the prior service liability that will be amortized from AOCL into net periodic benefit cost in 2023 are $0 and $0, respectively.

The net periodic benefit costs and all components thereof for the years-ended December 2022, 2021 and 2020 were less than $1 million.

The following table presents the weighted average assumptions used in determining the net periodic benefit cost for the years indicated:

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| Discount rate | 2.3 % | 2.0 % | 2.9 % |
| 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 | 2028 | 2027 | 2026 |

***Expected Contributions***

The Company expects to contribute $1 million to the Health & Welfare Plan to pay premiums and claims in the fiscal year ending December 31, 2022.

***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 millions)* | | |
|---|---|---|
| 2023 | $ | 1 |
| 2024 | | 1 |
| 2025 | | 1 |
| 2026 | | 1 |
| 2027 | | 1 |
| 2028 and thereafter | | 2 |
| Total | $ | 7 |

**NOTE 18: STOCK-RELATED BENEFIT PLANS**

**Stock Based Compensation**

At December 31, 2022, the Company had a total of 9,799,865 shares available for grants as restricted stock, options, or other forms of related rights under the 2020 Incentive Plan, which includes the remaining shares available, converted at the merger conversion factor from the legacy Flagstar Bancorp, Inc. 2016 Stock Plan. The Company granted 3,710,689 shares of restricted stock, with an average fair value of $11.23 per share on the date of grant, during the twelve months ended December 31, 2022.

During the years ended December 31, 2021 and 2020, the Company granted 3,131,949 shares and 2,421,345 shares, respectively, of restricted stock, which had average fair values of $11.20 and $11.61 per share on the respective grant dates. Compensation and benefits expense related to the restricted stock grants is recognized on a straight-line basis over the vesting period and totaled $25 million, $27 million, and $28 million, respectively, for the years ended December 31, 2022, 2021, and 2020.

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

| | For the Year Ended December 31, 2022 | | |
|---|---|---|---|
| | Number of Shares | | Weighted Average Grant Date Fair Value |
| Unvested at beginning of year | 6,950,335 | $ | 11.68 |
| Granted | 3,710,689 | | 11.23 |
| Assumed in business acquisition [(1)] | 1,904,025 | | 9.35 |
| Vested | (2,374,209 ) | | 12.21 |
| Forfeited | (614,238 ) | | 11.56 |
| Unvested at end of year | 9,576,602 | | 10.92 |

(1) Weighted-average per share represents the fair value per share on the acquisition date.

As of December 31, 2022, unrecognized compensation cost relating to unvested restricted stock totaled $74 million. This amount will be recognized over a remaining weighted average period of 2.5 years.

The following table provides a summary of activity with regard to Performance-Based Restricted Stock Units ("PSUs") in the twelve months ended December 31, 2022:

| | Number of Shares | Weighted Average Grant Date Fair Value | Performance Period | Expected Vesting Date |
|---|---|---|---|---|
| Outstanding at beginning of year | 834,612 | $ 11.44 | | |
| Granted | 473,211 | 10.09 | | |
| Released | (176,090) | 11.42 | | |
| Forfeited | (336,749) | 11.43 | | |
| Outstanding at end of period | 794,984 | 11.43 | January 1, 2022 - December 31, 2024 | March 31, 2023 - 2025 |

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 $3 million, $5 million and $1 million for the twelve months ended December 31, 2022, 2021, and 2020, respectively. As of December 31, 2022, unrecognized compensation cost relating to unvested restricted stock totaled $4 million. This amount will be recognized over a remaining weighted average period of 1.6 years. As of December 31, 2022, the Company believes it is probable that the performance conditions will be met.

**New York Community Bank Employee Stock Ownership Plan**

On December 6, 2021, the ESOP was terminated with the assets in the ESOP merged into the employee's 401(k) plan. After the merger of the ESOP into the 401(k) plan, the Company allocated $4 million into eligible participant's accounts. For of the years ended December 31, 2021 and 2020, the Company recorded expense of $4 million.

**Supplemental Executive Retirement Plan**

The Bank had 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 and subsequently fully distributed during the year ended December 31, 2022. Trust-held assets, consisting entirely of Company common stock, amounted to 1,006,186 at December 31, 2021, including shares purchased through dividend reinvestment. The cost of these shares was reflected as a reduction of paid-in capital in excess of par in the Consolidated Statements of Condition.

## NOTE 19: 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, 2022 and 2021, and that were included in the Company's Consolidated Statements of Condition at those dates:

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

| | Fair Value Measurements at December 31, 2021 | | | | |
|---|---|---|---|---|---|
| *(in millions)* | 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 | $ — | $ 1,107 | $ — | $ — | $ 1,107 |
| GSE CMOs | — | 1,683 | — | — | 1,683 |
| Total mortgage-related debt securities | $ — | $ 2,790 | $ — | $ — | $ 2,790 |
| Other Debt Securities Available for Sale: | | | | | |
| U.S. Treasury obligations | $ 45 | $ — | $ — | $ — | $ 45 |
| GSE debentures | — | 1,480 | — | — | 1,480 |
| Asset-backed securities | — | 479 | — | — | 479 |
| Municipal bonds | — | 25 | — | — | 25 |
| Corporate bonds | — | 838 | — | — | 838 |
| Foreign notes | — | 26 | — | — | 26 |
| Capital trust notes | — | 97 | — | — | 97 |
| Total other debt securities | $ 45 | $ 2,945 | $ — | $ — | $ 2,990 |
| Total debt securities available for sale | $ 45 | $ 5,735 | $ — | $ — | $ 5,780 |
| Equity securities: | | | — | — | |
| Mutual funds and common stock | — | 16 | — | — | 16 |
| Total equity securities | $ — | $ 16 | $ — | $ — | $ 16 |
| Total securities | $ 45 | $ 5,751 | $ — | $ — | $ 5,796 |

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

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

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

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

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

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

**Fair Value Measurements Using Significant Unobservable Inputs**

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

| *(dollars in millions)* | Balance at Beginning of Year | Total Gains / (Losses) Recorded in Earnings (1) | Purchases / Originations | Sales | Settlement | Transfers In (Out) | Balance at End of Year |
|---|---|---|---|---|---|---|---|
| Year-Ended December 31, 2022 | | | | | | | |
| Assets | | | | | | | |
| Mortgage servicing rights [(1)] | $ 1,012 | $ 2 | $ 19 | — | — | — | $ 1,033 |
| Rate lock commitments (net) [(1)(2)] | 21 | (12) | 5 | — | — | (15) | (1) |
| Totals | $ 1,033 | $ (10) | $ 24 | $ — | $ — | $ (15) | $ 1,032 |

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 December 31, 2022:

| | Fair Value | Valuation Technique | Unobservable Input | Range (Weighted Average) |
|---|---|---|---|---|
| | | | *(dollars in millions)* | |
| Assets | | | | |
| | | | Option adjusted spread | 5.3% - 21.6% (5.9%) |
| Mortgage servicing rights | $ 1,033 | Discounted cash flows | Constant prepayment rate | 0% - 10.0% (7.9%) |
| | | | Weighted average cost to service per loan | $65 - $90 ($68) |
| Rate lock commitments (net) | $ (1) | Consensus pricing | Origination pull-through rate | 76.41% |

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

**Assets Measured at Fair Value on a Non-Recurring Basis**

Certain assets are measured at fair value on a non-recurring basis. Such instruments are subject to fair value adjustments under certain circumstances (e.g., when there is evidence of impairment). The following tables present assets that were measured at fair value on a non-recurring basis as of December 31, 2022 and 2021, and that were included in the Company's Consolidated Statements of Condition at those dates:

| | Fair Value Measurements at December 31, 2022 Using | | | |
|---|---|---|---|---|
| *(in millions)* | 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] | $ — | $ — | $ 28 | $ 28 |
| Other assets[2] | — | — | 41 | 41 |
| Total | $ — | $ — | $ 69 | $ 69 |

*(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.*

| | Fair Value Measurements at December 31, 2021 Using | | | |
|---|---|---|---|---|
| *(in millions)* | 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] | $ — | $ — | $ 32 | $ 32 |
| Other assets [2] | — | — | 32 | 32 |
| Total | $ — | $ — | $ 64 | $ 64 |

*(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, 2022 and 2021:

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | | Fair Value Measurement Using | | |
| (in millions) | 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 | $ 2,032 | $ 2,032 | $ 2,032 | $ — | $ — |
| FHLB and FRB stock [(1)] | 1,267 | 1,267 | — | 1,267 | — |
| Loans and leases held for investment, net | 68,608 | 65,673 | — | — | 65,673 |
| Financial Liabilities: | | | | | |
| Deposits | $ 58,721 | $ 58,479 | $ 46,211 [(2)] | $ 12,268 [(3)] | $ — |
| Borrowed funds | 21,332 | 21,231 | — | 21,231 | — |

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

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | | Fair Value Measurement Using | | |
| (in millions) | 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 | $ 2,211 | $ 2,211 | $ 2,211 | $ — | $ — |
| FHLB stock [(1)] | 734 | 734 | — | 734 | — |
| Loans and leases, net | 45,539 | 44,748 | — | — | 44,748 |
| Financial Liabilities: | | | | | |
| Deposits | $ 35,059 | $ 35,051 | $ 26,635 [(2)] | $ 8,416 [(3)] | $ — |
| Borrowed funds | 16,562 | 17,169 | — | 17,169 | — |

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

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

*Cash and Cash Equivalents*

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

*Securities*

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

*Federal Home Loan Bank Stock*

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

*Loans*

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

*MSRs*

The significant unobservable inputs used in the fair value measurement of the MSRs are option adjusted spreads, prepayment rates and cost to service. Significant increases (decreases) in all three assumptions in isolation result in a significantly lower (higher) fair value measurement. Weighted average life (in years) is used to determine the change in fair value of MSRs. For December 31, 2022, the weighted average life (in years) for the entire MSR portfolio was 7.3.

*Rate lock commitments*

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

*Deposits*

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

*Borrowed Funds*

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

*Off-Balance Sheet Financial Instruments*

The fair values of commitments to extend credit and unadvanced lines of credit are estimated based on an analysis of the interest rates and fees currently charged to enter into similar transactions, considering the remaining terms of the commitments and the creditworthiness of the potential borrowers. The estimated fair values of such off-balance sheet financial instruments were insignificant at December 31, 2022 and 2021.

**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:

| | Year-ended December 31, |
|---|---|
| *(dollars in millions)* | 2022 |
| Assets | |
| Loans held-for-sale | |
| Net gain on loan sales | $ 8 |

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

## NOTE 20: 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**

| *(in millions)* | December 31, 2022 | December 31, 2021 |
|---|---|---|
| ASSETS: | | |
| Cash and cash equivalents | $ 121 | 139 |
| Investments in subsidiaries | 9,633 | 7,525 |
| Other assets | 85 | 48 |
| Total assets | $ 9,839 | 7,712 |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| Junior subordinated debentures | $ 575 | 361 |
| Subordinated notes | 432 | 296 |
| Other liabilities | 8 | 11 |
| Total liabilities | 1,015 | 668 |
| Stockholders' equity | 8,824 | 7,044 |
| Total liabilities and stockholders' equity | $ 9,839 | 7,712 |

**Condensed Statements of Income**

| *(in millions)* | Years Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| Dividends received from subsidiaries | $ 335 | $ 4 | $ 380 |
| Other income | 160 | 1 | 1 |
| Gross income | 495 | 381 | 381 |
| Operating expenses | 55 | 50 | 52 |
| Income before income tax benefit and equity in undistributed earnings of subsidiaries | 440 | 331 | 329 |
| Income tax benefit | 14 | 14 | 14 |
| Income before equity in undistributed earnings of subsidiaries | 454 | 345 | 343 |
| Equity in undistributed earnings of subsidiaries | 196 | 251 | 168 |
| Net income | $ 650 | $ 596 | $ 511 |

**Condensed Statements of Cash Flows**

| *(in millions)* | Years Ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | $ 650 | $ 596 | $ 511 |
| Change in other assets | (3) | (22) | — |
| Change in other liabilities | (4) | 1 | — |
| Other, net | (130) | 32 | 30 |
| Equity in undistributed earnings of subsidiaries | (196) | (251) | (168) |
| Net cash provided by operating activities | 317 | 356 | 373 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Cash acquired in business acquisition | 34 | — | — |
| Change in receivable from subsidiaries, net | 5 | (3) | 2 |
| Net cash provided by (used in) investing activities | 39 | (3) | 2 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Treasury stock repurchased | (24) | (16) | (59) |
| Cash dividends paid on common and preferred stock | (350) | (349) | (348) |
| Net cash used in financing activities | (374) | (365) | (407) |
| Net decrease in cash and cash equivalents | (18) | (12) | (32) |
| Cash and cash equivalents at beginning of year | 139 | 151 | 183 |
| Cash and cash equivalents at end of year | $ 121 | $ 139 | $ 151 |

**NOTE 21: 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, 2022 and 2021, in comparison with the minimum amounts and ratios required by the FRB for capital adequacy purposes:

| At December 31, 2022 | Risk-Based Capital | | | | | | Leverage Capital | |
|---|---|---|---|---|---|---|---|---|
| | Common Equity Tier 1 | | Tier 1 | | Total | | | |
| *(dollars in millions)* | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Total capital | $ 6,335 | 9.06 % | $ 6,838 | 9.78 % | $ 8,154 | 11.66 % | $ 6,838 | 9.70 % |
| Minimum for capital adequacy purposes | 3,146 | 4.50 | 4,195 | 6.00 | 5,593 | 8.00 | 2,819 | 4.00 |
| Excess | $ 3,189 | 4.56 % | $ 2,643 | 3.78 % | $ 2,561 | 3.66 % | $ 4,019 | 5.70 % |

| At December 31, 2021 | Risk-Based Capital | | | | | | Leverage Capital | |
|---|---|---|---|---|---|---|---|---|
| | Common Equity Tier 1 | | Tier 1 | | Total | | | |
| *(dollars in millions)* | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Total capital | $ 4,226 | 9.68 % | $ 4,729 | 10.83 % | $ 5,558 | 12.73 % | $ 4,729 | 8.46 % |
| Minimum for capital adequacy purposes | 1,966 | 4.50 | 2,621 | 6.00 | 3,494 | 8.00 | 2,237 | 4.00 |
| Excess | $ 2,260 | 5.18 % | $ 2,108 | 4.83 % | $ 2,064 | 4.73 % | $ 2,492 | 4.46 % |

At December 31, 2022, our total risk-based capital ratio exceeded the minimum requirement for capital adequacy purposes by 366 basis points and the fully phased-in capital conservation buffer by 116 basis points.

The Bank is subject to the provisions of the National Bank Act and other statutes governing national banks, as well as the rules and regulations of the OCC, CFPB, and FDIC (the "Regulators"). The Bank is also governed by numerous federal 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 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, 2022, the Bank exceeded all the capital adequacy requirements to which they were subject.

As of December 31, 2022, 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 percent; a minimum tier 1 risk-based capital ratio of 8.00 percent; a minimum total risk-based capital ratio of 10.00 percent; and a minimum leverage capital ratio of 5.00 percent. In the opinion of management, no conditions or events have transpired since December 31, 2022 to change these capital adequacy classifications.

The following tables present the actual capital amounts and ratios for the Bank at December 31, 2022 and 2021 in comparison to the minimum amounts and ratios required for capital adequacy purposes.

| At December 31, 2022 | Risk-Based Capital | | | | | | Leverage Capital | |
|---|---|---|---|---|---|---|---|---|
| | Common Equity Tier 1 | | Tier 1 | | Total | | | |
| *(dollars in millions)* | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Total capital | $ 7,653 | 10.96 % | $ 7,653 | 10.96 % | $ 7,982 | 11.43 % | $ 7,653 | 10.87 % |
| Minimum for capital adequacy purposes | 3,142 | 4.50 | 4,189 | 6.00 | 5,585 | 8.00 | 2,817 | 4.00 |
| Excess | $ 4,511 | 6.46 % | $ 3,464 | 4.96 % | $ 2,397 | 3.43 % | $ 4,836 | 6.87 % |

| At December 31, 2021 | Risk-Based Capital | | | | | | Leverage Capital | |
|---|---|---|---|---|---|---|---|---|
| | Common Equity Tier 1 | | Tier 1 | | Total | | | |
| *(dollars in millions)* | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Total capital | $ 5,217 | 11.95 % | $ 5,217 | 11.95 % | $ 5,402 | 12.38 % | $ 5,217 | 9.33 % |
| Minimum for capital adequacy purposes | 1,964 | 4.50 | 2,619 | 6.00 | 3,491 | 8.00 | 2,236 | 4.00 |
| Excess | $ 3,253 | 7.45 % | $ 2,598 | 5.95 % | $ 1,911 | 4.38 % | $ 2,981 | 5.33 % |

**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 percent 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, 2022, the Company has repurchased a total of 30 million shares at an average price of $8.88 or an aggregate purchase of $286 million. During the year ended December 31, 2022, the Company repurchased 0.9 million shares, at a cost of $8 million. The Company had no repurchases during 2021.

## 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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, 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, 2022, 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 March 1, 2023 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

*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 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: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) 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 and leases evaluated on a collective basis*

As discussed in Notes 6 and 7 to the consolidated financial statements, the Company's total allowance for credit losses (ACL) on loans and leases as of December 31, 2022 was $393 million, a substantial portion of which related to the legacy New York Community Bancorp, Inc. multi-family and commercial real estate portfolio segments (legacy NYCB portfolios), and the acquired Flagstar Bancorp, Inc. one-to-four family first mortgage, commercial real estate, commercial and industrial, and acquisition, development and construction portfolio segments (acquired Flagstar portfolios). The allowance for credit losses on loans and leases for the legacy NYCB portfolios and acquired Flagstar portfolios 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. The Company estimates the exposure-at-default using prepayment methods and models which project 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 for the legacy NYCB portfolios and the acquired Flagstar portfolios 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, including related weightings, the reasonable and supportable forecast period, the reversion period and the historical observation periods. 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 estimate for the legacy NYCB portfolios, including controls over the:

- development of the collective ACL methodology
- continued use and appropriateness of changes made to 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 and
- analysis of the collective ACL results, trends, and ratios.

We evaluated the Company's process to develop the collective ACL estimate for both the legacy NYCB portfolios and the acquired Flagstar portfolios 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 assessment 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, including the weighting of the scenarios, and underlying macroeconomic assumptions by comparing it to the Company's business environment and relevant industry practices
- evaluating the length of the reasonable and supportable period, the reversion period and the historical observation periods 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 and
- 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 estimate for both the legacy NYCB portfolios and the acquired Flagstar portfolios 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.

*Fair value measurements of acquired loans and mortgage servicing rights in the acquisition of Flagstar Bancorp, Inc.*

As discussed in Notes 3 and 9 to the consolidated financial statements, the Company acquired Flagstar Bancorp, Inc. on December 1, 2022. The Company accounted for this transaction as a business combination with the assets acquired and liabilities assumed being measured based on their estimated fair values. As part of the acquisition, the Company acquired loans and mortgage servicing rights (MSRs) with a fair value of $18.0 billion and $1.0 billion, respectively. As of December 31, 2022, the fair value of the MSRs was $1.0 billion with any changes in fair value recognized in earnings. The fair value of acquired loans was based on a discounted cash flow methodology which incorporated discount rates, prepayment rates, probability of default and loss given default rates, and other market assumptions. The fair value of MSRs was measured using a discounted cash flow methodology which utilized option-adjusted spreads, constant prepayment speeds, costs to service, and other market assumptions.

We identified the assessment of the fair value measurements of acquired loans and MSRs at the acquisition date and the MSRs as of December 31, 2022 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 of the fair value measurements due to significant measurement uncertainty. Specifically, the assessment of the fair value measurements involved an evaluation of the valuation methodologies and certain subjective assumptions, including discount rates, prepayment rates, probability of default and loss given default rates for acquired loans and option-adjusted spreads, constant prepayment rates, and cost to service for MSRs.

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 fair value measurements of acquired loans and MSRs at the date of acquisition. This included controls related to the (1) determination of certain subjective assumptions used in the discounted cash flow methodology for acquired loans and MSRs, (2) assessment of the overall fair value measurement for acquired loans, and (3) assessment of the overall fair value measurement, including comparisons of the fair value to independent appraisals, for MSRs. We evaluated the Company's process to determine the estimated fair value of acquired loans and MSRs at the acquisition date, and the fair value of MSRs as of December 31, 2022, by testing certain sources of data and subjective assumptions that the Company used and considered the relevance and reliability of such data and subjective assumptions. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's valuation methodologies for compliance with U.S. generally accepted accounting principles
- assessing the Company's estimate of fair value of acquired loans by developing independent ranges of fair values, using market participant derived discount rates, prepayment rates, and probability of default and loss given default rates, and comparing them to the Company's estimate of fair value and
- assessing option-adjusted spreads, constant prepayment rates, and cost to service assumptions related to the MSRs fair value estimate by comparing to external market and industry data as well as available data from independent appraisals.

KPMG LLP

We have served as the Company's auditor since 1993.

New York, New York
March 1, 2023

**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, 2022, 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, 2022, 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, 2022 and 2021, 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, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated March 1, 2023 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired Flagstar Bancorp, Inc. during 2022, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, Flagstar Bancorp, Inc.'s internal control over financial reporting associated with total acquired assets of approximately $25.8 billion and total revenues associated with the acquired assets and liabilities assumed of approximately $132 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Flagstar Bancorp, Inc.

*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
March 1, 2023

## 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.

The Company acquired certain assets and assumed certain liabilities of Flagstar Bancorp on December 1, 2022. The scope of management's assessment of the effectiveness of the Company's internal controls over financial reporting as of December 31, 2022, excludes the internal control over financial reporting associated with total acquired assets of approximately $25.8 billion and total revenues associated with the acquired assets and liabilities assumed of approximately $132 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022.

As of December 31, 2022, 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, 2022 was effective using this criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2022 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, 2022, 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, 2022.

***(c) Changes in Internal Control over Financial Reporting***

The Company is working to integrate Flagstar into its overall internal control over financial reporting processes. Except for changes made in connection with this integration of Flagstar, 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.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable

## 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 June 1, 2023 (hereafter referred to as our "2023 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 102 Duffy Avenue, Hicksville, NY 11801.

### ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation appears in our 2023 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, 2022:

| 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 | — | — | 9,799,865 |
| Equity compensation plans not approved by security holders | — | — | — |
| Total | — | — | 9,799,865 |

Information relating to the security ownership of certain beneficial owners and management appears in our 2023 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 2023 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

Our independent registered public accounting firm is KPMG LLP, New York, New York, Auditor Firm ID: 185.

Information regarding principal accounting fees and services appears in our 2023 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, 2021 and 2022;
- Consolidated Statements of Income and Comprehensive Income for each of the years in the three-year period ended December 31, 2022;
- Consolidated Statements of Changes in Stockholders' Equity for each of the years in the three-year period ended December 31, 2022;
- Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2022; 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. | |
|---|---|
| 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] |
| 2.2 | Amendment No. 1 to the Agreement and Plan of Merger, dated April 26, 2022, by and among New York Community Bancorp, Inc., 615 Corp., and Flagstar Bancorp, Inc.*[2] |
| 2.3 | Amendment No. 2 to the Agreement and Plan of Merger, dated October 27, 2022, by and among New York Community Bancorp, Inc., 615 Corp. and Flagstar Bancorp, Inc.* [3] |
| 3.1 | Amended and Restated Certificate of Incorporation [4] |
| 3.2 | Certificates of Amendment of Amended and Restated Certificate of Incorporation [5] |
| 3.3 | Certificate of Amendment of Amended and Restated Certificate of Incorporation [6] |
| 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 [7] |
| 3.5 | Amended and Restated Bylaws[8] |
| 4.1 | Specimen Stock Certificate [9] |
| 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 [10] |
| 4.3 | Form of certificate representing the Series A Preferred Stock [10] |

| | |
|---|---|
| 4.4 | Form of depositary receipt representing the Depositary Shares [10] |
| 4.5 | Description of securities registered pursuant to Section 12 of the Securities and Exchange Act of 1934 [11] |
| 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. Robert Wann, Thomas R. Cangemi, John J. Pinto, and R. Patrick Quinn** [12] |
| 10.2(P) | Form of Change in Control Agreements among the Company, the Bank, and Certain Officers** [13] |
| 10.3(P) | Form of Queens County Savings Bank Outside Directors' Consultation and Retirement Plan** [13] |
| 10.4(P) | Supplemental Benefit Plan of Queens County Savings Bank** [14] |
| 10.5(P) | Excess Retirement Benefits Plan of Queens County Savings Bank** [13] |
| 10.6(P) | Queens County Savings Bank Directors' Deferred Fee Stock Unit Plan** [13] |
| 10.7 | New York Community Bancorp, Inc. Management Incentive Compensation Plan** [15] |
| 10.8 | New York Community Bancorp, Inc. 2012 Stock Incentive Plan** [16] |
| 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, Jefferies LLC, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representatives of the several underwriters listed therein [17] |
| 10.10 | New York Community Bancorp, Inc., 2020 Omnibus Incentive Plan** [18] |
| 10.11 | Letter Agreement, dated as of April 24, 2021, by and between New York Community Bancorp, Inc. and Thomas Cangemi** [1] |
| 10.12 | Employment Agreement between New York Community Bancorp, Inc. and John T. Adams** [19] |
| 10.13 | Amended and Restated Non-Competition and Non-Solicitation Agreement, dated November 28, 2022, by and between Flagstar Bancorp, Inc. (New York Community Bancorp, Inc. as Successor Company) and Alessandro DiNello** [20] |
| 10.14 | Flagstar Bancorp, Inc. 2016 Stock Award and Incentive Plan (as assumed by New York Community Bancorp, Inc. effective December 1, 2022)** [21] |
| 10.15 | Employment Agreement between New York Community Bancorp, Inc. and Reginald E. Davis** (attached hereto) |
| 10.16 | Employment Agreement between New York Community Bancorp, Inc. and Lee M. Smith** (attached hereto) |
| 21.0 | Subsidiaries information incorporated herein by reference to Part I, "Subsidiaries" |
| 22.0 | Subsidiary Issuers of Guaranteed Securities[22] |
| 23.0 | Consent of KPMG LLP, dated March 1, 2023 (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, 2022, 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) |

*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 to the Company's Form 8-K filed with the Securities and Exchange Commission on April 27, 2022 (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 October 28, 2022 (File No. 1-31565)
(4) 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)
(5) Incorporated by reference to Exhibits filed with the Company’s Form 10-K for the year ended December 31, 2003 (File No. 1-31565)
(6) 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)
(7) 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
(8) Incorporated by reference to Exhibit 3.2 filed with the Company’s Form 8-K filed with the Securities and Exchange Commission on December 1, 2022 (File No. 1-31565)
(9) 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)
(10) 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)
(11) Incorporated by reference to Exhibits filed with the Company’s Form 10-K for the year ended December 31, 2019 (File No. 1-31565)
(12) 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)
(13) Incorporated by reference to Exhibits filed with the Company’s Registration Statement filed on Form S-1, Registration No. 33-66852
(14) Incorporated by reference to Exhibits filed with the 1995 Proxy Statement for the Annual Meeting of Shareholders held on April 19, 1995 (File No. 0-22278)
(15) 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)
(16) 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)
(17) 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)
(18) Incorporated by reference to Exhibits filed with the Company’s Registration Statement filed on Form S-8 filed, Registration No. 333-241023
(19) Incorporated by reference to Exhibits filed with the Company’s Form 10-Q for the quarterly period ended March 31, 2022 (File No. 001-31565)
(20) Incorporated by reference to Exhibits filed with the Company’s Form 8-K filed with the Securities and Exchange Commission on December 1, 2022 (File No. 1-31565)
(21) Incorporated by reference to Exhibit 10.1 to Flagstar Bancorp, Inc.’s Form 10-Q filed with the Securities and Exchange Commission on November 6, 2015 (File No. 1-16577)
(22) Incorporated by reference to Exhibits filed with the Company’s Form 10-K for the year ended December 31, 2021 (File No. 1-31565)

**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.

March 1, 2023

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 — 3/1/23
**Thomas R. Cangemi**
President, Chief Executive Officer, and Director
(Principal Executive Officer)

/s/ John J. Pinto — 3/1/23
**John J. Pinto**
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

/s/ Alessandro P. DiNello — 3/1/23
**Alessandro P. DiNello**
Non-Executive Chairman

/s/ Hanif W. Dahya — 3/1/23
**Hanif W. Dahya**
Presiding Director

/s/ James R. Carpenter — 3/1/23
**James R. Carpenter**
Director

/s/ Leslie D. Dunn — 3/1/23
**Leslie D. Dunn**
Director

/s/ Toan C. Huynh — 3/1/23
**Toan C. Huynh**
Director

/s/ Marshall Lux — 3/1/23
**Marshall Lux**
Director

/s/ Lawrence Rosano, Jr — 3/1/23
**Lawrence Rosano, Jr.**
Director

/s/ Ronald A. Rosenfeld — 3/1/23
**Ronald A. Rosenfeld**
Director

/s/ Lawrence J. Savarese — 3/1/23
**Lawrence J. Savarese**
Director

/s/ Peter Schoels — 3/1/23
**Peter Schoels**
Director

/s/ David L. Treadwell — 3/1/23
**David L. Treadwell**
Director

/s/ Robert Wann — 3/1/23
**Robert Wann**
Director

/s/ Jennifer R. Whip — 3/1/23
**Jennifer R. Whip**
Director

# EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made and entered into as of April 24, 2021, by and between New York Community Bancorp, Inc., a Delaware corporation (together with its subsidiaries, the "Company") and Reginald E. Davis (the "Executive"). The Company and Executive are referred to collectively as the "Parties" and individually as a "Party."

WHEREAS, the Company is entering into that certain Agreement and Plan of Merger, dated as of April 24, 2021, between the Company and Flagstar Bancorp, Inc. ("Flagstar"), a Michigan corporation (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Merger Agreement"), and effective as of the closing of the transactions contemplated by the Merger Agreement (the "Closing"), Flagstar will merge with and into the Company, with the Company being the surviving entity;

WHEREAS, the Company desires to employ Executive as Senior Executive Vice President of the Company and President of Banking of New York Community Bank (the "Bank"), and Executive desires to assume such positions, in each case, subject to and contingent upon the occurrence of the Closing and on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the Parties agree as follows:

1.Term. The Company agrees to employ Executive and Executive agrees to be employed by the Company on the terms and conditions set forth herein. Executive's employment hereunder shall be effective as of, and subject to the occurrence of, the Closing (such date the Closing occurs, the "Effective Date") and shall continue until the third anniversary of the Effective Date, unless terminated earlier pursuant to Section 5 of this Agreement; provided that, on the third anniversary of the Effective Date and on each anniversary thereafter (each such anniversary, a "Renewal Date"), the term of this Agreement shall be automatically extended for an additional twelve (12) month period, unless the Company or Executive provides written notice ("Non-Renewal Notice") to the other Party of its intention not to extend the term of the Agreement at least one hundred eighty (180) days prior to the next Renewal Date. The period during which Executive is employed under this Agreement (including any extensions) is referred to as the "Employment Term."

2.Position and Duties.

2.1 Position. During the Employment Term, Executive shall serve as the Senior Executive Vice President of the Company and President of Banking of the Bank.

2.2 Duties. During the Employment Term, Executive shall have such duties, authorities, and responsibilities commensurate with his positions and such other duties and responsibilities consistent with Executive's positions as shall be determined from time to time by the Board of Directors of the Company (the "Board") or the Chief Executive Officer of the Company. Executive shall faithfully perform the duties of his employment and shall devote substantially all

of his business time and attention to the performance of such duties. Executive will not engage in any other business, profession, or occupation for compensation or otherwise which would
conflict or interfere with the performance of such services, directly or indirectly, without the prior written consent of the Board.

Notwithstanding the foregoing, Executive will be permitted to (a) act or serve as a director, trustee, committee member, or principal of any type of business, civic, or charitable organization in accordance with the Company's applicable conflict of interest policy, and (b) purchase or own less than five percent (5%) of the publicly traded securities of any corporation; provided that, such ownership represents a passive investment and that Executive is not a controlling person of, or a member of a group that controls, such corporation; provided further that, activities described in clauses (a) and (b) above do not interfere with the performance of Executive's duties. If requested by the Board, Executive shall serve as an executive officer and/or as a director of each of the Company's subsidiaries which are material to the business of the Company as determined by the Board in its sole discretion (collectively, the "Material Subsidiaries").

3.Location. The principal place of Executive's employment shall be Troy, Michigan, except required travel on Company business and subject to any remote working arrangements and policies applicable to senior executives of the Company.

4.Compensation. Subject to the terms and conditions of this Agreement, during the Employment Term, Executive shall be eligible to receive the following compensation and benefits.

4.1 Base Salary. Executive's annual rate of base salary shall be $600,000 (the "Base Salary"). The Company shall pay the Base Salary in periodic installments in accordance with its payroll practices. The Base Salary shall be reviewed at least annually by the Board, or a committee thereof, and may be increased (but not decreased).

4.2 Annual Bonus. Executive shall be eligible to participate in the Company's short term cash incentive program on the same basis as other senior executives of the Company.
Executive's target annual cash incentive opportunity shall not be less than 100% of Base Salary (the "Target Bonus").

4.3 Retention Award. Subject to the terms of this Agreement, Executive will receive a one-time retention award of restricted stock with a grant date fair value of $1,900,000 (the "Retention Award"), which will vest and become unrestricted 20% per year on each of the first through the fifth anniversaries of the Closing, subject to Executive's continued employment with the Company through each applicable vesting date, unless earlier vested upon a qualifying termination event provided for in Sections 5.2, 5.3, or 5.4. Executive acknowledges and agrees that the Retention Award will be granted in lieu of any cash severance amounts that Executive would have been entitled to receive upon any qualifying termination of employment under that certain Change in Control Agreement entered into by and between Executive and Flagstar effective as of August 1, 2020 (the "Flagstar Change in Control Agreement"), and any other severance plans or programs of Flagstar or the Company, and Executive hereby expressly waives all rights to any payments and/or benefits under the Flagstar Change in Control Agreement, and any other such plans or programs. For the avoidance of doubt, the Executive will not be eligible for, and will not receive, any payments or benefits under any otherwise applicable severance

plans or programs of, the Company unless expressly provided for following the date of the Closing or as otherwise mutually agreed between the Parties.

4.4 Equity Awards. Executive shall be eligible to participate in the Company's long term equity incentive program and receive annual equity award grants on the same basis as other senior executives of the Company, as may be determined by the Board from time to time in its sole discretion. The terms and conditions of any such additional equity awards will be subject to the terms of the applicable plan and any applicable award documents.

4.5 Fringe Benefits and Employee Benefits. Executive shall be entitled to participate in the employee benefit plans, practices, and programs maintained by the Company, as in effect from time to time, that are generally available to other senior executive employees of the Company, including retirement plans, supplemental retirement plans, deferred compensation plans, life insurance plans, medical insurance plans, dental plans, accidental death and disability plans, and other fringe benefits.

4.6 Business Expenses. Executive shall be entitled to reimbursement for all reasonable business expenses incurred in connection with the performance of Executive's duties hereunder in accordance with the Company's business expense reimbursement policies and procedures as in effect from time to time.

4.7 Indemnification and Directors and Officers Liability Insurance. The Company shall, to the fullest extent permitted by applicable law, indemnify Executive with respect to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether or not such action, suit or proceeding arises or arose by or in the right of the Company or other entity) by reason of the fact that Executive is or was a director or officer of the Company or of any subsidiary of the Company or is or was serving at the request of the Company as a director, officer, employee, general partner, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise (including service with respect to employee benefit plans), against expenses, (including, but not limited to, attorneys' fees and costs), judgments, fines (including excise taxes assessed on a person with respect to any employee benefit plan) and amounts paid in settlement actually and reasonably incurred by such director or officer in connection with such action, suit or proceeding, which amounts the Company will advance to Executive as the same are incurred; however, Executive shall repay any expenses paid or reimbursed by the Company if it is ultimately determined by order of a court of competent jurisdiction (without further right of appeal) that Executive is not legally entitled to be indemnified by the Company. If applicable law requires that the Board make an investigation and/or determination of the matter for which indemnification is being sought prior to paying or reimbursing Executive, the Company shall use its commercially reasonable efforts to cause the investigation to be made (at the Company's expense) and to have the Board reach a determination as soon as reasonably possible. During the Employment Term, the Company shall maintain directors and officers liability insurance with coverage limits of at least the amount in effect on the date hereof. The Company's obligations to indemnify Executive and to advance or reimburse expenses provided by this Section shall continue after the termination of this Agreement or Executive's employment for any reason. The rights to indemnification and advancement or reimbursement of expenses provided by this Section shall not be deemed exclusive of any other rights to which Executive may be entitled under any charter, bylaw, other organization document, agreement, vote of shareholders or directors or otherwise.

5. Termination of Employment. The Employment Term and Executive's employment hereunder may be terminated prior to the expiration of the Employment Term by either the Company or Executive at any time and for any reason. Upon termination of Executive's employment during or at the end of the Employment Term, Executive shall be entitled to the compensation and benefits in accordance with this Section 5.

5.1 Termination of Employment for Cause or without Good Reason.

(a) Executive's employment hereunder may be terminated by the Company for Cause or by Executive without Good Reason. If Executive's employment is terminated by the Company for Cause or by Executive without Good Reason, Executive shall be entitled to receive:

(i)any accrued but unpaid Base Salary which shall be paid on the pay date immediately following the Termination Date (as defined below) in accordance with the Company's payroll procedures;

(ii)any earned but unpaid annual cash bonus payment with respect to any completed fiscal year immediately preceding the Termination Date, 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;

(iii)a pro rata portion of the annual cash bonus payment with respect to the fiscal year in which the Termination Date occurred, based on the actual level of achievement of the applicable performance goals, which shall be paid on the date that bonuses under the annual cash bonus are paid to officers generally, except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement;

(iv)reimbursement for unreimbursed business expenses properly incurred by Executive, which shall be subject to and paid in accordance with the Company's business expense reimbursement policies; and

(v)vested employee benefits, if any, to which Executive may be entitled under the Company's employee benefit plans as of the Termination Date; which shall be subject to, and paid in accordance with, the Company's employee benefit plans.

Items 5.1(a)(i) through 5.1(a)(v) are referred to herein collectively as the "Accrued Amounts."

(b) For purposes of this Agreement, "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 the Company; (iii) any intentionally unlawful act that causes material damage to the property or business of the Company; (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 the Company; or (vi) Executive's conviction of, or plea of nolo contendere to, a felony, a crime of moral turpitude or any crime involving the Company that causes material damages to the property or business of the Company. 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 him in bad faith or without reasonable belief that his action or omission was in the

best interests of the Company or an affiliate of the Company. 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 the Company or an affiliate.

Executive's termination of employment shall not be deemed to be for Cause unless and until the Board delivers to Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the Board (after reasonable advance written notice (and in any event not less than ten (10) days' notice) is provided to Executive setting forth in reasonable detail the specific conduct alleged to constitute Cause and which clause of the Cause definition is at issue and Executive is given an opportunity, together with legal counsel, to be heard before the Board prior to the vote on such resolution), finding that Executive has engaged in the conduct set forth in clauses (i) to and including (v) above. Executive shall have thirty (30) business days from the delivery of written notice by the Board within which to cure acts set forth in clauses (i) to (v) above.

(c) For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, in each case, without Executive's written consent:

(i)A reduction in Executive's Base Salary or target annual incentive opportunity, from the levels then in effect;

(ii)a failure by the Company to pay compensation due and payable to Executive in connection with his 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 set forth in Section 3 of this Agreement by more than thirty (30) miles;

(v)any material breach by the Company of this Agreement; or

(vi)the Company provides a Non-Renewal Notice to Executive.

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); provided, however, that, notwithstanding the foregoing, Executive shall not be required to provide written notice with respect to the event described in clause (vi) above and Executive shall have sixty (60) days following receipt of the Non-Renewal Notice to resign his employment.

5.2 Termination of Employment without Cause or for Good Reason other than in connection with to a Change in Control. In the event that Executive's employment under this

Agreement is terminated by Executive for Good Reason or by the Company without Cause other than in connection with a Change in Control (as defined below) pursuant to Section 5.4 below, Executive shall be entitled to receive the Accrued Amounts and, subject to Executive's timely execution and delivery of the Release and such Release becoming effective following the Termination Date in accordance with its terms (the period between the Termination Date and the date that the Release becomes effective, the "Release Execution Period"), Executive shall be entitled to receive the following:

(a)(i) if the Termination Date occurs prior to the first anniversary of the Effective Date, an amount equal to one (1) times Executive's Base Salary, payable in a lump sum, and (ii) if the Termination Date occurs on or after the first anniversary of the Effective Date, (x) an amount equal to one (1) times Executive's Base Salary, payable in a lump sum, and (y) a lump sum payment equal to one (1) times Executive's Target Bonus for the fiscal year in which the Termination Date occurs; in each case, such payments shall be made within sixty (60) days following the Termination Date; provided that, if the Release Execution Period begins in one taxable year and ends in another taxable year, such payments shall not be made until the beginning of the second taxable year;

(b)the Company shall reimburse Executive monthly for the cost of a health insurance policy covering Executive and his dependents with substantially similar coverage that Executive had prior to the Termination Date (which would include health continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") if so elected by Executive and to the extent available), until the earlier of: (i) the twelve (12) month anniversary of the Termination Date; and (ii) the date on which Executive becomes eligible for health care coverage from a subsequent employer. Notwithstanding the foregoing, if the Company's making payments under this Section 5.2(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 5.2(c) in a manner as is necessary to comply with the ACA; and

(c)notwithstanding the terms of the applicable plan or any award documents:

(i)any unvested portion of the Retention Award shall become fully vested and unrestricted;

(ii)all other outstanding equity-based compensation awards shall become fully vested and the restrictions thereon shall lapse (provided that for performance-based equity awards, if any, payment will be based on the actual performance achieved for such awards as of the date of termination) and all such awards shall be paid or settled (as applicable) within sixty (60) days following the Termination Date; provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award documents and that are required under Section 409A of the Internal Revenue Code shall remain in effect.

5.3 Death or Disability.

(a) Executive's employment hereunder shall terminate automatically upon Executive's death during the Employment Term, and the Company or Executive may terminate Executive's employment on account of Executive's Disability.

(b) If Executive's employment is terminated during the Employment Term on account of Executive's death or Disability, Executive (or Executive's estate and/or beneficiaries, as the case may be) shall be entitled to receive the Accrued Amounts.

(c) Notwithstanding the terms of the applicable plan or any award documents:

(i)any unvested portion of the Retention Award shall become fully vested and unrestricted; and

(i)all other outstanding equity-based compensation awards shall become fully vested and the restrictions thereon shall lapse (assuming performance criteria, if any, will be deemed to have been achieved at target levels for the relevant performance period(s)) and all such awards shall be paid or settled (as applicable) within sixty (60) days following the Termination Date;

provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award documents and that are required under Section 409A of the Internal Revenue Code shall remain in effect.

(d) For purposes of this Agreement, "Disability" shall mean Executive becomes entitled to receive long-term disability benefits under the Company long-term disability plan applicable to Executive.

5.4 Termination of Employment without Cause or for Good Reason in Connection with a Change in Control. In the event that Executive's employment hereunder is terminated by Executive for Good Reason or by the Company 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, Executive shall be entitled to receive the Accrued Amounts and, subject to Executive's execution and delivery of the Release and such Release becoming effective, Executive shall be entitled to receive the following:

(a) a lump sum payment equal to two (2) times the sum of Executive's Base Salary and Target Bonus for the fiscal year in which the Termination Date occurs, which shall be paid within sixty (60) days following the Termination Date; 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 beginning of the second taxable year;

(b) the Company shall reimburse Executive monthly for the cost of a health insurance policy covering Executive and his dependents with substantially similar coverage that Executive had prior to the Termination Date ) (which would include health continuation coverage under COBRA if so elected by Executive and to the extent available), until the earliest of: (i) the eighteen (18) month anniversary of the Termination Date; and (ii) the date on which Executive becomes eligible for health care coverage from a subsequent employer. Notwithstanding the foregoing, if the Company's making payments under this Section 5.4(b) would violate the nondiscrimination rules applicable to non-grandfathered plans under 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 5.4(b) in a manner as is necessary to comply with the ACA; and

(c) notwithstanding the terms of the applicable plan or any award documents:

(i)any unvested portion of the Retention Award shall become fully vested and unrestricted; and

(ii)all other outstanding equity-based compensation awards shall become fully vested and the restrictions thereon shall lapse (assuming performance criteria, if any, will be deemed to have been achieved at target levels for the relevant performance period(s) through the Termination Date) and all such awards shall be paid or settled (as applicable) within sixty (60) days following the Termination Date;

provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award documents and that are required under Section 409A of the Internal Revenue Code shall remain in effect.

(d) In the event Executive is entitled to benefits under this Section 5.4, then this Section 5.4 shall supersede Section 5.2.

For purposes of this Agreement, "Change in Control" is defined as the occurrence of a "Change in Control" as defined by the Company's 2020 Omnibus Incentive Plan.

5.5 Notice of Termination. Any termination of Executive's employment hereunder (other than termination pursuant to Section 5.3(a) on account of Executive's death) shall be communicated by written notice of termination ("Notice of Termination") to the other Parties hereto in accordance with Section 20. The Notice of Termination shall specify:

(a)The termination provision of this Agreement relied upon;

(b)To the extent applicable, a summary of the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated; and

(c)The applicable Termination Date.

5.6 Termination Date. Executive's "Termination Date" shall be:

(a)If Executive's employment terminates on account of Executive's death, the date of the Executive's death;

(b)If Executive's employment is terminated on account of Executive's Disability, the date specified by the Company;

(c)If Executive's employment is terminated for Cause, the date the Notice of Termination is delivered to Executive after compliance by the Company with the provisions of Section 5.1(b);

(d)If Executive's employment is terminated without Cause, the date specified in the Notice of Termination;

(e)If Executive terminates his employment with or without Good Reason, the date specified in Executive's Notice of Termination, provided that in the event Executive terminates employment without Good Reason, Executive provides the Company at least forty-five (45) days written notice prior to the Termination Date; and

(f)If Executive's employment hereunder terminates because either Party provides a Non-Renewal Notice pursuant to Section 1, the Renewal Date immediately following the date on which the Party delivers the Non-Renewal Notice to the other Party.

Notwithstanding anything contained herein, the Termination Date shall not occur until the date on which Executive incurs a "separation from service" within the meaning of Section 409A.

5.7 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 Sections 5.2(c) and 5.4(c) (with respect to medical insurance continuation), any amounts payable pursuant to this Section 5 shall not be reduced by compensation Executive earns on account of employment with another employer.

5.8 Regulatory Actions.

(a)If Executive is suspended and/or temporarily prohibited from participating in the conduct of the Company's (including 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 Company'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 Company 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 Company's (including 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 Company 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 Federal Deposit Insurance Corporation, or its 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 Federal Deposit Insurance Corporation or its designee, at the time the Federal Deposit Insurance Corporation, or its designee approves a supervisory merger to resolve problems related to operation of the Bank or when the Bank is determined by the Federal Deposit Insurance Corporation 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 the Company, 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 20 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 the Company. 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 the Company are included in this agreement to arbitrate. The Company 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 the Company or the AAA, the arbitrator is bound by the terms of this Agreement. Nothing in this agreement to arbitrate precludes the Company 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.*

5.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.

6.Entire Agreement. Unless specifically provided herein, this Agreement contains all of the understandings and representations between Executive and the Company 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.

7.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 by the Company. 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.

8.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 the Company 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.

9.Stock Ownership Requirements. During the Employment Term, Executive shall be expected to maintain ownership of Common Stock in accordance with guidelines established by the Board from time to time.

10.Tax Withholding. The Company shall have the right to withhold from any amount payable under this Agreement any federal, state, and local taxes in order for the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation.

11.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.

12.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.

13.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.

14.Section 409A.

17.1 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, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall the Company 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.

17.2 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 Termination Date 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.

17.3 Reimbursements. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

(a)the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

(b)any reimbursement of an eligible expense shall be paid to Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

(c)any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

18.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.

19.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 the Company 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. The Company 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 the Company. The Company 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 the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Section 19, "the Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid.

20.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 the Company:

New York Community Bancorp, Inc.

615 Merrick Avenue

Westbury, New York 11590

Attention: Chief Executive Officer

If to Executive:

At the last address on file with the Company.

21.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.

22.Conditioned on Closing. This Agreement will be of no force and effect if the transactions contemplated by the Merger Agreement are not consummated and the Closing does not occur.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**NEW YORK COMMUNITY BANCORP, INC.**

By:
Eric S. Kracov
Executive Vice President and
Chief Human Resources Officer

......,
EXECUTIVE

Reginald E. Davis

**Exhibit A**

**SEPARATION AGREEMENT AND MUTUAL GENERAL RELEASE OF CLAIMS**

This SEPARATION AGREEMENT AND GENERAL RELEASE OF CLAIMS (The "Agreement") is made between Reginald E. Davis ("Executive") and New York Community Bancorp, Inc. ("Employer") for the benefit of New York Community Bancorp, Inc., and is effective as of the Effective Date stated below.

Executive was employed as an at-will Executive of Employer and Executive's employment will end on or about <<Termination_Date>>. In connection with Executive's separation of employment, Employer offered Executive separation pay and other good and valuable consideration in return for a release of all claims and other terms. Executive shall have [twenty-one (21)/forty-five (45) calendar days] after the Termination Date to execute and deliver this Agreement (and not revoke it) or he/she will no longer be entitled to receive the separation pay and benefits set forth herein.

THEREFORE, in consideration of the mutual promises and payment set forth below, 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 benefits provided by Employer will end on . Except as specifically provided in this Agreement, the Non-Competition, Non-Solicitation and Confidential Information Agreement dated as of [•], and any written agreement signed by Executive concerning the protection of trade secrets or intellectual property belonging to the Employer, all other agreements, contracts, commitments and understandings between Executive and Employer, whether oral or written, concerning the subject matter of this Agreement are superseded by this Agreement.

**2.Separation Pay and Consideration for Release**. In consideration of the release of claims and other promises in this Agreement by Executive, Employer will pay Separation Pay and other consideration as follows provided the 7-day revocation period described below has expired without revocation by Executive:

A. **Separation Pay:** As noted in Section 5.2 of the Employment Agreement dated [•].

Executive agrees that payments and benefits described in the above paragraphs provided by Employer are good and valuable consideration for this Agreement and Executive's release of claims, 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 he or she 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 Employer. Executive agrees to promptly pay in full all federal, state or local taxes due or owed on any separation payments made pursuant to this Agreement.

**3.Other Payments**. In connection with Executive's separation from employment, on the Date of Termination, Employer will also pay any accrued and unused PTO and any other benefits payable upon termination for which Executive is eligible in accord with the express terms of any agreement, benefit plan or Employer policy and applicable state law.

**4.Mutual General Release of all Claims.**

(A) Executive fully, completely and forever releases and discharges Employer, its 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 Employer, 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 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 also includes any and all claims which in any way involve or arise from Executive's employment or separation from employment with Employer based on events occurring up to and including the date Executive signs this Agreement*.

By signing this Agreement, Executive gives up and discharges any such issues, disputes, allegations and claims described above, except for: (i) claims for breach of this 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 Agreement are waived. *Notwithstanding any other provision in this Agreement, nothing in this Agreement precludes or limits in any way Executive's right to file a charge or participate or cooperate in any proceeding conducted by the EEOC or comparable state or local fair*

*employment agency*. Executive has the right to have a court determine the validity of the above waiver and release of ADEA claims.

(B) Employer, for itself and its 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 Employer, and any entity or unit described above (collectively referred to as "Employer 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 Employer, respectively, on such date, except for: (i) claims under this Agreement; and (ii) claims under the Non-Competition, Non-Solicitation and Confidential Information Agreement dated as of [•] among Executive and Employer.

**5.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 Employer. 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.

**6.Confidential Trade Secrets**. Executive agrees not to directly or indirectly disclose, publish or make use of confidential trade secret information concerning Employer without the prior written consent of an Executive Vice President of Employer, unless such information becomes a matter of general public knowledge without action by Executive. Confidential trade secret information includes, but is not limited to, business strategy; customer lists and information about customer needs, specification or requirements; systems operations and capability information; financial, accounting or marketing information; and other risk management or proprietary information or records of Employer. Nothing in this Agreement precludes or limits Executive from fully participating or cooperating in any proceeding or investigation by any government agency related to Executive's duties for Employer. Executive will immediately return to Employer all confidential, trade secret and proprietary information in Executive's possession or control (whether written, printed, electronic or photographic) and agrees not to maintain or retain copies or handwritten summaries of any such information following the Date of Termination. Executive expressly understands and agrees that his/her obligation not to directly or indirectly disclose, publish or make use of any above described confidential or trade secret information survives termination or expiration of this Agreement and applies to any subsequent employment by Executive.

**7.Return of Company Property and Cooperation**. Executive further agrees to return to Employer on or before the Date of Termination all property in Executive's possession or control belonging to Employer, 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 Employer, 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 the Employer (or its Counsel), at the Employer's expense for out of pocket expenses, as the Employer 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 his or her employment with Employer.

**8. Knowing and Voluntary Acknowledgment**. Employer advises and encourages Executive to consult with an attorney prior to signing this Agreement. Executive acknowledges that
(a)Executive has read this 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 Agreement; (c) he or she is responsible for any costs and fees resulting from an attorney reviewing this Agreement; (d) Executive knowing, freely and voluntarily enters into this Agreement and the above general release of claims of Executive's own free will without any duress or coercion by Employer or its representatives, in exchange for good and valuable consideration in addition to anything of value to which Executive is otherwise entitled;
(e) Executive is not waiving or releasing rights or claims that may arise after Executive signs this Agreement; and (f) Executive understands that the waiver and release in this Agreement is being requested in connection with the termination of Executive's employment with Employer.

**9. Consideration Period**. Executive acknowledges that in accordance with the Older Workers Benefit Protection Act of 1990 ("OWBPA"), Executive has been given at least [twenty-one (21) days/forty -five (45) days] to review and consider this Agreement before signing it. Executive acknowledges that if he or she chooses to sign this Agreement prior to the expiration of that [21-day/45-day period,], he or she expressly waives any remaining portion of the [21-day/45-day consideration period.]

**10**. **Binding Nature**, **Modification**, **Severability and Governing Law**. The waiver of a breach of any term of this Agreement does not operate as a waiver of any other or subsequent breach. This Agreement is binding on Employer, its affiliates and all respective successors and assigns, as well as Executive's personal representatives and heirs. This Agreement may not be assigned by Executive without the prior written consent of [an Executive Vice President of Employer]. No amendment or modification of this Agreement is binding unless in writing, specifically refers to this Agreement, and is signed by both Executive and [an Executive Vice President of Employer]. Any ambiguity in this Agreement will not be construed presumptively against any party. If any court or competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable, such provisions shall be considered removed from this Agreement and the remaining provisions will continue in full force and effect to the fullest extent allowed by applicable law. This Agreement will be interpreted in accord with the laws of the State of Michigan, regardless of any conflict of law provisions. This 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 he/she 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 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 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 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 the Employer will report any payments to CMS if specifically required by law to do so.

**12.Right to Revoke**. Executive may revoke and cancel this Agreement and the release of claims at any time within seven (7) days after signing this Agreement by delivering written notice of revocation to [•]. This Agreement is not effective until Executive has signed it and the revocation period has expired without revocation ("Effective Date"). If Executive does so revoke, this 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 Agreement or Executive's employment and separation from employment from Employer, 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 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 to Employer at [•] or to Executive at Executive's last home address on record with Employer. Within five days thereafter, the party seeking arbitration will submit the claim to the American Arbitration Association (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 Employer. 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 Employer are included in this agreement to arbitrate. Employer 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 the Employer or the AAA, the Arbitrator is bound by the terms of this Agreement. Nothing in this agreement to arbitrate precludes Employer 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.*

**EXECUTIVE UNDERSTANDS THAT HE MUST SIGN AND RETURN THIS AGREEMENT BY [DATE] OR HIS RIGHT TO THE SEPARATION PAY SHALL BE FORFEITED.**

**THE PARTIES HAVE FULLY CONSIDERED THIS AGREEMENT AND GENERAL RELEASE FREELY AND KNOWINGLY ENTER INTO THIS AGREEMENT AND GENERAL RELEASE.**

| **WITNESS** | **EXECUTIVE** |
| --- | --- |
| Date: | Date: |

**NEW YORK COMMUNITY BANCORP, INC.**

By:
Its:

**Exhibit B**

**NON-COMPETITION, NON-SOLICTATION AND CONFIDENTIAL INFORMATION AGREEMENT**

This *Non-Competition, Non-Solicitation and Confidential Information Agreement* ("Agreement") is between New York Community Bancorp, Inc., a Delaware corporation (the "Company"), and Reginald E. Davis (the "Executive"), and is effective as of the time the Executive executes this Agreement.

In consideration of Employee's employment with the Company, and the compensation and benefits to be provided to Employee by the Company, Employee 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 Company has or Executive (in the course and scope of employment with the Company) develops, compiles, acquires, or receives that has or may have commercial value or usefulness to the Company, 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 Company or its clients, whether or not such information is identified as Confidential Information or otherwise "confidential" by Company 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 Company; and (iv) all information belonging to third parties, such as vendors, that the Company is bound by contract or otherwise to keep confidential. Confidential Information includes not only information disclosed by Company (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 the Company. 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.

The Company 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 the Company all right, title, and interest Executive may have or may acquire during the course of or connected to employment with the Company, under any applicable law, in and to all Confidential Information.

**At all times during Executive's employment with the Company, 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 any third party's benefit**. 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 in his/her area of work and to follow any specific guidelines and procedures set forth by his/her department to protect such Confidential Information. Employee shall not remove any Confidential Information from the Company's premises or computer/electronic systems unless absolutely 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 Employee immediately shall return the Confidential Information (and any copies thereof) to the Company's premises computer/electronic systems.

Notwithstanding the foregoing, in certain limited circumstances described in the Company's Confidentiality Guideline, Employee may disclose Confidential Information that consists of materials that would otherwise be subject to trade secret protection. Further, Confidential Information shall not be deemed to include information that (w) becomes generally available to the public through no fault of the Executive, (x) is previously known by the Executive prior to his receipt of such information from the Company, (y) 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 the Company or (z) is required to be disclosed in order to comply with any applicable law or court order.

**2.** **No Competition**. For a period of one (1) year following the Executive's termination of employment with the Company or its subsidiaries, for any reason, the 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 the same lines of business as the Company or its subsidiaries ("Business of the Company") in any state of the United States where the Company 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 the Company 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.

**3.** **No Solicitation of Employees**. The Executive agrees that, both during the Executive's employment with the Company or its subsidiaries and for a period of one (1) year following termination of the Executive's employment with the Company or its subsidiaries for any reason, the Executive will not, directly or indirectly, on behalf of the 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 the Company or its subsidiaries was actively employed) by the Company or its subsidiaries, except for rehire by the Company 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 the Company to terminate his or her employment with the Company or its subsidiaries.

4. **No Solicitation of Customers.** The Executive agrees that, both during the Executive's employment with the Company or its subsidiaries and for a period of one (1) year following termination of the Executive's employment with the Company or its subsidiaries for any reason, the Executive will not directly, on behalf of any competitor of the Company in the Business of the Company, solicit the business of any entity within the United States who is known by the Executive to be a customer of the Company or its subsidiaries.

5. **Miscellaneous.** This Agreement constitutes the full, complete and exclusive agreement between the parties pertaining to the subject matters covered, and it supersedes all prior and contemporaneous understandings or agreements pertaining to the subject matters covered hereby. This Agreement may not be amended except with a writing that specifically amends this Agreement and is signed by both parties. This Agreement is governed by the laws of the State of Michigan.

NEW YORK COMMUNITY BANCORP, INC.

______________________________By

Name: Eric S. Kracov
Title: Executive Vice President and
Chief Human Resources Officer

EXECUTIVE:

Signature Name (Printed) Dated:

**Exhibit 10.16**
EXECUTION VERSION

# EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made and entered into as of April 24, 2021, by and between New York Community Bancorp, Inc., a Delaware corporation (together with its subsidiaries, the "Company") and Lee Smith (the "Executive"). The Company and Executive are referred to collectively as the "Parties" and individually as a "Party."

WHEREAS, the Company is entering into that certain Agreement and Plan of Merger, dated as of April 24, 2021, between the Company and Flagstar Bancorp, Inc. ("Flagstar"), a Michigan corporation (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Merger Agreement"), and effective as of the closing of the transactions contemplated by the Merger Agreement (the "Closing"), Flagstar will merge with and into the Company, with the Company being the surviving entity;

WHEREAS, the Company desires to employ Executive as Senior Executive Vice President of the Company and President of Mortgage New York Community Bank (the "Bank"), and Executive desires to assume such positions, in each case, subject to and contingent upon the occurrence of the Closing and on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the Parties agree as follows:

1.Term. The Company agrees to employ Executive and Executive agrees to be employed by the Company on the terms and conditions set forth herein. Executive's employment hereunder shall be effective as of, and subject to the occurrence of, the Closing (such date the Closing occurs, the "Effective Date") and shall continue until the third anniversary of the Effective Date, unless terminated earlier pursuant to Section 5 of this Agreement; provided that, on the third anniversary of the Effective Date and on each anniversary thereafter (each such anniversary, a "Renewal Date"), the term of this Agreement shall be automatically extended for an additional twelve (12) month period, unless the Company or Executive provides written notice ("Non-Renewal Notice") to the other Party of its intention not to extend the term of the Agreement at least one hundred eighty (180) days prior to the next Renewal Date. The period during which Executive is employed under this Agreement (including any extensions) is referred to as the "Employment Term."

2.Position and Duties.

2.1 Position. During the Employment Term, Executive shall serve as the Senior Executive Vice President of the Company and President of Mortgage of the Bank.

2.2 Duties. During the Employment Term, Executive shall have such duties, authorities, and responsibilities commensurate with his positions and such other duties and responsibilities consistent with Executive's positions as shall be determined from time to time by the Board of Directors of the Company (the "Board") or the Chief Executive Officer of the Company. Executive shall faithfully perform the duties of his employment and shall devote substantially all of his business time and attention to the performance of such duties. Executive will not engage in any other business, profession, or occupation for compensation or otherwise which would

conflict or interfere with the performance of such services, directly or indirectly, without the prior written consent of the Board.

Notwithstanding the foregoing, Executive will be permitted to (a) act or serve as a director, trustee, committee member, or principal of any type of business, civic, or charitable organization in accordance with the Company's applicable conflict of interest policy, and (b) purchase or own less than five percent (5%) of the publicly traded securities of any corporation; provided that, such ownership represents a passive investment and that Executive is not a controlling person of, or a member of a group that controls, such corporation; provided further that, activities described in clauses (a) and (b) above do not interfere with the performance of Executive's duties. If requested by the Board, Executive shall serve as an executive officer and/or as a director of each of the Company's subsidiaries which are material to the business of the Company as determined by the Board in its sole discretion (collectively, the "Material Subsidiaries").

3.Location. The principal place of Executive's employment shall be Troy, Michigan, except required travel on Company business and subject to any remote working arrangements and policies applicable to senior executives of the Company.

4.Compensation. Subject to the terms and conditions of this Agreement, during the Employment Term, Executive shall be eligible to receive the following compensation and benefits.

4.1 Base Salary. Executive's annual rate of base salary shall be $900,000 (the "Base Salary"). The Company shall pay the Base Salary in periodic installments in accordance with its payroll practices. The Base Salary shall be reviewed at least annually by the Board, or a committee thereof, and may be increased (but not decreased).

4.2 Annual Bonus. Executive shall be eligible to participate in the Company's short term cash incentive program on the same basis as other senior executives of the Company.
Executive's target annual cash incentive opportunity shall not be less than 125% of Base Salary (the "Target Bonus").

4.3 Retention Award. Subject to the terms of this Agreement, Executive will receive a one-time retention award of restricted stock with a grant date fair value of $3,375,000 (the "Retention Award"), which will vest and become unrestricted 20% per year on each of the first through the fifth anniversaries of the Closing, subject to Executive's continued employment with the Company through each applicable vesting date, unless earlier vested upon a qualifying termination event provided for in Sections 5.2, 5.3, or 5.4. Executive acknowledges and agrees that the Retention Award will be granted in lieu of any cash severance amounts that Executive would have been entitled to receive upon any qualifying termination of employment under that certain Amended and Restated Employment Agreement entered into by and between Executive and Flagstar effective as of May 21, 2019 (the "Flagstar Employment Agreement"), and any other severance plans or programs of Flagstar or the Company, and Executive hereby expressly waives all rights to any payments and/or benefits under the Flagstar Employment Agreement, and any other such plans or programs. For the avoidance of doubt, the Executive will not be eligible for, and will not receive, any payments or benefits under any otherwise applicable severance plans or programs of, the Company unless expressly provided for following the date of the Closing or as otherwise mutually agreed between the Parties.

4.4 Equity Awards. Executive shall be eligible to participate in the Company's long term equity incentive program and receive annual equity award grants on the same basis as other senior executives of the Company, as may be determined by the Board from time to time in its sole discretion. The terms and conditions of any such additional equity awards will be subject to the terms of the applicable plan and any applicable award documents.

4.5 Fringe Benefits and Employee Benefits. Executive shall be entitled to participate in the employee benefit plans, practices, and programs maintained by the Company, as in effect from time to time, that are generally available to other senior executive employees of the Company, including retirement plans, supplemental retirement plans, deferred compensation plans, life insurance plans, medical insurance plans, dental plans, accidental death and disability plans, and other fringe benefits.

4.6 Business Expenses. Executive shall be entitled to reimbursement for all reasonable business expenses incurred in connection with the performance of Executive's duties hereunder in accordance with the Company's business expense reimbursement policies and procedures as in effect from time to time.

4.7 Car. The Company shall reimburse Executive for the costs of leasing an automobile in an amount authorized by the Compensation Committee, per calendar year.

4.8 Club Membership. The Company shall pay for, or reimburse Executive for, dues, assessments, special assessments and normal business expenses for membership of Executive at the (i) Detroit Athletic Club and (ii) the Birmingham Country Club in accordance with the Company's business expense reimbursement policies and procedures as in effect from time to time.

4.9 Indemnification and Directors and Officers Liability Insurance. The Company shall, to the fullest extent permitted by applicable law, indemnify Executive with respect to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether or not such action, suit or proceeding arises or arose by or in the right of the Company or other entity) by reason of the fact that Executive is or was a director or officer of the Company or of any subsidiary of the Company or is or was serving at the request of the Company as a director, officer, employee, general partner, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise (including service with respect to employee benefit plans), against expenses, (including, but not limited to, attorneys' fees and costs), judgments, fines (including excise taxes assessed on a person with respect to any employee benefit plan) and amounts paid in settlement actually and reasonably incurred by such director or officer in connection with such action, suit or proceeding, which amounts the Company will advance to Executive as the same are incurred; however, Executive shall repay any expenses paid or reimbursed by the Company if it is ultimately determined by order of a court of competent jurisdiction (without further right of appeal) that Executive is not legally entitled to be indemnified by the Company. If applicable law requires that the Board make an investigation and/or determination of the matter for which indemnification is being sought prior to paying or reimbursing Executive, the Company shall use its commercially reasonable efforts to cause the investigation to be made (at the Company's expense) and to have the Board reach a determination as soon as reasonably possible. During the Employment Term, the Company shall maintain directors and officers liability insurance with coverage limits of at least the amount in effect on the date hereof. The Company's obligations to indemnify Executive and to advance or reimburse expenses provided by this Section shall continue after the termination of this

Agreement or Executive's employment for any reason. The rights to indemnification and advancement or reimbursement of expenses provided by this Section shall not be deemed exclusive of any other rights to which Executive may be entitled under any charter, bylaw, other organization document, agreement, vote of shareholders or directors or otherwise.

5. Termination of Employment. The Employment Term and Executive's employment hereunder may be terminated prior to the expiration of the Employment Term by either the Company or Executive at any time and for any reason. Upon termination of Executive's employment during or at the end of the Employment Term, Executive shall be entitled to the compensation and benefits in accordance with this Section 5.

5.1 Termination of Employment for Cause or without Good Reason.

(a) Executive's employment hereunder may be terminated by the Company for Cause or by Executive without Good Reason. If Executive's employment is terminated by the Company for Cause or by Executive without Good Reason, Executive shall be entitled to receive:

(i)any accrued but unpaid Base Salary which shall be paid on the pay date immediately following the Termination Date (as defined below) in accordance with the Company's payroll procedures;

(ii)any earned but unpaid annual cash bonus payment with respect to any completed fiscal year immediately preceding the Termination Date, 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;

(iii)a pro rata portion of the annual cash bonus payment with respect to the fiscal year in which the Termination Date occurred, based on the actual level of achievement of the applicable performance goals, which shall be paid on the date that bonuses under the annual cash bonus are paid to officers generally, except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement;

(iv)reimbursement for unreimbursed business expenses properly incurred by Executive, which shall be subject to and paid in accordance with the Company's business expense reimbursement policies; and

(v)vested employee benefits, if any, to which Executive may be entitled under the Company's employee benefit plans as of the Termination Date; which shall be subject to, and paid in accordance with, the Company's employee benefit plans.

Items 5.1(a)(i) through 5.1(a)(v) are referred to herein collectively as the "Accrued Amounts."

(b)For purposes of this Agreement, "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 the Company; (iii) any intentionally unlawful act that causes material damage to the property or business of the Company; (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 the Company; or (vi) Executive's conviction of, or plea of nolo contendere to, a felony, a crime of moral turpitude or any crime involving the Company that causes material damages to the property or business of the Company. 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 him in bad faith or without reasonable belief that his action or omission was in the best interests of the Company or an affiliate of the Company. 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 the Company or an affiliate.

Executive's termination of employment shall not be deemed to be for Cause unless and until the Board delivers to Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the Board (after reasonable advance written notice (and in any event not less than ten (10) days notice) is provided to Executive setting forth in reasonable detail the specific conduct alleged to constitute Cause and which clause of the Cause definition is at issue and Executive is given an opportunity, together with legal counsel, to be heard before the Board prior to the vote on such resolution), finding that Executive has engaged in the conduct set forth in clauses (i) to and including (v) above. Executive shall have thirty (30) business days from the delivery of written notice by the Board within which to cure acts set forth in clauses (i) to (v) above.

(c)For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, in each case, without Executive's written consent:

(i)A reduction in Executive's Base Salary or target annual incentive opportunity, from the levels then in effect;

(ii)a failure by the Company to pay compensation due and payable to Executive in connection with his 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 set forth in Section 3 of this Agreement by more than thirty (30) miles;

(v)any material breach by the Company of this Agreement; or

(vi)the Company provides a Non-Renewal Notice to Executive.

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); provided, however, that, notwithstanding the foregoing, Executive shall not be required to provide written notice with respect to the event

described in clause (vi) above and Executive shall have sixty (60) days following receipt of the Non-Renewal Notice to resign his employment.

5.2 Termination of Employment without Cause or for Good Reason other than in connection with to a Change in Control. In the event that Executive's employment under this Agreement is terminated by Executive for Good Reason or by the Company without Cause other than in connection with a Change in Control (as defined below) pursuant to Section 5.4 below, Executive shall be entitled to receive the Accrued Amounts and, subject to Executive's timely execution and delivery of the Release and such Release becoming effective following the Termination Date in accordance with its terms (the period between the Termination Date and the date that the Release becomes effective, the "Release Execution Period"), Executive shall be entitled to receive the following:

(a)(i) an amount equal to one (1) times Executive's Base Salary, payable in a lump sum, and (ii) a lump sum payment equal to one (1) times Executive's Target Bonus for the fiscal year in which the Termination Date occurs; such payments shall be made within sixty (60) days following the Termination Date; provided that, if the Release Execution Period begins in one taxable year and ends in another taxable year, such payments shall not be made until the beginning of the second taxable year;

(b)the Company shall reimburse Executive monthly for the cost of a health insurance policy covering Executive and his dependents with substantially similar coverage that Executive had prior to the Termination Date (which would include health continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") if so elected by Executive and to the extent available), until the earlier of: (i) the twelve (12) month anniversary of the Termination Date; and (ii) the date on which Executive becomes eligible for health care coverage from a subsequent employer. Notwithstanding the foregoing, if the Company's making payments under this Section 5.2(b) 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 5.2(b) in a manner as is necessary to comply with the ACA; and

(c)notwithstanding the terms of the applicable plan or any award documents:

(i) any unvested portion of the Retention Award shall become fully vested and unrestricted;

(ii) all other outstanding equity-based compensation awards shall become fully vested and the restrictions thereon shall lapse (provided that for performance-based equity awards, if any, payment will be based on the actual performance achieved for such awards as of the date of termination) and all such awards shall be paid or settled (as applicable) within sixty (60) days following the Termination Date; provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award documents and that are required under Section 409A of the Internal Revenue Code shall remain in effect.

5.3 Death or Disability.

(a) Executive's employment hereunder shall terminate automatically upon Executive's death during the Employment Term, and the Company or Executive may terminate Executive's employment on account of Executive's Disability.

(b) If Executive's employment is terminated during the Employment Term on account of Executive's death or Disability, Executive (or Executive's estate and/or beneficiaries, as the case may be) shall be entitled to receive the Accrued Amounts.

(c) Notwithstanding the terms of the applicable plan or any award documents:

(i)any unvested portion of the Retention Award shall become fully vested and unrestricted; and

(i)all other outstanding equity-based compensation awards shall become fully vested and the restrictions thereon shall lapse (assuming performance criteria, if any, will be deemed to have been achieved at target levels for the relevant performance period(s)) and all such awards shall be paid or settled (as applicable) within sixty (60) days following the Termination Date; provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award documents and that are required under Section 409A of the Internal Revenue Code shall remain in effect.

(d) For purposes of this Agreement, "Disability" shall mean Executive becomes entitled to receive long-term disability benefits under the Company long-term disability plan applicable to Executive.

5.4 Termination of Employment without Cause or for Good Reason in Connection with a Change in Control. In the event that Executive's employment hereunder is terminated by Executive for Good Reason or by the Company 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, Executive shall be entitled to receive the Accrued Amounts and, subject to Executive's execution and delivery of the Release and such Release becoming effective, Executive shall be entitled to receive the following:

(a) a lump sum payment equal to two (2) times the sum of Executive's Base Salary and Target Bonus for the fiscal year in which the Termination Date occurs, which shall be paid within sixty (60) days following the Termination Date; 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 beginning of the second taxable year;

(b) the Company shall reimburse Executive monthly for the cost of a health insurance policy covering Executive and his dependents with substantially similar coverage that Executive had prior to the Termination Date ) (which would include health continuation coverage under COBRA if so elected by Executive and to the extent available), until the earliest of: (i) the eighteen (18) month anniversary of the Termination Date; and (ii) the date on which Executive becomes eligible for health care coverage from a subsequent employer. Notwithstanding the foregoing, if the Company's making payments under this Section 5.4(b) would violate the nondiscrimination rules applicable to non-grandfathered plans under 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 5.4(b) in a manner as is necessary to comply with the ACA; and

(c) notwithstanding the terms of the applicable plan or any award documents:

(i)any unvested portion of the Retention Award shall become fully vested and unrestricted; and

(ii)all other outstanding equity-based compensation awards shall become fully vested and the restrictions thereon shall lapse (assuming performance criteria, if any, will be deemed to have been achieved at target levels for the relevant performance period(s) through the Termination Date) and all such awards shall be paid or settled (as applicable) within sixty (60) days following the Termination Date; provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award documents and that are required under Section 409A of the Internal Revenue Code shall remain in effect.

(d) In the event Executive is entitled to benefits under this Section 5.4, then this Section 5.4 shall supersede Section 5.2.

For purposes of this Agreement, "Change in Control" is defined as the occurrence of a "Change in Control" as defined by the Company's 2020 Omnibus Incentive Plan.

5.5 Notice of Termination. Any termination of Executive's employment hereunder (other than termination pursuant to Section 5.3(a) on account of Executive's death) shall be communicated by written notice of termination ("Notice of Termination") to the other Parties hereto in accordance with Section 20. The Notice of Termination shall specify:

(a)The termination provision of this Agreement relied upon;

(b)To the extent applicable, a summary of the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated; and

(c)The applicable Termination Date.

5.6 Termination Date. Executive's "Termination Date" shall be:

(a) If Executive's employment terminates on account of Executive's death, the date of the Executive's death;

(b)If Executive's employment is terminated on account of Executive's Disability, the date specified by the Company;

(c)If Executive's employment is terminated for Cause, the date the Notice of Termination is delivered to Executive after compliance by the Company with the provisions of Section 5.1(b);

(d)If Executive's employment is terminated without Cause, the date specified in the Notice of Termination;

(e)If Executive terminates his employment with or without Good Reason, the date specified in Executive's Notice of Termination, provided that in the event Executive terminates employment without Good Reason, Executive provides the Company at least forty-five (45) days written notice prior to the Termination Date; and

(f)If Executive's employment hereunder terminates because either Party provides a Non-Renewal Notice pursuant to Section 1, the Renewal Date immediately following the date on which the Party delivers the Non-Renewal Notice to the other Party.

Notwithstanding anything contained herein, the Termination Date shall not occur until the date on which Executive incurs a "separation from service" within the meaning of Section 409A.

5.7 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 Sections 5.2(b) and 5.4(c) (with respect to medical insurance continuation), any amounts payable pursuant to this Section 5 shall not be reduced by compensation Executive earns on account of employment with another employer.

5.8 Regulatory Actions.

(a)If Executive is suspended and/or temporarily prohibited from participating in the conduct of the Company's (including 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 Company'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 Company 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 Company's (including 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 Company 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 Federal Deposit Insurance Corporation, or its 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 Federal Deposit Insurance Corporation or its designee, at the time the Federal Deposit Insurance Corporation, or its designee approves a supervisory merger to resolve problems related to operation of the Bank or when the Bank is determined by the Federal Deposit Insurance Corporation 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 the Company, 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 20 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 the Company. 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 the Company are included in this agreement to arbitrate. The Company 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 the Company or the AAA, the arbitrator is bound by the terms of this Agreement. Nothing in this agreement to arbitrate precludes the Company 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 the Company 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 by the Company. 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 the Company 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.Stock Ownership Requirements. During the Employment Term, Executive shall be expected to maintain ownership of Common Stock in accordance with guidelines established by the Board from time to time.

13.Tax Withholding. The Company shall have the right to withhold from any amount payable under this Agreement any federal, state, and local taxes in order for the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation.

14.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.

1.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.

2.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.

3.Section 409A.

17.1 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, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall the Company 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.

17.2 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 Termination Date 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.

17.3 Reimbursements. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

(a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

(b)any reimbursement of an eligible expense shall be paid to Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

(c)any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

18.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.

19.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 the Company 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. The Company 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 the Company. The Company 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 the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Section 19, "the Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid.

20.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 the Company:

New York Community Bancorp, Inc.

615 Merrick Avenue

Westbury, New York 11590

Attention: Chief Executive Officer

If to Executive:

At the last address on file with the Company.

21.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.

22.Conditioned on Closing. This Agreement will be of no force and effect if the transactions contemplated by the Merger Agreement are not consummated and the Closing does not occur.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**NEW YORK COMMUNITY BANCORP, INC.**

By:
Eric S. Kracov
Executive Vice President and
Chief Human Resources Officer

EXECUTIVE

Lee M. Smith

**Exhibit A**

**SEPARATION AGREEMENT AND MUTUAL GENERAL RELEASE OF CLAIMS**

This SEPARATION AGREEMENT AND GENERAL RELEASE OF CLAIMS (The "Agreement") is made between Lee M. Smith ("Executive") and New York Community Bancorp, Inc. ("Employer") for the benefit of New York Community Bancorp, Inc., and is effective as of the Effective Date stated below.

Executive was employed as an at-will Executive of Employer and Executive's employment will end on or about <<Termination_Date>>. In connection with Executive's separation of employment, Employer offered Executive separation pay and other good and valuable consideration in return for a release of all claims and other terms. Executive shall have [twenty-one (21)/forty-five (45) calendar days] after the Termination Date to execute and deliver this Agreement (and not revoke it) or he/she will no longer be entitled to receive the separation pay and benefits set forth herein.

THEREFORE, in consideration of the mutual promises and payment set forth below, 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 benefits provided by Employer will end on . Except as specifically provided in this Agreement, the Non-Competition, Non-Solicitation and Confidential Information Agreement dated as of [•], and any written agreement signed by Executive concerning the protection of trade secrets or intellectual property belonging to the Employer, all other agreements, contracts, commitments and understandings between Executive and Employer, whether oral or written, concerning the subject matter of this Agreement are superseded by this Agreement.

**2.Separation Pay and Consideration for Release**. In consideration of the release of claims and other promises in this Agreement by Executive, Employer will pay Separation Pay and other consideration as follows provided the 7-day revocation period described below has expired without revocation by Executive:

A. **Separation Pay:** As noted in Section 5.2 of the Employment Agreement dated [•].

Executive agrees that payments and benefits described in the above paragraphs provided by Employer are good and valuable consideration for this Agreement and Executive's release of claims, 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 he or she 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 Employer. Executive agrees to promptly pay in full all federal, state or local taxes due or owed on any separation payments made pursuant to this Agreement.

**3.Other Payments**. In connection with Executive's separation from employment, on the Date of Termination, Employer will also pay any accrued and unused PTO and any other benefits payable upon termination for which Executive is eligible in accord with the express terms of any agreement, benefit plan or Employer policy and applicable state law.

**4.Mutual General Release of all Claims.**

(A) Executive fully, completely and forever releases and discharges Employer, its 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 Employer, 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 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 also includes any and all claims which in any way involve or arise from Executive's employment or separation from employment with Employer based on events occurring up to and including the date Executive signs this Agreement*.

By signing this Agreement, Executive gives up and discharges any such issues, disputes, allegations and claims described above, except for: (i) claims for breach of this 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 Agreement are waived. *Notwithstanding any other provision in this Agreement, nothing in this Agreement precludes or limits in any way Executive's right to file a charge or participate or cooperate in any proceeding conducted by the EEOC or comparable state or local fair employment agency*. Executive has the right to have a court determine the validity of the above waiver and release of ADEA claims.

(B) Employer, for itself and its 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 Employer, and any entity or unit described above (collectively referred to as "Employer 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 Employer, respectively, on such date, except for: (i) claims under this Agreement; and (ii) claims under the Non-Competition, Non-Solicitation and Confidential Information Agreement dated as of [•] among Executive and Employer.

**5.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 Employer. 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.

**6.Confidential Trade Secrets**. Executive agrees not to directly or indirectly disclose, publish or make use of confidential trade secret information concerning Employer without the prior written consent of an Executive Vice President of Employer, unless such information becomes a matter of general public knowledge without action by Executive. Confidential trade secret information includes, but is not limited to, business strategy; customer lists and information about customer needs, specification or requirements; systems operations and capability information; financial, accounting or marketing information; and other risk management or proprietary information or records of Employer. Nothing in this Agreement precludes or limits Executive from fully participating or cooperating in any proceeding or investigation by any government agency related to Executive's duties for Employer. Executive will immediately return to Employer all confidential, trade secret and proprietary information in Executive's possession or control (whether written, printed, electronic or photographic) and agrees not to maintain or retain copies or handwritten summaries of any such information following the Date of Termination. Executive expressly understands and agrees that his/her obligation not to directly or indirectly disclose, publish or make use of any above described confidential or trade secret information survives termination or expiration of this Agreement and applies to any subsequent employment by Executive.

**7.Return of Company Property and Cooperation**. Executive further agrees to return to Employer on or before the Date of Termination all property in Executive's possession or control belonging to Employer, 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 Employer, 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 the Employer (or its Counsel), at the Employer's expense for out of pocket expenses, as the Employer 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 his or her employment with Employer.

**8. Knowing and Voluntary Acknowledgment**. Employer advises and encourages Executive to consult with an attorney prior to signing this Agreement. Executive acknowledges that
(a)Executive has read this 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 Agreement; (c) he or she is responsible for any costs and fees resulting from an attorney reviewing this Agreement; (d) Executive knowing, freely and voluntarily enters into this Agreement and the above general release of claims of Executive's own free will without any duress or coercion by Employer or its representatives, in exchange for good and valuable consideration in addition to anything of value to which Executive is otherwise entitled;
(e) Executive is not waiving or releasing rights or claims that may arise after Executive signs this Agreement; and (f) Executive understands that the waiver and release in this Agreement is being requested in connection with the termination of Executive's employment with Employer.

**9. Consideration Period**. Executive acknowledges that in accordance with the Older Workers Benefit Protection Act of 1990 ("OWBPA"), Executive has been given at least [twenty-one (21) days/forty -five (45) days] to review and consider this Agreement before signing it. Executive acknowledges that if he or she chooses to sign this Agreement prior to the expiration of that [21-day/45-day period,], he or she expressly waives any remaining portion of the [21-day/45-day consideration period.]

**10**. **Binding Nature**, **Modification**, **Severability and Governing Law**. The waiver of a breach of any term of this Agreement does not operate as a waiver of any other or subsequent breach. This Agreement is binding on Employer, its affiliates and all respective successors and assigns, as well as Executive's personal representatives and heirs. This Agreement may not be assigned by Executive without the prior written consent of [an Executive Vice President of Employer]. No amendment or modification of this Agreement is binding unless in writing, specifically refers to this Agreement, and is signed by both Executive and [an Executive Vice President of Employer]. Any ambiguity in this Agreement will not be construed presumptively against any party. If any court or competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable, such provisions shall be considered removed from this Agreement and the remaining provisions will continue in full force and effect to the fullest extent allowed by applicable law. This Agreement will be interpreted in accord with the laws of the State of Michigan, regardless of any conflict of law provisions. This 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 he/she 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 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 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 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 the Employer will report any payments to CMS if specifically required by law to do so.

**12.Right to Revoke**. Executive may revoke and cancel this Agreement and the release of claims at any time within seven (7) days after signing this Agreement by delivering written notice of revocation to [•]. This Agreement is not effective until Executive has signed it and the

revocation period has expired without revocation ("Effective Date"). If Executive does so revoke, this 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 Agreement or Executive's employment and separation from employment from Employer, 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 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 to Employer at [•] or to Executive at Executive's last home address on record with Employer. Within five days thereafter, the party seeking arbitration will submit the claim to the American Arbitration Association (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 Employer. 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 Employer are included in this agreement to arbitrate. Employer 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 the Employer or the AAA, the Arbitrator is bound by the terms of this Agreement. Nothing in this agreement to arbitrate precludes Employer 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.*

**EXECUTIVE UNDERSTANDS THAT HE MUST SIGN AND RETURN THIS AGREEMENT BY [DATE] OR HIS RIGHT TO THE SEPARATION PAY SHALL BE FORFEITED.**

**THE PARTIES HAVE FULLY CONSIDERED THIS AGREEMENT AND GENERAL RELEASE FREELY AND KNOWINGLY ENTER INTO THIS AGREEMENT AND GENERAL RELEASE.**

| **WITNESS** | **EXECUTIVE** |
|---|---|
| Date: | Date: |

**NEW YORK COMMUNITY BANCORP, INC.**

By:
Its:

**Exhibit B**

**NON-COMPETITION, NON-SOLICTATION AND CONFIDENTIAL INFORMATION AGREEMENT**

This *Non-Competition, Non-Solicitation and Confidential Information Agreement* ("Agreement") is between New York Community Bancorp, Inc., a Delaware corporation (the "Company"), and Lee Smith (the "Executive"), and is effective as of the time the Executive executes this Agreement.

In consideration of Employee's employment with the Company, and the compensation and benefits to be provided to Employee by the Company, Employee 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 Company has or Executive (in the course and scope of employment with the Company) develops, compiles, acquires, or receives that has or may have commercial value or usefulness to the Company, 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 Company or its clients, whether or not such information is identified as Confidential Information or otherwise "confidential" by Company 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 Company; and (iv*)* all information belonging to third parties, such as vendors, that the Company is bound by contract or otherwise to keep confidential. Confidential Information includes not only information disclosed by Company (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 the Company. 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.

The Company 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 the Company all right, title, and interest Executive may have or may acquire during the course of or connected to employment with the Company, under any applicable law, in and to all Confidential Information.

**At all times during Executive's employment with the Company**, **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 any third party's benefit**. 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 in his/her area of work and to follow any specific guidelines and procedures set forth by his/her department to protect such Confidential Information. Employee shall not remove any Confidential Information from the Company's premises or computer/electronic systems unless absolutely 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 Employee immediately shall return the Confidential Information (and any copies thereof) to the Company's premises computer/electronic systems.

Notwithstanding the foregoing, in certain limited circumstances described in the Company's Confidentiality Guideline, Employee may disclose Confidential Information that consists of materials that would otherwise be subject to trade secret protection. Further, Confidential Information shall not be deemed to include information that (w) becomes generally available to the public through no fault of the Executive, (x) is previously known by the Executive prior to his receipt of such information from the Company, (y) 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 the Company or (z) is required to be disclosed in order to comply with any applicable law or court order.

2. **No Competition**. For a period of one (1) year following the Executive's termination of employment with the Company or its subsidiaries, for any reason, the 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 the same lines of business as the Company or its subsidiaries ("Business of the Company") in any state of the United States where the Company 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 the Company 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.

3. **No Solicitation of Employees**. The Executive agrees that, both during the Executive's employment with the Company or its subsidiaries and for a period of one (1) year following termination of the Executive's employment with the Company or its subsidiaries for any reason, the Executive will not, directly or indirectly, on behalf of the 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 the Company or its subsidiaries was actively employed) by the Company or its subsidiaries, except for rehire by the Company 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 the Company to terminate his or her employment with the Company or its subsidiaries.

4. **No Solicitation of Customers.** The Executive agrees that, both during the Executive's employment with the Company or its subsidiaries and for a period of one (1) year following termination of the Executive's employment with the Company or its

subsidiaries for any reason, the Executive will not directly, on behalf of any competitor of the Company in the Business of the Company, solicit the business of any entity within the United States who is known by the Executive to be a customer of the Company or its subsidiaries.

5. **Miscellaneous.** This Agreement constitutes the full, complete and exclusive agreement between the parties pertaining to the subject matters covered, and it supersedes all prior and contemporaneous understandings or agreements pertaining to the subject matters covered hereby. This Agreement may not be amended except with a writing that specifically amends this Agreement and is signed by both parties. This Agreement is governed by the laws of the State of Michigan.

NEW YORK COMMUNITY BANCORP, INC.

______________________ By

Name: Eric S. Kracov
Title: Executive Vice President and
Chief Human Resources Officer

EXECUTIVE:

Signature Name (Printed) Dated:

**EXHIBIT 23.0**

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements (Nos. 333-268634, 333-241023, 333-218358, 333-182334, 333-146512, 333-135279, 333-130908, 333-110361, 333-105901, 333-89826, 333-66366, 333-51998, 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, 333-230836, and 333-268056) on Form S-3 of our reports dated March 1, 2023, with respect to the consolidated financial statements of New York Community Bancorp, Inc. and the effectiveness of internal control over financial reporting.

KPMG LLP

New York, New York
March 1, 2023

**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: March 1, 2023

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: March 1, 2023

BY: /s/ John J. Pinto
John J. Pinto
Senior 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, 2022 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: March 1, 2023

BY: /s/ Thomas R. Cangemi
Thomas R. Cangemi
President and Chief Executive Officer
(Duly Authorized Officer)

DATE: March 1, 2023

BY: /s/ John J. Pinto
John J. Pinto
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)