

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

(Mark One)

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

**OR**

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

Commission file number: **001-16577**

**NEW YORK COMMUNITY BANCORP, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

**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)

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

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

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

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

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

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

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

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

The number of shares of the registrant's common stock outstanding as of November 3, 2023 was 722,488,113 shares.

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

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

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

## GLOSSARY

### **BARGAIN PURCHASE GAIN**

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

### **BASIS POINT**

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

### **BOOK VALUE PER COMMON SHARE**

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

### **BROKERED DEPOSITS**

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

### **CHARGE-OFF**

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

### **COMMERCIAL REAL ESTATE LOAN**

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

### **COST OF FUNDS**

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

### **CRE CONCENTRATION RATIO**

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

### **DEBT SERVICE COVERAGE RATIO**

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

### **DERIVATIVE**

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

### **EFFICIENCY RATIO**

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

**GOODWILL**

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

**GOVERNMENT-SPONSORED ENTERPRISES**

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

**GSE OBLIGATIONS**

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

**INTEREST RATE SENSITIVITY**

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

**INTEREST RATE SPREAD**

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

**LOAN-TO-VALUE RATIO**

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

**MULTI-FAMILY LOAN**

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

**NET INTEREST INCOME**

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

**NET INTEREST MARGIN**

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

**NON-ACCRUAL LOAN**

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

**NON-PERFORMING LOANS AND ASSETS**

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

**OREO AND OTHER REPOSSESSED ASSETS**

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

**RENT-REGULATED APARTMENTS**

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

**TROUBLED DEBT MODIFICATION**

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

**WHOLESALE BORROWINGS**

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

**YIELD**

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

*For the purpose of this Quarterly Report on Form 10-Q, the words “we,” “us,” “our,” and the “Company” are used to refer to New York Community Bancorp, Inc. and our consolidated subsidiary, Flagstar Bank, N.A. (the “Bank”).*

#### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING LANGUAGE**

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

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

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

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

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

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

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

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

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

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

See Item 1A, Risk Factors, in our Form 10-K for the year ended December 31, 2022, our Forms 10-Q for the quarters ended June 30, 2023 and March 31, 2023, and this Form 10-Q, for a further discussion of important risk factors that could cause actual results to differ materially from our forward-looking statements.

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

## PART I. FINANCIAL INFORMATION

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

#### EXECUTIVE SUMMARY

At September 30, 2023, total assets were \$111.2 billion, up \$21.1 billion compared to December 31, 2022. Total deposits were \$82.7 billion at September 30, 2023, up \$24.0 billion from December 31, 2022. These year-to-date increases were primarily due to our March 20, 2023, assumption of a substantial amount of the deposits and certain identified liabilities and the acquisition of certain assets and lines of business of Signature Bridge Bank, from the FDIC as receiver for Signature Bridge Bank (the "Signature Transaction"). See Note 3 "Business Combinations" to the Consolidated Financial Statements for further information regarding the Signature Transaction

For the three months ended September 30, 2023, net income was \$207 million as compared to \$413 million for the three months ended June 30, 2023. Net income available to common stockholders for the three months ended September 30, 2023 was \$199 million, compared to \$405 million for the three months ended June 30, 2023. Diluted EPS totaled \$0.27 for the three months ended September 30, 2023 compared to \$0.55 for the three months ended June 30, 2023.

Third quarter 2023 and second quarter 2023 net income and diluted EPS were impacted by merger related expenses of \$91 million and \$109 million, respectively, related to both the Signature Transaction and the Flagstar acquisition.

#### *Loan Portfolio*

At September 30, 2023, total C&I loans were \$24.4 billion compared to \$12.3 billion at December 31, 2022. The majority of the increase is attributable to the \$10.0 billion of C&I loans acquired in the Signature Transaction along with growth in specialty finance and MSR lending, partially offset by seasonally lower mortgage warehouse balances.

The multi-family loan portfolio was \$37.7 billion at September 30, 2023, down slightly compared to \$38.1 billion at December 31, 2022. At September 30, 2023, multi-family loans represented 45 percent of total loans, compared to 55 percent at December 31, 2022, further demonstrating the reduction of our concentration in this asset class.

Commercial loans (commercial real estate and acquisition, development and construction loans) increased \$2.9 billion at September 30, 2023 to \$13.4 billion compared to \$10.5 billion at December 31, 2022 largely attributable to the Signature Transaction and growth in our home builder finance portfolio.

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

Loans held-for-sale at September 30, 2023 totaled \$1.9 billion, up from \$1.1 billion at December 31, 2022, which reflects seasonally lower balances and the continued impact of higher mortgage rates.

#### *Deposit Base*

Deposits at September 30, 2023 totaled \$82.7 billion up \$24.0 billion compared to \$58.7 billion at December 31, 2022 primarily driven by the Signature Transaction.

Our deposit base includes \$31.3 billion of uninsured deposits at September 30, 2023 a net increase of \$14.8 billion as compared to December 31, 2022 due to the Signature Transaction. This represents 37.8 percent of our total deposits. These amounts were determined based on the same methodologies and assumptions used for regulatory reporting purposes and exclude internal accounts. We also have \$31.2 billion of total ready liquidity (cash and cash equivalents, unpledged securities, and FHLB borrowing capacity). Our total ready liquidity approximately matches the balance of our uninsured deposits.

### ***Net Interest Income***

For the three months ended September 30, 2023, net interest income totaled \$882 million, down \$18 million or 2 percent compared to the three months ended June 30, 2023. The decrease was driven by lower average earning assets, partially offset by a six basis point increase in net interest margin and lower average interest-bearing liabilities.

For the three months ended September 30, 2023, net interest margin was 3.27 percent up six basis points compared to the three months ended June 30, 2023. We continued to benefit from the higher interest rate environment and recently acquired loans, which positively impacted the yields on our assets.

### ***Asset Quality***

At September 30, 2023, NPA to total assets equaled 0.40 percent compared to 0.21 percent at June 30, 2023 while NPL to total loans equaled 0.52 percent compared to 0.28 percent at June 30, 2023. The increase in NPLs were primarily related to two commercial real estate loans in the office sector that added \$139 million in the third quarter of 2023 and multi-family increased \$91 million of which the largest individual loan was \$42 million. Repossessed assets of \$12 million were slightly lower compared to \$13 million in the prior quarter.

### ***Recent Events***

#### *Declaration of Dividend on Common Shares*

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

## **RESULTS OF OPERATIONS**

### **Net Interest Income**

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

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

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

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

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

### *Comparison to Prior Quarter*

Net interest income for the three months ended September 30, 2023 was \$882 million, down \$18 million or 2.0 percent compared to the three months ended June 30, 2023 primarily due to the following:

- Interest income on cash and cash equivalents decreased \$84 million driven by a decrease in the average balance of \$7.5 billion due to a decrease in custodial deposits associated with the Signature Transaction partially offset by a 28 basis point increase in the average yield to 5.3 percent.
- Interest expense on average interest-bearing deposits increased \$50 million to \$491 million during the three months ended September 30, 2023, driven by a 35 basis point increase in the average cost of interest-bearing deposits due to rising interest rates and competition for deposits.
- Interest income on loans and leases increased \$90 million primarily from rising commercial loan rates and increased income from acquired loans.
- Interest expense on borrowed funds decreased \$18 million or 11.5 percent to \$139 million primarily driven by a \$2.6 billion or 14.3 percent decrease in the average balances partially offset by a 6 basis point increase in rates.

### *Comparison to Prior Year to Date*

For the nine months ended September 30, 2023, net interest income totaled \$2.3 billion, up \$1.3 billion or 130 percent compared to \$1.0 billion for the nine months ended September 30, 2022. The year-over-year increase was primarily the result of the Flagstar acquisition, which closed late last year, and the Signature Transaction, which closed in late March of this year and were not part of the Company in the first three quarters of 2022.

- Interest income on mortgages and other loans was driven by a \$33.4 billion or 70.8 percent increase in average loan balances to \$80.6 billion. This is primarily driven by the December 2022 acquisition of Flagstar and the March 2023 Signature Transaction. Additionally, we had a 187 basis point increase in the average loan yield to 5.4 percent in the current year quarter due primarily to the rising interest rate environment.
- Interest income on securities was positively impacted by a 168 basis point increase in the average yield to 4.11 percent from 2.4 percent along with a 3.5 billion or 50.3 percent increase in the average securities balance to \$10.3 billion primarily driven by the nine month contribution from the Flagstar acquisition.
- Interest-earning cash and cash equivalents reflected a 399 basis point increase in the average yield to 5.1 percent driven by higher short-term market rates and an increase in the average balance of \$8.8 billion driven by the Signature Transaction.
- Interest expense on average interest-bearing deposits increased \$1.0 billion to \$1.2 billion during the nine months ended September 30, 2023, driven by a 223 basis point increase in the average cost of interest-bearing deposits due to rising interest rates. Average interest earning deposits grew \$20.9 billion, or 60.8 percent, to \$55.3 billion. The balance growth primarily reflects the December acquisition of Flagstar and the March Signature Transaction.
- Interest expense on borrowed funds increased \$281 million or 133.18 percent to \$492 million driven by a 168 basis point increase in rates in addition to a \$3.3 billion or 21.8 percent increase in the average balance to \$18.7 billion primarily driven by the December acquisition of Flagstar.

### **Net Interest Margin**

The following table sets forth certain information regarding our average balance sheet for the periods indicated, including the average yields on our interest-earning assets and the average costs of our interest-bearing liabilities. Average yields are calculated by dividing the interest income produced by the average balance of interest-earning assets. Average costs are calculated by dividing the interest expense produced by the average balance of interest-bearing liabilities. The average balances

for the periods are derived from average balances that are calculated daily. The average yields and costs include fees, as well as premiums and discounts (including mark-to-market adjustments from acquisitions), that are considered adjustments to such average yields and costs.

	Three Months Ended,					
	September 30, 2023			June 30, 2023		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
<i>(dollars in millions)</i>						
<b>ASSETS:</b>						
Interest-earning assets:						
Mortgage and other loans and leases, net <sup>(1)</sup>	\$ 85,691	\$ 1,251	5.82 %	\$ 83,810	\$ 1,161	5.55 %
Securities <sup>(2) (3)</sup>	10,317	111	4.30 %	9,781	102	4.18 %
Reverse repurchase agreements	299	5	6.11 %	429	6	5.85 %
Interest-earning cash and cash equivalents	10,788	145	5.31 %	18,279	229	5.03 %
Total interest-earning assets	\$ 107,095	\$ 1,512	5.62 %	\$ 112,299	\$ 1,498	5.34 %
Non-interest-earning assets		7,179			8,974	
Total assets	\$ 114,274			\$ 121,273		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>						
Interest-bearing deposits:						
Interest-bearing checking and money market accounts	\$ 31,321	\$ 268	3.40 %	\$ 30,647	\$ 232	3.05 %
Savings accounts	9,628	43	1.76 %	10,015	40	1.61 %
Certificates of deposit	17,545	180	4.06 %	18,587	169	3.61 %
Total interest-bearing deposits	\$ 58,494	\$ 491	3.33 %	\$ 59,249	\$ 441	2.98 %
Short term borrowed funds	5,632	62	4.38 %	6,807	75	4.46 %
Other borrowed funds	9,964	77	3.04 %	11,393	82	2.88 %
Total Borrowed funds	\$ 15,596	\$ 139	3.53 %	\$ 18,200	\$ 157	3.47 %
Total interest-bearing liabilities	\$ 74,090	\$ 630	3.37 %	\$ 77,449	\$ 598	3.10 %
Non-interest-bearing deposits		25,703			24,613	
Other liabilities		3,286			8,321	
Total liabilities	\$ 103,079			\$ 110,383		
Stockholders' equity		11,195			10,890	
Total liabilities and stockholders' equity	\$ 114,274			\$ 121,273		
Net interest income/interest rate spread		\$ 882	2.25 %		\$ 900	2.24 %
Net interest margin			3.27 %			3.21 %
Ratio of interest-earning assets to interest-bearing liabilities			1.45 x			1.45 x

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

(2) Amounts are at amortized cost.

(3) Includes FHLB stock and FRB stock.

	Nine Months Ended,					
	September 30, 2023			September 30, 2022		
	<i>Average Balance</i>	<i>Interest</i>	<i>Average Yield/Cost</i>	<i>Average Balance</i>	<i>Interest</i>	<i>Average Yield/Cost</i>
<i>(dollars in millions)</i>						
<b>ASSETS:</b>						
Interest-earning assets:						
Mortgage and other loans and leases, net <sup>(1)</sup>	\$ 80,569	\$ 3,279	5.43 %	\$ 47,158	\$ 1,259	3.56 %
Securities <sup>(2) (3)</sup>	10,314	318	4.11 %	6,864	125	2.43 %
Reverse repurchase agreements	503	21	5.74 %	388	7	2.35 %
Interest-earning cash and cash equivalents	11,127	426	5.11 %	2,326	20	1.12 %
Total interest-earning assets	\$ 102,513	\$ 4,044	5.27 %	\$ 56,736	\$ 1,411	3.32 %
Non-interest-earning assets	7,582			4,993		
Total assets	\$ 110,095			\$ 61,729		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>						
Interest-bearing deposits:						
Interest-bearing checking and money market accounts	\$ 28,385	\$ 657	3.09 %	\$ 16,915	\$ 104	0.82 %
Savings accounts	10,240	122	1.60 %	9,245	33	0.49 %
Certificates of deposit	16,627	436	3.50 %	8,197	46	0.75 %
Total interest-bearing deposits	\$ 55,252	\$ 1,215	2.94 %	\$ 34,357	\$ 183	0.71 %
Short term borrowed funds	7,146	241	4.50 %	1,925	17	1.16 %
Other borrowed funds	11,537	251	2.91 %	13,419	194	1.93 %
Total Borrowed funds	\$ 18,683	\$ 492	3.52 %	\$ 15,344	\$ 211	1.84 %
Total interest-bearing liabilities	\$ 73,935	\$ 1,707	3.09 %	\$ 49,701	\$ 394	1.06 %
Non-interest-bearing deposits	21,214			4,332		
Other liabilities	4,518			750		
Total liabilities	\$ 99,667			\$ 54,783		
Stockholders' equity	10,428			6,946		
Total liabilities and stockholders' equity	\$ 110,095			\$ 61,729		
Net interest income/interest rate spread		\$ 2,337	2.18 %		\$ 1,017	2.26 %
Net interest margin			3.05 %			2.39 %
Ratio of interest-earning assets to interest-bearing liabilities			1.39 x			1.14 x

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

(2) Amounts are at amortized cost.

(3) Includes FHLB stock and FRB stock.

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

<i>(in millions)</i>	Three Months Ended,			Nine Months Ended,		
	September 30, 2023 compared to June 30, 2023			September 30, 2023 compared to September 30, 2022		
	Increase/(Decrease) Due to:			Increase/(Decrease) Due to:		
	Volume	Rate	Net	Volume	Rate	Net
<b>INTEREST-EARNING ASSETS:</b>						
Mortgage and other loans and leases, net	\$ 27	\$ 63	\$ 90	\$ 1,361	\$ 659	\$ 2,020
Securities	\$ 6	\$ 3	\$ 9	\$ 106	\$ 87	\$ 193
Reverse repurchase agreements	\$ (2)	\$ 1	\$ (1)	\$ 5	\$ 9	\$ 14
Interest Earning Cash & Cash Equivalent	\$ (99)	\$ 15	\$ (84)	\$ 337	\$ 69	\$ 406
Total interest-earnings assets	\$ (68)	\$ 82	\$ 14	\$ 1,809	\$ 824	\$ 2,633
<b>INTEREST-BEARING LIABILITIES:</b>						
Interest-bearing checking and money market accounts	\$ 6	\$ 30	\$ 36	\$ 266	\$ 287	\$ 553
Savings accounts	\$ (2)	\$ 5	\$ 3	\$ 12	\$ 77	\$ 89
Certificates of deposit	\$ (11)	\$ 22	\$ 11	\$ 221	\$ 169	\$ 390
Short Term Borrowed Funds	\$ (10)	\$ (3)	\$ (13)	\$ 176	\$ 48	\$ 224
Other Borrowed Funds	\$ (16)	\$ 11	\$ (5)	\$ (41)	\$ 98	\$ 57
Total interest-bearing liabilities	\$ (33)	\$ 65	\$ 32	\$ 634	\$ 679	\$ 1,313
Change in net interest income	\$ (35)	\$ 17	\$ (18)	\$ 1,175	\$ 145	\$ 1,320

#### *Comparison to Prior Quarter*

The Company's net interest margin for the three months ended September 30, 2023, was 3.27 percent, up six basis points compared to the three months ended June 30, 2023. The increase was driven by both a higher level of average earnings assets due to the Signature Transaction, along with higher yields on those assets.

Average loan balances increased \$1.9 billion, or 2%, to \$85.7 billion compared to the previous quarter, while the loan yield increased 27 basis points on a quarter-over-quarter basis to 5.82%. Average cash balances decreased to \$10.8 billion during the third quarter compared to \$18.3 billion during the second quarter, while the average yield rose 28 basis points to 5.31% from 5.03%.

Average interest-bearing liabilities decreased \$3.4 billion, or 4%, to \$74.1 billion on a quarter-over-quarter basis with the average cost increasing 27 basis points to 3.37% compared to 3.10%. Average interest-bearing deposits decreased \$755 million, or 1%, to \$58.5 billion, while the average cost rose 35 basis points to 3.33%. Average borrowed funds declined \$2.6 billion, or 14%, to \$15.6 billion, while the average cost of borrowed funds increased six basis points to 3.53%. Average non-interest-bearing deposit balances rose \$1.1 billion, or 4%, to \$25.7 billion compared to the previous quarter.

#### *Comparison to Prior Year to Date*

For the nine months ended September 30, 2023, the net interest margin was 3 percent, up 66 basis points compared to the nine months ended September 30, 2022. The year-over-year increase was primarily the result of a larger balance sheet driven by both the Flagstar acquisition and the Signature Transaction, and due to organic loan growth, along with the impact of higher interest rates. Average interest-earning assets increased \$45.8 billion, or 81 percent, on a year-over-year basis to \$102.5 billion for the nine months ended September 30, 2023, while the average yield rose 195 basis points to 5.27 percent.

Average loan balances rose \$33.4 billion, or 71 percent, to \$80.6 billion while the average loan yield rose 187 basis points to 5.43 percent on a year-over-year basis. Average cash balances increased \$8.8 billion to \$11.1 billion, while the average yield rose to 5.11 percent from 1.12 percent. Average securities increased \$3.5 billion, or 50 percent, to \$10.3 billion, while the average yield improved to 4.11 percent from 2.43 percent.

Average interest-bearing liabilities increased \$24.2 billion, or 49 percent, to \$73.9 billion while the average cost increased to 3.09 percent from 1.06 percent. Average interest-bearing deposits rose \$20.9 billion, or 61 percent, while the average cost of deposits increased to 2.94 percent compared to 0.71 percent. Average borrowed funds increased \$3.3 billion to \$18.7 billion while the average cost rose to 3.52 percent from 1.84 percent. Average non-interest-bearing deposits rose \$16.9 billion to \$21.2 billion.

## **Provision for Credit Losses**

### *Comparison to Prior Quarter*

The three months ended September 30, 2023 the provision for credit losses totaled \$62 million compared to a \$49 million provision for the three months ended June 30, 2023.

During the third quarter 2023, we incorporated the commercial loans and unfunded commitments acquired in the Signature Transaction in the Company's allowance for credit loss models which resulted in a net provision benefit of \$13 million. The \$75 million provision on the remainder of the portfolio was driven by increases to our estimated loan loss and unfunded commitment reserves as a result of changes in the macroeconomic environment, 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 increase reflects unfavorable market conditions in the CRE portfolio (primarily office). During the quarter we had net charge-offs totaling \$24 million.

The second quarter 2023 provision of \$49 million included increases of \$13 million related to specific reserves for new non-accrual loans and the remainder was driven by changes in the macroeconomic forecast.

### *Comparison to Prior Year to Date*

The nine months ended September 30, 2023 provision for credit losses was \$281 million compared to \$9 million for the nine months ended September 30, 2022. The 2023 provision includes a \$132 million initial provision for credit losses related to the initial ACL measurement of non-PCD acquired loans from the Signature Transaction and a \$20 million provision for credit losses on legacy Signature Bank debt securities held by the Company prior to the transaction. The remaining \$129 million was driven by increases to our estimated loan loss and unfunded commitment reserves as a result of changes in the macroeconomic environment discussed above. During the nine months ended September 30, 2023, we had net charge-offs totaling \$23 million.

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

## Non-Interest Income

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

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

<i>(in millions)</i>	Three Months Ended,		Nine Months Ended,	
	September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022
Bargain purchase gain	\$ —	\$ 141	\$ 2,142	\$ —
Fee income	58	48	133	17
Net return on mortgage servicing rights	23	25	70	—
Net gain on loan sales and securitizations	28	25	73	—
Other	21	14	46	10
Bank-owned life insurance	11	11	32	24
Net loan administration income	19	39	65	—
Net (loss) gain on securities	—	\$ (1)	(1)	(2)
Total non-interest income	\$ 160	\$ 302	\$ 2,560	\$ 49

### Comparison to Prior Quarter

For the three months ended September 30, 2023, non-interest income totaled \$160 million as compared to \$302 million in the second quarter, primarily due by the following:

- There was no income impact related to the bargain gain as compared to \$141 million in recorded in the second quarter related to the Signature Transaction.
- Net loan administration income totaled \$19 million for the three months ended September 30, 2023 compared to \$39 million for the three months ended June 30, 2023 driven by a reduction in subservicing income related to a decrease in loans being serviced for the FDIC related to the Signature Transaction.
- The net return on mortgage servicing rights was \$23 million or 8.0 percent for the third quarter compared to \$25 million or 9.7 percent for the second quarter.
- Third quarter 2023 non-interest income includes a gain on loan sales of \$28 million compared to \$25 million during the second quarter, with a gain on sale margin of 59 basis points compared to 51 basis points last quarter.

### Comparison to Prior Year to Date

Non-interest income increased \$2.5 billion for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 primarily due to the bargain purchase gain of \$2.1 billion related to the Signature Transaction. Increases in non-interest income were also driven by the inclusion of the Flagstar acquisition and Signature Transaction including \$116 million increase in fee income, net return on mortgage servicing rights of \$70 million, gain on loan sales of \$73 million and loan administration income of \$65 million.

## **Non-Interest Expense**

### *Comparison to Prior Quarter*

For the three months ended September 30, 2023, non-interest expenses totaled \$712 million, up \$51 million, or 8 percent compared to the three months ended June 30, 2023.

Total operating expenses for the three months ended September 30, 2023 were \$585 million, up \$70 million compared to \$515 million for the second quarter 2023. The increase was primarily driven by higher compensation and benefits due to the impact of recently added private banking teams and revenue-driven performance.

### *Comparison to Prior Year to Date*

Non-interest expense increased \$1.4 billion for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. Total operating expenses for the nine months ended September 30, 2023 were up \$1.1 billion compared to the nine months ended September 30, 2022. Both increases were primarily due the inclusion of Flagstar and Signature activity.

## **Income Tax Expense**

### *Comparison to Prior Quarter*

For the three months ended September 30, 2023, the Company reported a provision for income taxes of \$61 million compared to \$79 million for the three months ended June 30, 2023. Income tax expense for both the current quarter and for the second quarter 2023 was impacted by the Signature Transaction and Flagstar acquisition. The effective tax rate was 22.7 percent for the third quarter 2023.

### *Comparison to Prior Year to Date*

For the nine months ended September 30, 2023, the Company reported a provision for income taxes of \$141 million, compared to \$164 million for the nine months ended September 30, 2022. Income tax expense for the current year was impacted by the Signature Transaction and Flagstar acquisition.

## **FINANCIAL CONDITION**

### **Balance Sheet Summary**

Total assets increased \$21.1 billion to \$111.2 billion as of September 30, 2023, compared to \$90.1 billion at December 31, 2022 due to the Signature Transaction, which closed on March 20, 2023, and organic loan growth.

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

Total loans and leases held for investment were \$84.0 billion at September 30, 2023 compared to \$69.0 billion at December 31, 2022. The increase was driven by the aforementioned loans acquired from the Signature Transaction and organic loan growth.

The securities portfolio totaled \$8.7 billion at September 30, 2023, compared to \$9.1 billion at December 31, 2022. As of September 30, 2023, the Company has no held-to-maturity securities portfolio and all of the Company's securities were designated as "Available-for-Sale", unchanged from December 31, 2022.

Total deposits grew \$24.0 billion, or 41 percent to \$82.7 billion at September 30, 2023 compared to \$58.7 billion at December 31, 2022 primarily driven by the deposits assumed in the Signature Transaction. Included in the September 30, 2023 balance are \$2.0 billion in non-interest-bearing custodial deposits related to the Signature Transaction.

Wholesale borrowings at September 30, 2023 were \$13.6 billion compared to \$20.3 billion at December 31, 2022, reflecting the use of some of the cash acquired from the Signature Transaction to reduce the level of FHLB-NY borrowings.

## Loans held-for-investment

The following table summarizes the composition of our loan portfolio:

(dollars in millions)	September 30, 2023		December 31, 2022	
	Amount	Percent of Loans Held for Investment	Amount	Percent of Loans Held for Investment
<b>Mortgage Loans:</b>				
Multi-family	\$ 37,698	44.9 %	\$ 38,130	55.3 %
Commercial real estate	10,486	12.5 %	8,526	12.4 %
One-to-four family first mortgage	5,882	7.0 %	5,821	8.4 %
Acquisition, development, and construction	2,910	3.5 %	1,996	2.9 %
Total mortgage loans	\$ 56,976	67.8 %	\$ 54,473	78.9 %
<b>Other Loans:</b>				
Commercial and industrial	\$ 24,423	29.1 %	\$ 12,276	17.8 %
Other loans	2,596	3.1 %	2,252	3.3 %
Total other loans held for investment	\$ 27,019	32.2 %	\$ 14,528	21.1 %
Total loans and leases held for investment	\$ 83,995	100.0 %	\$ 69,001	100.0 %
Allowance for credit losses on loans and leases	(619)		(393)	
Total loans and leases held for investment, net	\$ 83,376		\$ 68,608	
Loans held for sale	1,926		1,115	
Total loans and leases, net	\$ 85,302		\$ 69,723	

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

(dollars in millions)	Three Months Ended,		Nine Months Ended,	
	September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022
	Amount	Amount	Amount	Amount
<b>Mortgage Loan Originated for Investment:</b>				
Multi-family	\$ 204	\$ 217	\$ 761	\$ 7,065
Commercial real estate	280	278	867	737
One-to-four family first mortgage	115	98	487	157
Acquisition, development, and construction	495	593	1,273	83
Total mortgage loans originated for investment	\$ 1,094	\$ 1,186	\$ 3,388	\$ 8,042
<b>Other Loans Originated for Investment:</b>				
Specialty finance	\$ 2,228	\$ 1,905	\$ 5,468	\$ 4,075
Commercial and industrial	1,192	1,581	3,270	433
Other	406	312	1,056	5
Total other loans originated for investment	\$ 3,826	\$ 3,797	\$ 9,793	\$ 4,513
Total loans originated for investment	\$ 4,920	\$ 4,983	\$ 13,181	\$ 12,555

## Multi-Family Loans

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

The multi-family loan portfolio was \$37.7 billion at September 30, 2023, down slightly compared to \$38.1 billion at December 31, 2022 due to a combination of higher interest rates and our loan diversification strategy.

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

At September 30, 2023, \$21.5 billion or 57 percent of the Company's total multi-family loan portfolio is secured by properties in New York State, many of which are, subject to rent regulation laws. The weighted average LTV of the New York State rent regulated multi-family portfolio was 59 percent as of September 30, 2023 as compared to 61 percent at December 31, 2022.

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

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

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

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

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

Our success as a multi-family lender partly reflects the solid relationships we have developed with the market's leading mortgage brokers and generational direct relationships, 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.

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. Exceptions to these levels are

made to borrowers on a case by case basis and approved by the joint authority of credit and lending officers and when necessary, the Board Credit Committee of the Board.

We continue to monitor our loans held for investment portfolio and the related allowance for credit losses, particularly given the economic pressures facing the commercial real estate and multi-family markets. 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 historically 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 generally exclude any short-term property tax exemptions and abatement benefits the property owners receive when we underwrite our multi-family loans.

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

(dollars in millions)	At September 30, 2023	
	Multi-Family Loans	
	Amount	Percent of Total
<b>New York City:</b>		
Manhattan	\$ 6,960	19 %
Brooklyn	6,199	16 %
Bronx	3,645	10 %
Queens	2,834	8 %
Staten Island	134	— %
<b>Total New York City</b>	<b>\$ 19,772</b>	<b>53 %</b>
New Jersey	5,092	14 %
Long Island	511	1 %
<b>Total Metro New York</b>	<b>\$ 25,375</b>	<b>68 %</b>
Other New York State	1,242	3 %
Pennsylvania	3,729	10 %
Florida	1,690	4 %
Ohio	1,015	3 %
Arizona	435	1 %
All other states	4,212	11 %
<b>Total</b>	<b>\$ 37,698</b>	<b>100 %</b>

### Commercial Real Estate

At September 30, 2023, CRE loans represented \$10.5 billion, or 12.5 percent, of total loans held for investment, reflecting a \$2.0 billion increase when compared to \$8.5 billion at December 31, 2022. Approximately \$1.9 billion of CRE loans were acquired in the Signature Transaction.

CRE loans represented \$280 million, or 5.7 percent, of the loans we originated in the third quarter 2023 as compared to \$278 million, or 5.6 percent in the second quarter 2023.

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

Approximately \$3.4 billion of the CRE portfolio are office properties with an average balance of approximately \$10 million and located primarily in the New York metro area.

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 or Prime, plus a spread. Alternately, the borrower may opt for a fixed rate that is tied to the five-year fixed advance rate of the FHLB-NY plus a spread. The fixed-rate option also requires the payment of an amount equal to one percentage point of the then-outstanding loan balance. In either case, the minimum rate at repricing is equivalent to the rate in the initial five- or seven-year term.

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

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

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

<i>(dollars in millions)</i>	At September 30, 2023	
	Commercial Real Estate Loans	
	Amount	Percent of Total
New York	\$ 5,413	52 %
Michigan	990	9 %
New Jersey	589	6 %
Florida	415	4 %
Texas	103	1 %
Pennsylvania	376	3 %
Ohio	119	1 %
All other states	2,481	24 %
Total	\$ 10,486	100 %

#### *Acquisition, Development, and Construction Loans*

At September 30, 2023, our ADC loans represented \$2.9 billion, or 3.5 percent, of total loans held for investment, reflecting an increase of \$914 million compared to December 31, 2022.

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

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

## *C&I Loans*

At September 30, 2023 C&I loans totaled \$24.4 billion or 29.1 percent of total loans held-for-investment. Included in this portfolio is \$5.6 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. At September 30, 2023, we had \$5.6 billion outstanding warehouse loans to other mortgage lenders and have relationships in place to lend up to \$11.6 billion at our discretion.

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

## *Specialty Finance*

At September 30, 2023, specialty finance loans and leases totaled \$5.2 billion or 6 percent of total loans held for investment, up \$753 million or 17 percent compared to December 31, 2022.

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

The specialty finance loans and leases we fund fall into three categories: asset-based lending, dealer floor-plan lending, and equipment loan and lease financing. Each of these credits is secured with a perfected first security interest in, or outright ownership of, the underlying collateral, and structured as senior debt or as a non-cancelable lease. As of September 30, 2023, 82 percent of specialty finance loan commitments are structured as floating rate obligations which will benefit in a rising rate environment.

In the third quarter of 2023, the Company originated \$2.2 billion of specialty finance loans and leases, representing 45 percent of total originations compared to \$1.6 billion for the same period in 2022, representing 41 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 September 30, 2023, one-to-four family loans represented \$5.9 billion, including \$925 million of LGG, or 7 percent, of total loans held for investment. As of September 30, 2023, the repurchase liability on LGG loans was \$362 million. As of December 31, 2022 one-to-four family loans totaled \$5.8 billion. These loans include various types of conforming and non-conforming fixed and adjustable rate loans underwritten using Fannie Mae and Freddie Mac guidelines for the purpose of purchasing or refinancing owner occupied and second home properties. We typically hold certain mortgage loans in 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 September 30, 2023, non-government guaranteed loans in this portfolio had an average current FICO score of 741 and an average LTV of 53.

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

### *Other Loans*

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

Our home equity portfolio includes HELOANs, second mortgage loans, and HELOCs. These loans are underwritten and priced in an effort to ensure credit quality and loan profitability. Our debt-to-income ratio on HELOANs and HELOCs is capped at 43 percent and 45 percent, respectively. We currently limit the maximum CLTV to 89.99 percent and FICO scores to a minimum of 700. Second mortgage loans and HELOANs are fixed rate loans and are available with terms up to 20 years. HELOC loans are primarily variable-rate loans that contain a 10-year interest only draw period followed by a 20-year amortizing period. As of September 30, 2023, loans in this portfolio had an average current FICO score of 750.

As of September 30, 2023, loans in our indirect portfolio had an average current FICO score of 745. Point of sale loans consist of unsecured consumer installment loans originated primarily for home improvement purposes through a third-party financial technology company who also provides us a level of credit loss protection.

### *Loans Held for Sale*

Loans held-for-sale at September 30, 2023 totaled \$1.9 billion, up from \$1.1 billion at December 31, 2022. The Signature Transaction contributed \$360 million of Small Business Administration ("SBA") loans to this increase. We classify loans as held for sale when we originate or purchase loans that we intend to sell. We have elected the fair value option for nearly all of this portfolio, except the SBA loans. We estimate the fair value of mortgage loans based on quoted market prices for securities backed by similar types of loans, where available, or by discounting estimated cash flows using observable inputs inclusive of interest rates, prepayment speeds and loss assumptions for similar collateral.

### *Lending Authority*

We maintain credit limits in compliance with regulatory requirements. Under regulatory guidance, the Bank may not make a loan or extend credit to a single or related group of borrowers in excess of 15 percent of Tier 1 plus Tier 2 capital and any portion of the ACL not included in Tier 2 capital. We have a tracking and reporting process to monitor lending concentration levels, and all new commercial real estate credit exposures to relationships that exceed \$200 million and all other commercial credit exposures to relationships that exceed \$100 million must be approved by the Board Credit Committee of the Board. Exceptions to these levels are made to borrowers on a case by case basis, with the approval of the Board Credit Committee of the Board. Relationships less than the aforementioned limits including those discussed throughout the loans held for investment section of this document, 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, including regulatory considerations, and credit exposures in accordance with the Bank's strategic objectives and risk appetites.

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

### Asset Quality

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

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

	September 30, 2023	December 31, 2022
Non-performing loans to total loans held for investment	0.52 %	0.20 %
Non-performing assets to total assets	0.40	0.17
Allowance for credit losses on loans and leases to non-performing loans	142.79	278.87
Allowance for credit losses on loans and leases to total loans held for investment	0.74	0.57

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

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

<i>(dollars in millions)</i>	September 30, 2023	December 31, 2022	September 30, 2023 compared to December 31, 2022	
			Amount	Percent
<b>Loans 30 to 89 Days Past Due:</b>				
Multi-family	\$ 60	\$ 34	\$ 26	76 %
Commercial real estate	26	2	24	1200 %
One-to-four family first mortgage	19	21	(2)	(10)%
Acquisition, development, and construction	1	—	1	NM
Commercial and industrial	43	2	41	2050 %
Other loans	20	11	9	82 %
Total loans 30-89 days past due	<u>\$ 169</u>	<u>\$ 70</u>	99	141 %

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 September 30, 2023 and December 31, 2022, all of our non-performing loans were non-accrual loans. A loan is generally returned to accrual status when the loan is current and we have reasonable assurance that the loan will be fully collectible.

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

It is our policy to order updated appraisals for all non-performing loans 90 days or more past due 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 held for investment by loan type and the changes in the respective balances:

<i>(dollars in millions)</i>			Change from December 31, 2022 to September 30, 2023	
	September 30, 2023	December 31, 2022	Amount	Percent
<b>Non-Performing Loans<sup>(1)</sup>:</b>				
Non-accrual mortgage loans:				
Multi-family	\$ 102	\$ 13	\$ 89	685 %
Commercial real estate	157	20	137	685 %
One-to-four family first mortgage	90	92	(2)	(2)%
Acquisition, development, and construction	\$ 1	\$ —	1	NM
Total non-accrual mortgage loans	\$ 350	\$ 125	225	180 %
Commercial and industrial	65	3	62	2067 %
Other non-accrual loans <sup>(2)</sup>	19	13	6	46 %
Total non-performing loans	\$ 434	\$ 141	293	208 %
Repossessed assets	12	12	—	— %
Total non-performing assets	\$ 446	\$ 153	293	192 %

(1) Unpaid principal balance.

(2) Includes home equity, consumer and other loans.

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

<i>(in millions)</i>	
Balance at December 31, 2022	\$ 141
New non-accrual, including acquired from acquisition	384
Charge-offs	(20)
Transferred to repossessed assets	(3)
Loan payoffs, including dispositions and principal pay-downs	(34)
Restored to performing status	(34)
Balance at September 30, 2023	\$ 434

At September 30, 2023 total non-accrual mortgage loans increased \$225 million to \$350 million, while commercial and industrial increased \$62 million to \$65 million and other non-accrual loans increased \$6 million to \$19 million compared December 31, 2022. The increase in NPLs were primarily related to two commercial real estate loans in the office sector that added \$139 million in the third quarter of 2023 and multi-family increased \$91 million of which the largest individual loan was \$42 million.

At September 30, 2023, NPAs to total assets equaled 0.40 percent compared to 0.21 percent at June 30, 2023 while NPLs to total loans equaled 0.52 percent compared to 0.20 percent at December 31, 2022. Repossessed assets of \$12 million were relatively unchanged compared to the \$13 million recorded in the prior quarter.

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

Properties and other assets that are acquired through foreclosure are classified as repossessed assets, and are recorded at fair value at the date of acquisition, less the estimated cost of selling the property. Subsequent declines in the fair value of the assets are charged to earnings and are included in non-interest expense. It is our policy to require an appraisal and an

environmental assessment of properties classified as OREO before foreclosure, and to re-appraise the properties on an as-needed basis, and not less than annually, until they are sold. We dispose of such properties as quickly and prudently as possible, given current market conditions and the property's condition.

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

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

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

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

To further manage our credit risk, our lending policies limit the amount of credit granted to any one borrower, and typically require minimum DSCRs of 120 percent for multi-family loans and 130 percent for CRE loans. At origination, we typically lend up to 75 percent of the appraised value on multi-family buildings and up to 65 percent on commercial properties. Exceptions to these DSCR and LTV limitations are minimal and approved by the joint authority of credit and lending officers and when necessary, the Board Credit Committee of the Board.

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. Lower LTVs provide a greater likelihood of full recovery and reduce the possibility of incurring a severe loss on a credit; in many cases, they reduce the likelihood of the borrower "walking away" from the property. Although borrowers may default on loan payments, they have a greater incentive to protect their equity in the collateral property and to return their loans to performing status.

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

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

Other C&I loans generally represent loans to commercial businesses which meet certain desired client characteristics and credit standards. The credit standards for commercial borrowers are based on numerous criteria, including historical and

projected financial information, strength of management, acceptable collateral, and market conditions and trends in the borrower's industry. These loans are generally variable rate loans in which the interest rate fluctuates with a specified index rate.

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

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

While we strive to originate loans that will perform fully, adverse economic and market conditions, among other factors, can negatively impact a borrower's ability to repay. Historically, our level of net charge-offs in our multifamily and specialty finance portfolios have been relatively low in downward credit cycles.

For the three months ended September 30, 2023, our gross charge-offs were \$26 million and net charge-offs were \$24 million, compared to gross charge-offs of \$3 million and net recoveries of \$1 million for the three months ended June 30, 2023. For the nine months ended September 30, 2023, our gross charge-offs were \$34 million and net charge-offs were \$23 million, compared to gross charge-offs of \$5 million and net recoveries of \$5 million over the same period in 2022.

The allowance for credit losses on loans and leases increased \$226 million from December 31, 2022 to September 30, 2023. The day 1 impact of the Signature Transaction that closed on March 20, 2023 added \$138 million to the reserve. The remaining net increase of approximately \$88 million consisted of a \$111 million provision partially offset by net charge-offs of \$23 million. The \$111 million provision was driven by changes in the macroeconomic forecasts, 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 increase reflects unfavorable market conditions in the CRE portfolio (primarily office). The allowance for credit losses on loans and leases represented 143 percent of non-performing loans at September 30, 2023, as compared to 279 percent at the prior year-end.

The Bank is subject to extensive regulation, examination, and supervision by the OCC, as its primary federal regulator, and the FDIC, as the deposit insurer. The regulatory structure gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies and controls with respect to the classification of assets and the establishment of adequate allowance for credit losses for regulatory purposes. 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 and, among other things, our ability to pay dividends.

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

The following table presents information on the Company's net charge-offs:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022
<i>(dollars in millions)</i>				
<b>Charge-offs:</b>				
Multi-family	\$ 2	\$ —	\$ 2	\$ 1
Commercial real estate	14	—	14	4
One-to-four family residential	—	1	3	—
Commercial and industrial	6	—	6	—
Other	4	2	9	—
<b>Total charge-offs</b>	<b>\$ 26</b>	<b>\$ 3</b>	<b>\$ 34</b>	<b>\$ 5</b>
<b>Recoveries:</b>				
Commercial real estate	—	—	—	(4)
Commercial and industrial	(1)	(3)	(8)	(6)
Other	(1)	(1)	(3)	—
<b>Total recoveries</b>	<b>\$ (2)</b>	<b>\$ (4)</b>	<b>\$ (11)</b>	<b>\$ (10)</b>
<b>Net charge-offs (recoveries)</b>	<b>\$ 24</b>	<b>\$ (1)</b>	<b>\$ 23</b>	<b>\$ (5)</b>

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

<i>(dollars in millions)</i>	Nine Months Ended,	
	September 30, 2023	September 30, 2022
<b>Multi-family</b>		
Net charge-offs (recoveries) during the period	\$ 2	\$ 1
Average amount outstanding	\$ 37,908	\$ 35,825
Net charge-offs (recoveries) as a percentage of average loans	0.01 %	— %
<b>Commercial real estate</b>		
Net charge-offs (recoveries) during the period	\$ 14	\$ —
Average amount outstanding	\$ 9,950	\$ 6,673
Net charge-offs (recoveries) as a percentage of average loans	0.14 %	— %
<b>One-to-Four Family first mortgage</b>		
Net charge-offs (recoveries) during the period	\$ 3	\$ —
Average amount outstanding	\$ 5,901	\$ 139
Net charge-offs (recoveries) as a percentage of average loans	0.05 %	— %
<b>Acquisition, Development and Construction</b>		
Net charge-offs (recoveries) during the period	\$ —	\$ —
Average amount outstanding	\$ 2,403	\$ 217
Net charge-offs (recoveries) as a percentage of average loans	— %	— %
<b>Commercial and Industrial Loans</b>		
Net charge-offs (recoveries) during the period	\$ (2)	\$ (6)
Average amount outstanding	\$ 20,218	\$ 4,298
Net charge-offs (recoveries) as a percentage of average loans	-0.01 %	(0.14)%
<b>Other Loans</b>		
Net charge-offs (recoveries) during the period	\$ 6	\$ —
Average amount outstanding	\$ 4,189	\$ 6
Net charge-offs (recoveries) as a percentage of average loans	0.14 %	— %
<b>Total loans</b>		
Net charge-offs (recoveries) during the period	\$ 23	\$ (5)
Average amount outstanding	\$ 80,569	\$ 47,158
Net charge-offs (recoveries) as a percentage of average loans	0.03 %	(0.01)%

### **Securities**

Total securities were \$8.7 billion, or 8 percent, of total assets at September 30, 2023, compared to \$9.1 billion, or 10 percent of total assets at December 31, 2022. At September 30, 2023 and December 31, 2022, all of our securities were designated as “Available-for-Sale”. At September 30, 2023, 15 percent of our portfolio are floating rate securities.

As of September 30, 2023, the net unrealized loss on securities available for sale, net of tax, was \$863 million as compared to \$626 million at December 31, 2022, reflecting the rising interest rate environment.

At September 30, 2023, available-for-sale securities had an estimated weighted average life of six years. Included in the quarter-end amount were mortgage-related securities of \$5.7 billion and other debt securities of \$3.0 billion.

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

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

	Mortgage-Related Securities	U.S. Government and GSE Obligations	State, County, and Municipal	Other Debt Securities <sup>(2)</sup>
Available-for-Sale Debt Securities: <sup>(1)</sup>				
Due within one year	2.71 %	4.32 %	— %	— %
Due from one to five years	3.34	5.44	—	6.62
Due from five to ten years	2.77	1.56	3.16	5.04
Due after ten years	4.06	1.09	—	5.73
Total debt securities available for sale	3.97	2.39	3.16	5.83

(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 September 30, 2023 the Company had \$578 million and \$329 million of FHLB-NY stock, at cost, and FHLB-Indianapolis stock, at cost, respectively. At December 31, 2022, the Company had \$762 million and \$329 million of FHLB-NY stock, at cost and FHLB-Indianapolis stock, at cost, respectively. The Company maintains an investment in FHLB-NY stock and, as a result of the Flagstar acquisition, FHLB-Indianapolis stock, partly in conjunction with its membership in the FHLB and partly related to its access to the FHLB funding it utilizes. In addition, the Company had Federal Reserve Bank stock, at cost, of \$203 million and \$176 million at September 30, 2023 and December 31, 2022, respectively.

### ***Bank-Owned Life Insurance***

BOLI is recorded at the total cash surrender value of the policies in the Consolidated Statements of Condition, and the income generated by the increase in the cash surrender value of the policies is recorded in “Non-interest income” in the Consolidated Statements of Income and Comprehensive Income. Reflecting an increase in the cash surrender value of the underlying policies, our investment in BOLI at September 30, 2023 rose \$15 million to \$1.6 billion compared to December 31, 2022.

### ***Goodwill***

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

### **Sources of Funds**

The Parent Company has three 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; and funding raised through the issuance of debt instruments.

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

## Deposits

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

Depending on their availability and pricing relative to other funding sources, we also include brokered deposits in our deposit mix. Brokered deposits accounted for \$8.1 billion of our deposits at September 30, 2023, compared to \$5.1 billion at December 31, 2022. Brokered money market accounts represented \$2.3 billion of total brokered deposits at September 30, 2023 and \$2.8 billion at December 31, 2022; brokered interest-bearing checking accounts represented \$0.7 billion and \$1.0 billion, respectively. At September 30, 2023, we had \$5.1 billion of brokered CDs, compared to \$1.3 billion at December 31, 2022.

Our uninsured deposits are the portion of deposit accounts that exceed the FDIC insurance limit (currently \$250,000). These amounts were estimated based on the same methodologies and assumptions used for regulatory reporting purposes and excludes internal accounts. At September 30, 2023 our deposit base includes \$31.3 billion of uninsured deposits a net increase of \$14.8 billion as compared to December 31, 2022 due to the Signature Transaction. This represents 38 percent of our total deposits.

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

<i>(in millions)</i>	September 30, 2023	December 31, 2022
Portion of U.S. time deposits in excess of insurance limit	\$ 4,893	\$ 3,749
Time deposits otherwise uninsured with a maturity of:		
3 months or less	1,733	969
Over 3 months through 6 months	1,032	604
Over 6 months through 12 months	1,624	1,269
Over 12 months	504	907
Total time deposits otherwise uninsured	\$ 4,893	\$ 3,749

## Borrowed Funds

The majority of our borrowed funds are wholesale borrowings (FHLB-NY and FHLB-Indianapolis advances) and, to a lesser extent, junior subordinated debentures and subordinated notes. At September 30, 2023, total borrowed funds decreased \$6.7 billion to \$14.6 billion compared to the balance at December 31, 2022 primarily driven by the paydown of wholesale borrowings with cash received in the Signature Transaction.

### Wholesale Borrowings

Wholesale borrowings at September 30, 2023 were \$13.6 billion compared to \$20.3 billion at December 31, 2022.

FHLB-NY and FHLB-Indianapolis advances accounted for \$13.0 billion and \$20.3 billion at September 30, 2023 and December 31, 2022, respectively. Pursuant to blanket collateral agreements with the Bank, our FHLB-NY, FHLB-Indianapolis advances and overnight advances are secured by pledges of certain eligible collateral in the form of loans and securities. At September 30, 2023 and December 31, 2022, \$3.2 billion and \$6.8 billion of our wholesale borrowings had callable features, respectively.

We had \$547 million of federal funds outstanding at September 30, 2023. At December 31, 2022, there were no federal funds outstanding.

### Junior Subordinated Debentures

Junior subordinated debentures totaled \$578 million at September 30, 2023 compared to \$575 million at December 31, 2022.

### *Subordinated Notes*

At September 30, 2023, the balance of subordinated notes was \$437 million, including \$135 million assumed from the Flagstar acquisition, as compared to \$432 million at December 31, 2022.

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

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

#### ***Liquidity***

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

We monitor our liquidity daily to ensure that sufficient funds are available to meet our financial obligations. Our most liquid assets are cash and cash equivalents, which totaled \$6.9 billion and \$2.0 billion, at September 30, 2023 and December 31, 2022, respectively. The \$4.9 billion increase in cash and cash equivalents includes custodial deposits related to the Signature Transaction.

At September 30, 2023, our total ready liquidity (cash and cash equivalents, unpledged securities, and FHLB borrowing capacity), was \$31.2 billion, approximately matching the balance of our uninsured deposits.

Additional liquidity stems from deposits and from our use of wholesale funding sources, including wholesale borrowings and brokered deposits. In addition, we have access to the Bank’s approved lines of credit with various counterparties, including the FHLB-NY. The availability of these wholesale funding sources is generally based on the amount of mortgage loan collateral available under a blanket lien we have pledged to the respective institutions and, to a lesser extent, the amount of available securities that may be pledged to collateralize our borrowings. At September 30, 2023 our available borrowing capacity with the FHLB-NY was \$16.9 billion. In addition, the Bank had available-for-sale securities of \$8.7 billion, of which, \$7.4 billion is unpledged.

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

CDs due to mature or reprice in one year or less from September 30, 2023 totaled \$15.7 billion, representing 90 percent of total CDs at that date. Our ability to attract and retain retail deposits, including CDs, depends on numerous factors, including, among others, the convenience of our branches and our other banking channels; our customers’ satisfaction with the service they receive; the rates of interest we offer; the types of products we feature; and the attractiveness of their terms.

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

The Parent Company is a separate legal entity from the Bank and must provide for its own liquidity. At September 30, 2023 the Parent Company held cash and cash equivalents of \$160 million. In addition to operating expenses and any share repurchases, the Parent Company is responsible for paying any dividends declared to our common and preferred stockholders. As a Delaware corporation, the Parent Company is able to pay dividends either from surplus or, in case there is no surplus, from net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

Various legal restrictions limit the extent to which the Company’s subsidiary bank can supply funds to the Parent Company and its non-bank subsidiaries. The Bank would require the approval of the OCC if the dividends it declares in any calendar year were to exceed the total of its respective net profits for that year combined with its respective retained net profits for the preceding two calendar years, less any required transfer to paid-in capital. The term “net profits” is defined as net income for a given period less any dividends paid during that period. As a result of our acquisition of Flagstar, we are also required to seek regulatory approval from the OCC for the payment of any dividend to the Parent Company through at least the period ending November 1, 2024. In connection with receiving regulatory approval from the OCC for the Signature

Transaction, the Bank has committed that (i) for a period of two years from the date of the Signature Transaction, it will not declare or pay any dividend without receiving a prior written determination of no supervisory objection from the OCC and (ii) it will not declare or pay dividends on the amount of retained earnings that represents any net bargain purchase gain that is subject to a conditional period that may be imposed by the OCC. In the nine months ended September 30, 2023, dividends of \$430 million were paid by the Bank to the Parent Company. At September 30, 2023, the Bank had \$555 million available for additional dividends, excluding bargain purchase gain from retained earnings.

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

### ***Contractual Obligations and Commitments***

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

For example, we offer CDs with contractual terms to our customers, and borrow funds under contract from the FHLB-NY. These contractual obligations are reflected in the Consolidated Statements of Condition under “Deposits” and “Borrowed funds,” respectively. At September 30, 2023, we had CDs of \$17.3 billion and long-term debt (defined as borrowed funds with an original maturity one year or more) of \$7.7 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 \$456 million at September 30, 2023 an increase of \$334 million compared to \$122 million at December 31, 2022 driven by the Signature Transaction.

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

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

<i>(in millions)</i>	September 30, 2023	December 31, 2022
Multi-family and commercial real estate	\$ 85	\$ 216
One-to-four family including interest rate locks	2,054	2,066
Acquisition, development, and construction	4,076	3,539
Warehouse loan commitments	6,489	8,042
Other loan commitments	11,690	7,964
Total loan commitments	\$ 24,394	\$ 21,827
Commercial, performance stand-by, and financial stand-by letters of credit	578	541
Total commitments	\$ 24,972	\$ 22,368

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

Based upon our current liquidity position, and ready liquidity of \$31.2 billion, we expect that our funding will be sufficient to fulfill these cash obligations and commitments when they are due both in the short term and long term.

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

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

### Regulatory Capital

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

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

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

September 30, 2023 (dollars in millions)	Risk-Based Capital							
	Common Equity Tier 1		Tier 1		Total		Leverage Capital	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	\$ 8,382	9.59 %	\$ 8,885	10.17 %	\$ 10,462	11.97 %	\$ 8,885	7.92 %
Minimum for capital adequacy purposes	3,932	4.50	5,242	6.00	6,990	8.00	4,487	4.00
Excess	\$ 4,450	5.09 %	\$ 3,643	4.17 %	\$ 3,472	3.97 %	\$ 4,398	3.92 %
<b>December 31, 2022</b>								
Total capital	\$ 6,335	9.06 %	\$ 6,838	9.78 %	\$ 8,154	11.66 %	\$ 6,838	9.70 %
Minimum for capital adequacy purposes	3,146	4.50	4,195	6.00	5,593	8.00	2,819	4.00
Excess	\$ 3,189	4.56 %	\$ 2,643	3.78 %	\$ 2,561	3.66 %	\$ 4,019	5.70 %

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

September 30, 2023 (dollars in millions)	Risk-Based Capital							
	Common Equity Tier 1		Tier 1		Total		Leverage Capital	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital	\$ 9,690	11.10 %	\$ 9,690	11.10 %	\$ 10,274	11.77 %	\$ 9,690	8.64 %
Minimum for capital adequacy purposes	3,929	4.50	5,239	6.00	6,985	8.00	4,484	4.00
Excess	\$ 5,761	6.60 %	\$ 4,451	5.10 %	\$ 3,289	3.77 %	\$ 5,206	4.64 %
<b>December 31, 2022</b>								
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 September 30, 2023, our total risk-based capital ratio exceeded the minimum requirement for capital adequacy purposes by 397 basis points and the fully phased-in capital conservation buffer by 147 basis points.

The Bank also exceeded the minimum capital requirements to be categorized as “Well Capitalized.” To be categorized as well capitalized, a bank must maintain a minimum common equity tier 1 ratio of 6.50 percent; a minimum tier 1 risk-based capital ratio of 8 percent; a minimum total risk-based capital ratio of 10 percent; and a minimum leverage capital ratio of 5 percent.

### ***Other Recent Developments***

In May 2023, the FDIC proposed a special deposit insurance assessment on banking organizations with greater than \$5 billion in assets to recover the costs associated with bank failures that have occurred since March 2023. As proposed, the special assessment would be collected by the FDIC over an anticipated total of eight quarterly assessments beginning with the first quarter of 2024. The comment period for the proposed rule has ended and the final rule is expected to be issued later in 2023. While the ultimate impact of the special assessment will be dependent on the final rule, the Company has estimated that its special assessment under the provisions of the proposed rule would be approximately \$36 million, which is expected to be recognized in earnings upon issuance of the final rule. The Company continues to monitor regulatory changes related to these developments which have also increased regulatory and market focus on the liquidity, asset-liability management and unrealized securities losses of banks.

On July 27, 2023, the Federal Banking Agencies, the FDIC, the Federal Reserve, and the OCC, released a notice of proposed rulemaking that would make significant amendments to the Basel III Capital Rules applicable to both the Company and the Bank. In general, the proposed rule would align the regulatory capital calculation methodology for Category III and IV banking organizations with the methodology applicable to Category I and II banking organizations. In addition to calculating risk-weighted assets under the current U.S. standardized approach, the proposal introduces a new “Expanded Risk-Based Approach,” including standardized approaches for credit risk, operational risk and credit valuation adjustment risk, as well as a new approach for market risk that would be based upon internal models and standardized supervisory models. If adopted as proposed, the Company would be required to calculate its risk-based capital ratios under both the current U.S. standardized approach and the Expanded Risk-Based Approach and would be subject to the lower of the two resulting ratios for each risk-based capital ratio. In addition, the proposal would require banking organizations to recognize most elements of AOCI in regulatory capital, including unrealized gains and losses on available-for-sale securities, and lower thresholds for deductions from CET1 capital for mortgage servicing assets and deferred tax assets, among other things. The proposal, if enacted, would have an effective date of July 1, 2025, with certain elements, such as the recognition of AOCI in regulatory capital and changes in risk-weighted assets calculated under the Expanded Risk-Based Approach, having a three-year phase-in period. We are in the process of evaluating this proposed rulemaking and assessing its potential impact on the Company and the Bank if adopted as proposed.

### **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) Continue to increase the Investments portfolio with an overall shorter duration profile; (2) The use of derivatives to manage our interest rate position; (3) Increased the focus on retaining and increasing our branch deposits base.

### ***Uninsured Deposits***

We manage our liquidity to ensure that our cash flows are sufficient to support our operations, and to compensate for any temporary mismatches between sources and uses of funds caused by variable loan and deposit demand. As a result, we have \$31.2 billion of total ready liquidity (cash and cash equivalents, unpledged securities, and FHLB borrowing capacity), approximately matching the balance of our uninsured deposits. Our uninsured deposits are the portion of deposit accounts that exceed the FDIC insurance limit (currently \$250,000). These amounts were estimated based on the same methodologies and assumptions used for regulatory reporting purposes and excludes internal accounts. At September 30, 2023 our deposit base includes \$31.3 billion of uninsured deposits, reflecting a net increase of \$14.8 billion as compared to December 31, 2022 due to the Signature Transaction. This represents 38 percent of our total deposits.

## Interest Rate Sensitivity Analysis

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

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

Change in Interest Rates (in basis points)	Estimated Percentage Change in Economic Value of Equity
-200 over one year	1.8%
-100 over one year	0.9%
+100 over one year	(1.4)%
+200 over one year	(3.1)%

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

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

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

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

Change in Interest Rates (in basis points) <sup>(1)</sup>	Estimated Percentage Change in Future Net Interest Income
-200 over one year	(3.0)%
-100 over one year	(2.0)%
+100 over one year	2.2%
+200 over one year	4.4%

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

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

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

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

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

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

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

In connection with our net interest income simulation modeling, we also evaluate the impact of changes in the slope of the yield curve. At September 30, 2023, our analysis indicated that a further inversion of the yield curve would be expected to result in a 0.9 decrease in net interest income; conversely, an immediate steepening of the yield curve would be expected to result in a 1.6 percent increase in net interest income.

### **Critical Accounting Estimates**

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

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

### **Signature Transaction - Certain Financial Information**

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

**Reportable Segment and Reporting Units**

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

**ITEM 1. FINANCIAL STATEMENTS**

**New York Community Bancorp, Inc.**  
**Consolidated Statements of Condition**

<i>(in millions, except per share data)</i>	September 30, 2023 (unaudited)	December 31, 2022
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 6,929	\$ 2,032
Securities:		
Debt Securities available-for-sale (\$1,380 and \$434 pledged at September 30, 2023 and December 31, 2022, respectively)	8,723	9,060
Equity investments with readily determinable fair values, at fair value	13	14
Total securities	8,736	9,074
Loans held for sale (\$1,325 and \$1,115 measured at fair value, respectively)	1,926	1,115
Loans and leases held for investment, net of deferred loan fees and costs	83,995	69,001
Less: Allowance for credit losses on loans and leases	(619)	(393)
Total loans and leases held for investment, net	83,376	68,608
Federal Home Loan Bank stock and Federal Reserve Bank stock, at cost	1,110	1,267
Premises and equipment, net	638	491
Core deposit and other intangibles	661	287
Goodwill	2,426	2,426
Mortgage servicing rights	1,135	1,033
Bank-owned life insurance	1,576	1,561
Other assets	2,717	2,250
<b>Total assets</b>	<b>\$ 111,230</b>	<b>\$ 90,144</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Deposits:		
Interest-bearing checking and money market accounts	\$ 31,087	\$ 22,511
Savings accounts	9,415	11,645
Certificates of deposit	17,310	12,510
Non-interest-bearing accounts	24,863	12,055
Total deposits	82,675	58,721
Borrowed funds:		
Federal Home Loan Bank advances	13,023	20,325
Fed funds purchased	547	—
Total wholesale borrowings	13,570	20,325
Junior subordinated debentures	578	575
Subordinated notes	437	432
Total borrowed funds	14,585	21,332
Other liabilities	2,977	1,267
Total liabilities	100,237	81,320
Stockholders' equity:		
Preferred stock at par \$0.01 (5,000,000 shares authorized): Series A (515,000 shares issued and outstanding)	503	503
Common stock at par \$0.01 (900,000,000 shares authorized; 744,520,822 and 705,429,386 shares issued; and 722,485,257 and 681,217,334 shares outstanding, respectively)	7	7
Paid-in capital in excess of par	8,217	8,130
Retained earnings	3,278	1,041
Treasury stock, at cost (\$22,035,565 and 24,212,052 shares, respectively)	(217)	(237)
Accumulated other comprehensive loss, net of tax:		
Net unrealized loss on securities available for sale, net of tax of \$324 and \$240, respectively	(863)	(626)
Net unrealized loss on pension and post-retirement obligations, net of tax of \$17 and \$18, respectively	(42)	(46)
Net unrealized gain on cash flow hedges, net of tax of \$(41) and \$(20), respectively	110	52
Total accumulated other comprehensive loss, net of tax	(795)	(620)
Total stockholders' equity	10,993	8,824
<b>Total liabilities and stockholders' equity</b>	<b>\$ 111,230</b>	<b>\$ 90,144</b>

See accompanying notes to the consolidated financial statements.

**New York Community Bancorp, Inc.**  
**Consolidated Statements of Income and Comprehensive Income**  
(unaudited)

<i>(in millions, except per share data)</i>	Three Months Ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>INTEREST INCOME:</b>				
Loans and leases	\$ 1,251	\$ 442	\$ 3,279	\$ 1,259
Securities and money market investments	261	67	765	152
Total interest income	1,512	509	4,044	1,411
<b>INTEREST EXPENSE:</b>				
Interest-bearing checking and money market accounts	268	72	657	104
Savings accounts	43	15	122	33
Certificates of deposit	180	23	436	46
Borrowed funds	139	73	492	211
Total interest expense	630	183	1,707	394
Net interest income	882	326	2,337	1,017
Provision for (recovery of) credit losses	62	2	281	9
Net interest income after provision for credit loan losses	820	324	2,056	1,008
<b>NON-INTEREST INCOME:</b>				
Fee income	58	5	133	17
Bank-owned life insurance	11	10	32	24
Net (loss) on securities	—	(1)	(1)	(2)
Net return on mortgage servicing rights	23	—	70	—
Net gain on loan sales and securitizations	28	—	73	—
Net Loan administration income	19	—	65	—
Bargain purchase gain	—	—	2,142	—
Other	21	3	46	10
Total non-interest income	160	17	2,560	49
<b>NON-INTEREST EXPENSE:</b>				
<b>Operating expenses:</b>				
Compensation and benefits	346	79	854	238
Occupancy and equipment	55	22	142	67
General and administrative	184	31	496	95
Total operating expense	585	132	1,492	400
Intangible asset amortization	36	—	90	—
Merger-related and restructuring expenses	91	4	267	15
Total non-interest expense	712	136	1,849	415
Income before income taxes	268	205	2,767	642
Income tax expense	61	53	141	164
Net income	\$ 207	\$ 152	\$ 2,626	\$ 478
Preferred stock dividends	8	8	25	25
Net income available to common stockholders	\$ 199	\$ 144	\$ 2,601	\$ 453
Basic earnings per common share	\$ 0.27	\$ 0.31	\$ 3.62	\$ 0.96
Diluted earnings per common share	\$ 0.27	\$ 0.30	\$ 3.61	\$ 0.96
Net income	\$ 207	\$ 152	\$ 2,626	\$ 478
<b>Other comprehensive loss, net of tax:</b>				
Change in net unrealized loss on securities available for sale, net of tax of \$69; \$67; \$84 and \$217, respectively	(195)	(176)	(237)	(567)
Change in pension and post-retirement obligations, net of tax of \$—; \$—; \$(1) and \$—, respectively	—	—	2	(1)
Change in net unrealized gain on cash flow hedges, net of tax of \$(17); \$(11); \$(26) and \$(18), respectively	47	28	72	46
Reclassification adjustment for defined benefit pension plan, net of tax of \$—; \$—; \$— and \$—, respectively	1	1	2	2
Reclassification adjustment for net (loss) gain on cash flow hedges included in net income, net of tax \$2; \$1; \$5 and \$(1), respectively	(6)	(2)	(14)	3
Total other comprehensive loss, net of tax	(153)	(149)	(175)	(517)
Total comprehensive income (loss), net of tax	\$ 54	\$ 3	\$ 2,451	\$ (39)

See accompanying notes to the consolidated financial statements.

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

<i>(in millions, except share data)</i>	Shares Outstanding	Preferred Stock (Par Value: \$0.01)	Common Stock (Par Value: \$0.01)	Paid-in Capital in excess of Par	Retained Earnings	Treasury Stock, at Cost	Accumulated Other Comprehensive Loss, Net of Tax	Total Stockholders' Equity
<b>Three Months Ended September 30, 2023</b>								
Balance at June 30, 2023	722,475,755	\$ 503	\$ 7	\$ 8,204	\$ 3,205	\$ (217)	\$ (642)	\$ 11,060
Shares issued for restricted stock, net of forfeitures	43,458	—	—	—	—	—	—	—
Compensation expense related to restricted stock awards	0	—	—	13	—	—	—	13
Net income	0	—	—	—	207	—	—	207
Dividends paid on common stock (\$0.17)	0	—	—	—	(125)	—	—	(125)
Dividends paid on preferred stock (\$15.94)	0	—	—	—	(9)	—	—	(9)
Purchase of common stock	(33,956)	—	—	—	—	—	—	—
Other comprehensive loss, net of tax	0	—	—	—	—	—	(153)	(153)
Balance at September 30, 2023	<u>722,485,257</u>	<u>\$ 503</u>	<u>\$ 7</u>	<u>\$ 8,217</u>	<u>\$ 3,278</u>	<u>\$ (217)</u>	<u>\$ (795)</u>	<u>\$ 10,993</u>
<b>Three Months Ended September 30, 2022</b>								
Balance at June 30, 2022	466,243,078	\$ 503	\$ 5	\$ 6,114	\$ 893	\$ (238)	\$ (453)	\$ 6,824
Shares issued for restricted stock, net of forfeitures	—	—	—	—	—	—	—	—
Compensation expense related to restricted stock awards	—	—	—	7	—	—	—	7
Net income	—	—	—	—	152	—	—	152
Dividends paid on common stock (\$0.17)	—	—	—	—	(80)	—	—	(80)
Dividends paid on preferred stock (\$15.94)	—	—	—	—	(8)	—	—	(8)
Purchase of common stock	(107,022)	—	—	—	—	—	—	—
Other comprehensive loss, net of tax	—	—	—	—	—	—	(149)	(149)
Balance at September 30, 2022	<u>466,136,056</u>	<u>\$ 503</u>	<u>\$ 5</u>	<u>\$ 6,121</u>	<u>\$ 957</u>	<u>\$ (238)</u>	<u>\$ (602)</u>	<u>\$ 6,746</u>

See accompanying notes to the consolidated financial statements.

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

*(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
<b>Nine Months Ended September 30, 2023</b>								
Balance at December 31, 2022	681,217,334	\$ 503	\$ 7	\$ 8,130	\$ 1,041	\$ (237)	\$ (620)	\$ 8,824
Issuance and exercise of FDIC Equity appreciation instrument	39,032,006	—	—	85	—	—	—	85
Shares issued for restricted stock, net of forfeitures	3,436,504	—	—	(31)	—	31	—	—
Compensation expense related to restricted stock awards	—	—	—	33	—	—	—	33
Net income	—	—	—	—	2,626	—	—	2,626
Dividends paid on common stock (\$0.51)	—	—	—	—	(364)	—	—	(364)
Dividends paid on preferred stock (\$47.82)	—	—	—	—	(25)	—	—	(25)
Purchase of common stock	(1,200,587)	—	—	—	—	(11)	—	(11)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(175)	(175)
Balance at September 30, 2023	<u>722,485,257</u>	<u>\$ 503</u>	<u>\$ 7</u>	<u>\$ 8,217</u>	<u>\$ 3,278</u>	<u>\$ (217)</u>	<u>\$ (795)</u>	<u>\$ 10,993</u>
<b>Nine Months Ended September 30, 2022</b>								
Balance at December 31, 2021	465,015,643	\$ 503	\$ 5	\$ 6,126	\$ 741	\$ (246)	\$ (85)	\$ 7,044
Shares issued for restricted stock, net of forfeitures	2,939,365	—	—	(27)	—	27	—	—
Compensation expense related to restricted stock awards	—	—	—	22	—	—	—	22
Net income	—	—	—	—	478	—	—	478
Dividends paid on common stock (\$0.51)	—	—	—	—	(237)	—	—	(237)
Dividends paid on preferred stock (\$47.82)	—	—	—	—	(25)	—	—	(25)
Purchase of common stock	(1,818,952)	—	—	—	—	(19)	—	(19)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(517)	(517)
Balance at September 30, 2022	<u>466,136,056</u>	<u>\$ 503</u>	<u>\$ 5</u>	<u>\$ 6,121</u>	<u>\$ 957</u>	<u>\$ (238)</u>	<u>\$ (602)</u>	<u>\$ 6,746</u>

*See accompanying notes to the consolidated financial statements.*

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

<i>(in millions)</i>	For the Nine Months Ended September 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 2,626	\$ 478
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Provision for loan losses	281	9
Amortization of intangibles	90	—
Depreciation	29	13
Amortization of discounts and premiums, net	(221)	(8)
Net (gain) loss on securities	1	2
Net (gain) loss on sales of loans	(73)	—
Net gain on sales of fixed assets	—	(2)
Gain on business acquisition	(2,142)	—
Stock-based compensation	33	22
Deferred tax expense	(32)	—
Changes in operating assets and liabilities:		
Decrease (increase) in other assets	(135)	65
(Decrease) increase in other liabilities	(358)	51
Purchases of securities held for trading	(10)	(75)
Proceeds from sales of securities held for trading	10	75
Change in loans held for sale, net	(615)	—
Net cash (used in) provided by operating activities	(516)	631
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from repayment of securities available for sale	1,254	571
Proceeds from sales of securities available for sale	1,341	—
Purchase of securities available for sale	(2,346)	(2,190)
Redemption of Federal Home Loan Bank stock	1,069	311
Purchases of Federal Home Loan Bank and Federal Reserve Bank stock	(912)	(207)
Proceeds from bank-owned life insurance, net	27	5
Purchases of loans	—	(157)
Net Proceeds from sales of MSR's	50	—
Other changes in loans, net	(3,077)	(3,084)
(Purchases) dispositions of premises and equipment, net	(42)	9
Cash acquired in business acquisition	25,043	—
Net cash provided by (used in) investing activities	22,407	(4,742)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net (decrease) increase in deposits	(9,641)	6,646
Net decrease in short-term borrowed funds	(705)	115
Proceeds from long-term borrowed funds	3,675	6,930
Repayments of long-term borrowed funds	(9,725)	(9,810)
Net receipt of payments of loans serviced for others	(48)	—
Cash dividends paid on common stock	(364)	(237)
Cash dividends paid on preferred stock	(25)	(25)
Treasury stock repurchased	—	(7)
Payments relating to treasury shares received for restricted stock award tax payments	(11)	(12)
Net cash (used in) provided by financing activities	(16,844)	3,600
Net increase in cash, cash equivalents, and restricted cash <sup>(1)</sup>	5,047	(511)
Cash, cash equivalents, and restricted cash at beginning of year <sup>(1)</sup>	2,082	2,211
Cash, cash equivalents, and restricted cash at end of year <sup>(1)</sup>	\$ 7,129	\$ 1,700
Supplemental information:		

Cash paid for interest	\$	1,656	\$	399
Cash paid for income taxes		32		13
Non-cash investing and financing activities:				
Transfers to repossessed assets from loans	\$	4	\$	—
Securitization of loans to mortgage-backed securities available for sale		109		157
Shares issued for restricted stock awards		31		27
Business Combination:				
Fair value of tangible assets acquired		37,526		—
Intangible assets		464		—
Liabilities assumed		35,763		—
Issuance of FDIC Equity appreciation instrument		85		—

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

*See accompanying notes to the consolidated financial statements.*

**New York Community Bancorp, Inc.**  
**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 and the Signature Transaction which closed on March 20, 2023.

Flagstar Bank, N.A. currently operates 436 branches across nine states, including strong footholds in the Northeast and Midwest and exposure to markets in the Southeast and West Coast. Flagstar Mortgage operates nationally through a wholesale network of approximately 3,000 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 are used in connection with the determination of the allowance for credit losses, mortgage servicing rights, the Flagstar acquisition and the Signature Transaction.

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

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

**Loans**

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

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

### Adoption of New Accounting Standards

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

### Note 2 - Computation of Earnings per Common Share

#### Earnings per Common Share (Basic and Diluted)

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

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

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

<i>(in millions, except share and per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income available to common stockholders	\$ 199	\$ 144	\$ 2,601	\$ 453
Less: Dividends paid on and earnings allocated to participating securities	(2)	(2)	(27)	(6)
Earnings applicable to common stock	\$ 197	\$ 142	\$ 2,574	\$ 447
Weighted average common shares outstanding	722,486,509	465,115,180	710,684,522	465,354,754
Basic earnings per common share	\$ 0.27	\$ 0.31	\$ 3.62	\$ 0.96
Earnings applicable to common stock	\$ 197	\$ 142	\$ 2,574	\$ 447
Weighted average common shares outstanding	722,486,509	465,115,180	710,684,522	465,354,754
Potential dilutive common shares	2,426,381	979,177	1,753,527	926,184
Total shares for diluted earnings per common share computation	724,912,890	466,094,357	712,438,049	466,280,938
Diluted earnings per common share and common share equivalents	\$ 0.27	\$ 0.30	\$ 3.61	\$ 0.96

### Note 3 - Business Combinations

#### Signature Bridge Bank

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

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

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

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

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

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

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

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

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

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

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

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

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

<i>(in millions)</i>	As Initially Reported	Measurement Period Adjustments	As Adjusted
<b>Purchase Price consideration</b>	\$ 85	\$ —	\$ 85
<b>Fair value of assets acquired:</b>			
Cash & cash equivalents	25,043	—	25,043
Loans held for sale	232	—	232
Loans held for investment:			
Commercial and industrial	10,102	(214)	9,888
Commercial real estate	1,942	(262)	1,680
Consumer and other	174	(1)	173
Total loans held for investment	12,218	(477)	11,741
CDI and other intangible assets	464	—	464
Other assets	679	(169)	510
Total assets acquired	38,636	(646)	37,990
<b>Fair value of liabilities assumed:</b>			
Deposits	33,568	—	33,568
Other liabilities	2,982	(787)	2,195
Total liabilities assumed	36,550	(787)	35,763
Fair value of net identifiable assets	2,086	141	2,227
Bargain purchase gain	\$ 2,001	\$ 141	\$ 2,142

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

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

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

#### ***Cash and Cash Equivalents***

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

#### ***Loans and leases***

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

### Deposit Liabilities

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

### Core Deposit Intangible

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

### PCD loans

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

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

### Unaudited Pro Forma Information – Signature Transaction

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

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

### **Flagstar Bank**

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

#### Note 4 - Accumulated Other Comprehensive Income

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

<i>(in millions)</i>	For the Nine Months Ended September 30, 2023	
Details about Accumulated Other Comprehensive Loss	Amount Reclassified out of Accumulated Other Comprehensive Loss <sup>(1)</sup>	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:	\$	19
		Interest expense
		(5)
		Income tax benefit
	\$	14
		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 <sup>(2)</sup>
Actuarial losses		(2)
		Included in the computation of net periodic cost <sup>(2)</sup>
		(2)
		Total before tax
		—
		Income tax benefit
	\$	(2)
		Amortization of defined benefit pension plan items, net of tax
Total reclassifications for the period	\$	12

(1) Amounts in parentheses indicate expense items.

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

## Note 5 - Investment Securities

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

<i>(in millions)</i>	September 30, 2023			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Debt securities available-for-sale				
Mortgage-Related Debt Securities:				
GSE certificates	\$ 1,378	\$ —	\$ 214	\$ 1,164
GSE CMOs	4,883	—	532	4,351
Private Label CMOs	177	—	3	174
Total mortgage-related debt securities	\$ 6,438	\$ —	\$ 749	\$ 5,689
Other Debt Securities:				
U. S. Treasury obligations	\$ 195	\$ —	\$ —	\$ 195
GSE debentures	2,041	1	383	1,659
Asset-backed securities <sup>(1)</sup>	319	—	6	313
Municipal bonds	7	—	1	6
Corporate bonds	769	3	35	737
Foreign notes	35	—	2	33
Capital trust notes	97	5	11	91
Total other debt securities	\$ 3,463	\$ 9	\$ 438	\$ 3,034
Total debt securities available for sale	\$ 9,901	\$ 9	\$ 1,187	\$ 8,723
Equity securities:				
Mutual funds	\$ 16	\$ —	\$ 3	\$ 13
Total equity securities	\$ 16	\$ —	\$ 3	\$ 13
Total securities <sup>(2)</sup>	\$ 9,917	\$ 9	\$ 1,190	\$ 8,736

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

(2) Excludes accrued interest receivable of \$39 million included in other assets in the Consolidated Statements of Condition.

<i>(in millions)</i>	December 31, 2022			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
<b>Debt securities available-for-sale</b>				
<b>Mortgage-Related Debt Securities:</b>				
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
<b>Other Debt Securities:</b>				
U. S. Treasury obligations	\$ 1,491	\$ —	\$ 4	\$ 1,487
GSE debentures	1,749	—	351	1,398
Asset-backed securities <sup>(1)</sup>	375	—	14	361
Municipal bonds	30	—	—	30
Corporate bonds	913	2	30	885
Foreign Notes	20	—	—	20
Capital trust notes	97	5	12	90
Total other debt securities	\$ 4,675	\$ 7	\$ 411	\$ 4,271
Total other securities available for sale	\$ 9,917	\$ 14	\$ 871	\$ 9,060
<b>Equity securities:</b>				
Mutual funds	\$ 16	\$ —	\$ 2	\$ 14
Total equity securities	\$ 16	\$ —	\$ 2	\$ 14
Total securities <sup>(2)</sup>	\$ 9,933	\$ 14	\$ 873	\$ 9,074

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

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

At September 30, 2023, the Company had \$578 million and \$329 million of FHLB-NY stock, at cost and FHLB-Indianapolis stock, at cost, respectively. At December 31, 2022, the Company had \$762 million and \$329 million of FHLB-NY stock, at cost and FHLB-Indianapolis stock, at cost, respectively. The Company maintains an investment in FHLB-NY stock partly in conjunction with its membership in the FHLB and partly related to its access to the FHLB funding it utilizes. In addition, at September 30, 2023, the Company had \$203 million of Federal Reserve Bank stock, at cost. The Company had \$176 million of Federal Reserve Bank stock, at December 31, 2022.

There were no unrealized losses on equity securities recognized in earnings for the three months ended September 30, 2023. For the three months ended September 30, 2022 there were unrealized losses on equity securities of \$1 million recognized in earnings. For the nine months ended September 30, 2023 and 2022 there were unrealized losses on equity securities of \$1 million and \$2 million recognized in earnings, respectively.

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

<i>(in millions)</i>	Mortgage- Related Securities	U.S. Government and GSE Obligations	State, County, and Municipal	Other Debt Securities <sup>(1)</sup>	Fair Value
<b>Available-for-Sale Debt Securities:</b>					
Due within one year	\$ 20	\$ 492	\$ —	\$ —	\$ 508
Due from one to five years	179	150	—	457	776
Due from five to ten years	319	1,427	7	407	1,714
Due after ten years	5,920	167	—	356	5,725
Total debt securities available for sale	\$ 6,438	\$ 2,236	\$ 7	\$ 1,220	\$ 8,723

(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 September 30, 2023:

<i>(in millions)</i>	Less than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<b>Temporarily Impaired Securities:</b>						
U. S. Treasury obligations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
U.S. Government agency and GSE obligations	216	1	1,367	382	1,583	383
GSE certificates	341	23	823	191	1,164	214
Private Label CMOs	140	3	—	—	140	3
GSE CMOs	3,234	180	1,117	352	4,351	532
Asset-backed securities	—	—	280	6	280	6
Municipal bonds	—	—	6	1	6	1
Corporate bonds	—	—	405	35	405	35
Foreign notes	24	1	9	1	33	2
Capital trust notes	—	—	81	11	81	11
Equity securities	—	—	13	3	13	3
<b>Total temporarily impaired securities</b>	<b>\$ 3,955</b>	<b>\$ 208</b>	<b>\$ 4,101</b>	<b>\$ 982</b>	<b>\$ 8,056</b>	<b>\$ 1,190</b>

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:

<i>(in millions)</i>	Less than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<b>Temporarily Impaired Securities:</b>						
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	3	795	30
Foreign notes	20	—	—	—	20	—
Capital trust notes	46	2	34	10	80	12
Equity securities	4	—	10	2	14	2
<b>Total temporarily impaired securities</b>	<b>\$ 5,658</b>	<b>\$ 122</b>	<b>\$ 2,911</b>	<b>\$ 751</b>	<b>\$ 8,569</b>	<b>\$ 873</b>

The investment securities designated as having a continuous loss position for twelve months or more at September 30, 2023 consisted of sixty-three agency collateralized mortgage obligations, six capital trusts notes, nine asset-backed securities, thirteen corporate bonds, forty-one US government agency bonds, 302 mortgage-backed securities, one mutual fund, one municipal bond, and one foreign note. The investment securities designated as having a continuous loss position for twelve months or more at December 31, 2022 consisted of twenty-three agency collateralized mortgage obligations, five capital trusts notes, seven asset-backed securities, two corporate bonds, thirty-three US government agency bonds, 133 mortgage-backed securities, one mutual fund, and one municipal bond.

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

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

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

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

## Note 6 - Loans and Leases

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

<i>(dollars in millions)</i>	September 30, 2023		December 31, 2022	
	Amount	Percent of Loans Held for Investment	Amount	Percent of Loans Held for Investment
<b>Loans and Leases Held for Investment:</b>				
<b>Mortgage Loans:</b>				
Multi-family	\$ 37,698	44.9 %	\$ 38,130	55.3 %
Commercial real estate	10,486	12.5 %	8,526	12.4 %
One-to-four family first mortgage	5,882	7.0 %	5,821	8.4 %
Acquisition, development, and construction	2,910	3.5 %	1,996	2.8 %
<b>Total mortgage loans held for investment <sup>(1)</sup></b>	<b>\$ 56,976</b>	<b>67.9 %</b>	<b>\$ 54,473</b>	<b>78.9 %</b>
<b>Other Loans:</b>				
Commercial and industrial	21,275	25.3 %	10,597	15.4 %
Lease financing, net of unearned income of \$243 and \$85, respectively	3,148	3.7 %	1,679	2.4 %
<b>Total commercial and industrial loans <sup>(2)</sup></b>	<b>24,423</b>	<b>29.0 %</b>	<b>12,276</b>	<b>17.8 %</b>
Other	2,596	3.1 %	2,252	3.3 %
<b>Total other loans held for investment</b>	<b>27,019</b>	<b>32.1 %</b>	<b>14,528</b>	<b>21.1 %</b>
<b>Total loans and leases held for investment <sup>(1)</sup></b>	<b>\$ 83,995</b>	<b>100.0 %</b>	<b>\$ 69,001</b>	<b>100.0 %</b>
Allowance for credit losses on loans and leases	(619)		(393)	
<b>Total loans and leases held for investment, net</b>	<b>83,376</b>		<b>68,608</b>	
Loans held for sale, at fair value	1,926		1,115	
<b>Total loans and leases, net</b>	<b>\$ 85,302</b>		<b>\$ 69,723</b>	

(1) Excludes accrued interest receivable of \$405 million and \$292 million at September 30, 2023 and December 31, 2022, respectively, which is included in other assets in the Consolidated Statements of Condition.

(2) Includes specialty finance loans and leases of \$5.2 billion and \$4.4 billion at September 30, 2023 and December 31, 2022, respectively.

### Loans with Government Guarantees

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

indemnifications and insurance limits which expose us to limited credit risk. As of September 30, 2023, LGG loans totaled \$563 million and the repurchase liability was \$362 million.

Reposessed assets and the associated net claims related to government guaranteed loans are recorded in other assets and was \$12 million at September 30, 2023.

#### Loans Held-for-Sale

Loans held-for-sale at September 30, 2023 totaled \$1.9 billion, up from \$1.1 billion at December 31, 2022. The Signature Transaction contributed \$360 million in Small Business Administration ("SBA") loans to this increase. We classify loans as held for sale when we originate or purchase loans that we intend to sell. We have elected the fair value option for nearly all of this portfolio, except the SBA loans. We estimate the fair value of mortgage loans based on quoted market prices for securities backed by similar types of loans, where available, or by discounting estimated cash flows using observable inputs inclusive of interest rates, prepayment speeds and loss assumptions for similar collateral.

#### Asset Quality

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

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

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

<i>(in millions)</i>	Loans 30-89 Days Past Due	Non- Accrual Loans	Total Past Due Loans	Current Loans	Total Loans Receivable
Multi-family	\$ 60	\$ 102	\$ 162	\$ 37,536	\$ 37,698
Commercial real estate	26	157	183	10,303	10,486
One-to-four family first mortgage	19	90	109	5,773	5,882
Acquisition, development, and construction	1	1	2	2,908	2,910
Commercial and industrial <sup>(1)</sup>	43	65	108	24,315	24,423
Other	20	19	39	2,557	2,596
<b>Total</b>	<b>\$ 169</b>	<b>\$ 434</b>	<b>\$ 603</b>	<b>\$ 83,392</b>	<b>\$ 83,995</b>

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

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

<i>(in millions)</i>	Loans 30-89 Days Past Due	Non- Accrual Loans	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 <sup>(1)</sup>	2	3	5	12,271	12,276
Other	11	13	24	2,228	2,252
<b>Total</b>	<b>\$ 70</b>	<b>\$ 141</b>	<b>\$ 211</b>	<b>\$ 68,790</b>	<b>\$ 69,001</b>

(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 September 30, 2023:

<i>(in millions)</i>	Mortgage Loans					Other Loans		
	Multi- Family	Commercial Real Estate	One-to- Four Family	Acquisition, Development, and Construction	Total Mortgage Loans	Commercial and Industrial <sup>(1)</sup>	Other	Total Other Loans
Credit Quality Indicator:								
Pass <sup>(2)</sup>	\$ 36,027	\$ 9,248	\$ 5,780	\$ 2,894	\$ 53,949	\$ 24,162	\$ 2,572	\$ 26,734
Special mention	776	425	3	15	1,219	94	—	94
Substandard	895	813	99	1	1,808	160	24	184
Doubtful	—	—	—	—	—	7	—	7
Total	\$ 37,698	\$ 10,486	\$ 5,882	\$ 2,910	\$ 56,976	\$ 24,423	\$ 2,596	\$ 27,019

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

(2) Pass includes 1-6W.

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

<i>(in millions)</i>	Mortgage Loans					Other Loans		
	Multi- Family	Commercial Real Estate	One-to- Four Family	Acquisition, Development, and Construction	Total Mortgage Loans	Commercial and Industrial <sup>(1)</sup>	Other	Total Other Loans
Credit Quality Indicator:								
Pass <sup>(2)</sup>	\$ 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.

(2) Pass includes 1-6W.

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 September 30, 2023:

(in millions)	Vintage Year						Revolving Loans	Revolving Loans Converted to Term Loans	Total
	2023	2022	2021	2020	2019	Prior To 2019			
Pass <sup>(1)</sup>	\$ 2,218	\$ 13,695	\$ 10,148	\$ 9,547	\$ 5,247	\$ 11,115	\$ 1,972	\$ 7	\$ 53,949
Special Mention	2	46	26	176	211	758	—	—	1,219
Substandard	44	18	32	38	331	1,342	—	3	1,808
Doubtful	—	—	—	—	—	—	—	—	—
Total mortgage loans	\$ 2,264	\$ 13,759	\$ 10,206	\$ 9,761	\$ 5,789	\$ 13,215	\$ 1,972	\$ 10	\$ 56,976
Current-period gross writeoffs	—	—	—	—	(2)	(17)	—	—	(19)
Pass <sup>(1)</sup>	\$ 8,458	\$ 3,924	\$ 1,980	\$ 1,619	\$ 993	\$ 1,021	\$ 8,418	\$ 321	\$ 26,734
Special Mention	7	24	6	3	37	13	4	—	94
Substandard	16	28	21	16	5	46	42	10	184
Doubtful	—	—	7	—	—	—	—	—	7
Total other loans	\$ 8,481	\$ 3,976	\$ 2,014	\$ 1,638	\$ 1,035	\$ 1,080	\$ 8,464	\$ 331	\$ 27,019
Current-period gross writeoffs	\$ (6)	\$ (2)	\$ (1)	\$ (1)	\$ (2)	\$ (3)	\$ —	\$ —	\$ (15)
Total	\$ 10,745	\$ 17,735	\$ 12,220	\$ 11,399	\$ 6,824	\$ 14,295	\$ 10,436	\$ 341	\$ 83,995

(1) Pass includes 1-6W.

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 September 30, 2023:

(in millions)	Collateral Type	
	Real Property	Other
Multi-family	\$ 102	\$ —
Commercial real estate	170	—
One-to-four family first mortgage	100	—
Commercial and industrial	—	33
Other	—	—
Total collateral-dependent loans held for investment	\$ 372	\$ 33

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

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

At September 30, 2023 and December 31, 2022, the Company had \$92 million and \$121 million of residential mortgage loans in the process of foreclosure and no residential mortgage loans in the process of foreclosure, respectively.

### Modifications to Borrowers Experiencing Financial Difficulty

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

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

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

(dollars in millions)	Amortized Cost				Total	Percent of Total Loan class
	Interest Rate Reduction	Term Extension	Combination - Interest Rate Reduction & Term Extension			
<b>Three months ended September 30, 2023</b>						
Multi-family	\$ 100	\$ —	\$ —	\$ —	\$ 100	0.95 %
Commercial real estate	67	—	—	—	67	0.64 %
One-to-four family first mortgage	3	1	2	2	6	0.10 %
Commercial and Industrial	1	11	2	2	14	0.07 %
Other Consumer	—	—	1	1	1	0.04 %
<b>Total</b>	<b>\$ 171</b>	<b>\$ 12</b>	<b>\$ 5</b>	<b>\$ 5</b>	<b>\$ 188</b>	
<b>Nine months ended September 30, 2023</b>						
Multi-family	\$ 100	\$ —	\$ —	\$ —	\$ 100	0.95 %
Commercial real estate	119	—	—	—	119	1.13 %
One-to-four family first mortgage	3	4	5	5	12	0.20 %
Commercial and Industrial	1	18	2	2	21	0.09 %
Other Consumer	—	—	1	1	1	0.04 %
<b>Total</b>	<b>\$ 223</b>	<b>\$ 22</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ 253</b>	

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

	Interest Rate Reduction		Term Extension
	Weighted-average contractual interest rate		
	From	To	Weighted-average Term (in years)
<b>Three months ended September 30, 2023</b>			
Multi-family	7.73 %	6.17 %	
Commercial real estate	10.77 %	4.32 %	
One-to-four family first mortgage	— %	— %	9.9
Commercial and industrial	8.02 %	7.74 %	0.36
Other Consumer	9.28 %	4.75 %	4.8
<b>Nine months ended September 30, 2023</b>			
Multi-family	7.73 %	6.17 %	
Commercial real estate	10.48 %	4.18 %	
One-to-four family first mortgage	— %	— %	12.1
Commercial and industrial	8.02 %	7.74 %	0.46
Other Consumer	14.49 %	8.00 %	4.8

As of September 30, 2023, there were \$3 million one-to-four family first mortgages that were modified for borrowers experiencing financial difficulty that received term extension and subsequently defaulted during the period and \$5 million one-to-four family first mortgages that were combination modifications and subsequently defaulted during the period.

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

<i>(dollars in millions)</i>	September 30, 2023			
	Current	30 - 89 Past Due	90+ Past Due	Total
One-to-four family first mortgage	1	—	9	10
Commercial and industrial	21	—	—	21
Other Consumer	1	—	—	1
Total	\$ 23	\$ —	\$ 9	\$ 32

#### *Troubled Debt Restructurings Prior to Adoption of ASU 2022-02*

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

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

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

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

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

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

<i>(dollars in millions)</i>	Number of Loans	Pre- Modification Recorded Investment	Post- Modification Recorded Investment	Weighted Average Interest Rate		Charge-off Amount	Capitalized Interest
				Pre- Modification	Post- Modification		
Loan Category:							
Three Months Ended September 30, 2022							
Commercial real estate	0	\$ —	\$ —	— %	— %	\$ —	\$ —
Nine Months Ended September 30, 2022							
Commercial real estate	2	\$ 22	\$ 19	6.00 %	4.02 %	\$ 3	\$ —

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

### Allowance for Credit Losses on Loans and Leases

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

(in millions)	For the Nine Months Ended September 30,					
	2023			2022		
	Mortgage	Other	Total	Mortgage	Other	Total
Balance, beginning of period	\$ 290	\$ 103	\$ 393	\$ 178	\$ 21	\$ 199
Adjustment for Purchased PCD Loans	—	13	13	—	—	—
Charge-offs	(19)	(15)	(34)	(5)	—	(5)
Recoveries	—	11	11	4	6	10
Provision for (recovery of) credit losses on loans and leases	108	128	236	31	(17)	14
Balance, end of period	\$ 379	\$ 240	\$ 619	\$ 208	\$ 10	\$ 218

As of September 30, 2023, the allowance for credit losses on loans and leases totaled \$619 million, up \$226 million compared to December 31, 2022. The day 1 impact of the Signature Transaction that closed on March 20, 2023 added \$138 million to the reserve. The remaining net increase of approximately \$88 million was driven by changes in the macroeconomic forecasts, 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 increase reflects unfavorable market conditions in the CRE portfolio (primarily office).

As of September 30, 2023 and December 31, 2022, the allowance for unfunded commitments totaled \$48 million and \$23 million, respectively.

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

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

<i>(in millions)</i>	Recorded Investment	Related Allowance	Interest Income Recognized
Nonaccrual loans with no related allowance:			
Multi-family	\$ 58	\$ —	\$ 1
Commercial real estate	42	—	1
One-to-four family first mortgage	84	—	—
Acquisition, development, and construction	—	—	—
Other (includes C&I)	38	—	—
Total nonaccrual loans with no related allowance	<u>\$ 222</u>	<u>\$ —</u>	<u>\$ 2</u>
Nonaccrual loans with an allowance recorded:			
Multi-family	\$ 44	\$ 1	\$ 1
Commercial real estate	115	4	3
One-to-four family first mortgage	6	—	—
Acquisition, development, and construction	1	1	—
Other (includes C&I)	46	32	—
Total nonaccrual loans with an allowance recorded	<u>\$ 212</u>	<u>\$ 38</u>	<u>\$ 4</u>
Total nonaccrual loans:			
Multi-family	\$ 102	\$ 1	\$ 2
Commercial real estate	157	4	4
One-to-four family first mortgage	90	—	—
Acquisition, development, and construction	1	1	—
Other (includes C&I)	84	32	—
Total nonaccrual loans	<u><u>\$ 434</u></u>	<u><u>\$ 38</u></u>	<u><u>\$ 6</u></u>

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

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

## Note 8 - Leases

### Lesser 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 September 30, 2023 and December 31, 2022, the carrying value of residual assets with third-party residual value insurance for at least a portion of the asset value was \$256 million and \$32 million, respectively.

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

The components of lease income were as follows:

(in millions)	For the three months ended September 30, 2023	For the nine months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2022
Interest income on lease financing <sup>(1)</sup>	\$ 28	\$ 80	\$ 14	\$ 38

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

At September 30, 2023 and December 31, 2022, the carrying value of net investment in leases, excluding purchase accounting adjustments was \$3.5 billion and \$1.7 billion, respectively. The components of net investment in direct financing leases, including the carrying amount of the lease receivables, as well as the unguaranteed residual asset were as follows:

(in millions)	September 30, 2023	December 31, 2022
Net investment in the lease - lease payments receivable	\$ 3,161	\$ 1,685
Net investment in the lease - unguaranteed residual assets	296	60
Total lease payments	<u>\$ 3,457</u>	<u>\$ 1,745</u>

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

<i>(in millions)</i>	September 30, 2023	
2023	\$	159
2024		573
2025		659
2026		800
2027		503
Thereafter		763
Total lease payments	\$	3,457
Plus: deferred origination costs		17
Less: unearned income		(243)
Less: purchase accounting adjustment	\$	(83)
Total lease finance receivables, net	\$	3,148

### ***Lessee Arrangements***

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

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

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

The components of lease expense were as follows:

<i>(in millions)</i>	For the three months ended September 30, 2023		For the nine months ended September 30, 2023		For the three months ended September 30, 2022		For the nine months ended September 30, 2022	
Operating lease cost	\$	25	\$	60	\$	7	\$	21
Sublease income		—		—		—		—
Total lease cost	\$	25	\$	60	\$	7	\$	21

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

<i>(in millions)</i>	For the three months ended September 30, 2023		For the nine months ended September 30, 2023		For the three months ended September 30, 2022		For the nine months ended September 30, 2022	
Cash paid for amounts included in the measurement of lease liabilities:								
Operating cash flows from operating leases	\$	16	\$	46	\$	7	\$	21

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

<i>(in millions, except lease term and discount rate)</i>	September 30, 2023	December 31, 2022
Operating Leases:		
Operating lease right-of-use assets <sup>(1)</sup>	\$ 442	\$ 119
Operating lease liabilities <sup>(2)</sup>	\$ 456	\$ 122
Weighted average remaining lease term	11.9 years	6 years
Weighted average discount rate %	4.53 %	3.85 %

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

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

<i>(in millions)</i>	September 30, 2023
Maturities of lease liabilities:	
2023	\$ 6
2024	68
2025	62
2026	54
2027	48
Thereafter	379
Total lease payments	\$ 617
Less: imputed interest	\$ (161)
Total present value of lease liabilities	\$ 456

### Note 9 - Mortgage Servicing Rights

The Company has investments in MSR that result from the sale of loans to the secondary market for which we retain the servicing. The Company accounts for MSR at their fair value. A primary risk associated with MSR 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 MSR 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 MSR were as follows:

<i>(in millions)</i>	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Balance at beginning of period	\$ 1,031	\$ 1,033
Additions from loans sold with servicing retained	67	148
Reductions from sales	—	(51)
Decrease in MSR fair value due to pay-offs, pay-downs, run-off, model changes, and other <sup>(1)</sup>	(20)	(54)
Changes in estimates of fair value due to interest rate risk <sup>(1)(2)</sup>	57	59
Fair value of MSR at end of period	\$ 1,135	\$ 1,135

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

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

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

<i>(dollars in millions)</i>	September 30, 2023			
	Actual	Fair Value		
		10% adverse change	20% adverse change	
Option adjusted spread	5.6 %	\$ 1,114	\$ 1,094	
Constant prepayment rate	7.3 %	1,100	1,068	
Weighted average cost to service per loan	\$ 69	\$ 1,124	\$ 1,114	

  

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

The sensitivity calculations above are hypothetical and should not be considered to be predictive of future performance. Changes in fair value based on adverse changes in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. To isolate the effect of the specified change, the fair value shock analysis is consistent with the identified adverse change, while holding all other assumptions constant. In practice, a change in one assumption generally impacts other assumptions, which may either magnify or counteract the effect of the change. For further information on the fair value of MSRs, see Note 16 - Fair Value Measures.

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

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

<i>(in millions)</i>	Three months ended September 30, 2023	Nine months ended September 30, 2023
Net return on mortgage servicing rights		
Servicing fees, ancillary income and late fees <sup>(1)</sup>	\$ 59	\$ 169
Decrease in MSR fair value due to pay-offs, pay-downs, run-off, model changes and other	(20)	(54)
Changes in fair value due to interest rate risk	57	59
Gain on MSR derivatives <sup>(2)</sup>	(73)	(105)
Net transaction costs	—	1
Total return (loss) included in net return on mortgage servicing rights	\$ 23	\$ 70

(1) Servicing fees are recorded on an accrual basis. Ancillary income and late fees are recorded on a cash basis.

(2) Changes in the derivatives utilized as economic hedges to offset changes in fair value of the MSRs.

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

<i>(in millions)</i>	Three months ended September 30, 2023	Nine months ended September 30, 2023
Loan administration income on mortgage loans subserviced		
Servicing fees, ancillary income and late fees <sup>(1)</sup>	\$ 42	\$ 116
Charges on subserviced custodial balances <sup>(2)</sup>	(55)	(124)
Other servicing charges	(1)	(3)
Total loss on mortgage loans subserviced, included in loan administration income	\$ (14)	\$ (11)

(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 September 30, 2023 and December 31, 2022.

In connection with our non-qualified mortgage securitization activities, we have retained a five percent interest in the investment securities of certain trusts ("other MBS") and are contracted as the servicer of the underlying loans, compensated based on market rates, which constitutes a continuing involvement in these trusts. Although we have a variable interest in these securitization trusts, we are not their primary beneficiary due to the relative size of our investment in comparison to the total amount of securities issued by the VIE and our inability to direct activities that most significantly impact the VIE's economic performance. As a result, we have not consolidated the assets and liabilities of the VIE in our Consolidated Statements of Condition. The Bank's maximum exposure to loss is limited to our five percent retained interest in the investment securities that had a fair value of \$174 million as of September 30, 2023 as well as the standard representations and warranties made in conjunction with the loan transfers.

## Note 11 - Borrowed Funds

The following table summarizes the Company's borrowed funds:

<i>(in millions)</i>	September 30, 2023	December 31, 2022
Wholesale borrowings:		
FHLB advances	\$ 13,023	\$ 20,325
Fed Funds purchased	547	—
Total wholesale borrowings	\$ 13,570	\$ 20,325
Junior subordinated debentures	578	575
Subordinated notes	437	432
Total borrowed funds	\$ 14,585	\$ 21,332

Accrued interest on borrowed funds is included in "Other liabilities" in the Consolidated Statements of Condition and amounted to \$46 million and \$37 million, respectively, at September 30, 2023 and December 31, 2022.

## Junior Subordinated Debentures

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

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

Issuer	Interest Rate of Capital Securities and Debentures	Junior Subordinated Debentures Amount Outstanding <sup>(3)</sup>	Capital Securities Amount Outstanding	Date of Original Issue	Stated Maturity
<i>(dollars in millions)</i>					
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)	7.27	124	120	Dec. 14, 2006	Dec. 15, 2036
PennFed Capital Trust III (2)	8.92	31	30	June 2, 2003	June 15, 2033
New York Community Capital Trust XI (2)	7.31	59	58	April 16, 2007	June 30, 2037
Flagstar Statutory Trust II (2)	8.91	26	25	Dec. 26, 2002	Dec. 26, 2032
Flagstar Statutory Trust III (2)	8.82	26	25	Feb. 19, 2003	April 7, 2033
Flagstar Statutory Trust IV (2)	8.91	26	25	Mar. 19, 2003	Mar 19, 2033
Flagstar Statutory Trust V (2)	7.57	26	25	Dec 29, 2004	Jan. 7, 2035
Flagstar Statutory Trust VI (2)	7.57	26	25	Mar. 30, 2005	April 7, 2035
Flagstar Statutory Trust VII (2)	7.42	51	50	Mar. 29, 2005	June 15, 2035
Flagstar Statutory Trust VIII (2)	7.07	26	25	Sept. 22, 2005	Oct. 7, 2035
Flagstar Statutory Trust IX (2)	7.12	26	25	June 28, 2007	Sept. 15, 2037
Flagstar Statutory Trust X (2)	8.17	15	15	Aug. 31, 2007	Sept 15, 2037
Total junior subordinated debentures <sup>(3)</sup>		\$ 609	\$ 589		

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

(2) Callable at any time.

(3) Excludes Flagstar Acquisition fair value adjustments of \$31 million.

## Subordinated Notes

At September 30, 2023 and December 31, 2022, the Company had a total of \$437 million and \$432 million subordinated notes outstanding; respectively, of fixed-to-floating rate subordinated notes outstanding:

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

- (1) From and including the date of original issuance to, but excluding November 6, 2023, the Notes will bear interest at an initial rate of 5.90 percent per annum payable semi-annually. Unless redeemed, from and including November 6, 2023 to but excluding the maturity date, the interest rate will reset quarterly to an annual interest rate equal to the then-current three-month SOFR rate plus 304.16 basis points payable quarterly.
- (2) From and including the date of original issuance, the Notes will bear interest at a fixed rate of 4.125 percent through October 31, 2025, and a variable rate tied to SOFR thereafter until maturity. The Company has the option to redeem all or a part of the Notes beginning on November 1, 2025, and on any subsequent interest payment date.

## Note 12 - Pension and Other Post-Retirement Benefits

The following table sets forth certain disclosures for the Company's pension and post-retirement plans for the periods indicated:

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

<i>(in millions)</i>	For the Nine Months Ended September 30,			
	2023		2022	
	Pension Benefits	Post Retirement Benefits <sup>(2)</sup>	Pension Benefits	Post Retirement Benefits
Components of net periodic pension expense (credit): <sup>(1)</sup>				
Interest cost	\$ 4	\$ —	\$ 3	\$ —
Expected return on plan assets	(11)	—	(12)	—
Amortization of net actuarial loss	5	—	2	—
Net periodic (credit) expense	\$ (2)	\$ —	\$ (7)	\$ —

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

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

## Note 13 - Stock-Related Benefits Plans

### Stock Based Compensation

At September 30, 2023, the Company had a total of 16,285,640 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 9,521,787 shares of restricted stock, with an average fair value of \$10.23 per share on the date of grant, during the nine months ended September 30, 2023.

The shares of restricted stock that were granted during the nine months ended September 30, 2023 and 2022, vest over a one- or five years period. Compensation and benefits expense related to the restricted stock grants is recognized on a straight-line basis over the vesting period and totaled \$31 million and \$21 million for the nine months ended September 30, 2023 and 2022, including \$12 million and \$7 million for the three months ended September 30, 2023 and September 30, 2022.

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

	For the Nine Months Ended September 30, 2023	
	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at beginning of year	9,576,602	\$ 10.92
Granted	9,521,787	10.23
Vested	(2,973,101)	11.07
Forfeited	(904,537)	10.60
Unvested at end of period	15,220,751	\$ 10.48

As of September 30, 2023, unrecognized compensation cost relating to unvested restricted stock totaled \$131 million. This amount will be recognized over a remaining weighted average period of 2.9 years.

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

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

PSUs are subject to adjustment or forfeiture, based upon the achievement by the Company of certain performance standards. Compensation and benefits expense related to PSUs is recognized using the fair value as of the date the units were approved, on a straight-line basis over the vesting period and totaled \$3 million and \$2 million for the nine months ended September 30, 2023 and 2022, including \$1 million and \$1 million for the three months ended September 30, 2023 and 2022. As of September 30, 2023, unrecognized compensation cost relating to unvested restricted stock totaled \$6 million. This amount will be recognized over a remaining weighted average period of 1.8 years. As of September 30, 2023, the Company believes it is probable that the performance conditions will be met.

#### Note 14 - Derivative and Hedging Activities

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

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

our remaining derivative contracts is minimal based on credit standards and the collateral provisions of the derivative agreements.

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

*Derivatives designated as hedging instruments.* The Company has designated certain interest rate swaps as cash flow hedges on overnight SOFR-based variable interest payments on federal home loan bank advances. Changes in the fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income on the Consolidated Statements of Condition and reclassified into interest expense in the same period in which the hedge transaction is recognized in earnings. At September 30, 2023, the Company had \$110 million (net-of-tax) of unrealized gains on derivatives classified as cash flow hedges recorded in accumulated other comprehensive loss. The Company had \$52 million (net-of-tax) of unrealized gains on derivatives classified as cash flow hedges recorded in accumulated other comprehensive loss at December 31, 2022.

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

#### *Fair Value of Hedges of Interest Rate Risk*

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

The Company has interest rate swaps with a notional amounts of \$2.0 billion to hedge certain real estate loans using the portfolio layer method. For the three months ended September 30, 2023, the floating rate received related to the net settlement of this interest rate swap was greater than the fixed rate payments. As such, interest income from loans and leases in the accompanying Consolidated Statements of Income and Comprehensive Income was increased by \$8 million and \$15 million for three months and nine months September 30, 2023, respectively.

The fair value basis adjustment on our hedged real estate loans is included in loans and leases held for investment on our Consolidated Statements of Condition. The carrying amount of our hedged loans was \$6.4 billion at September 30, 2023, of which unrealized gains of \$46 million were due to the fair value hedge relationship. We have designated \$2.0 billion of this portfolio of loans in a hedging relationship as of September 30, 2023.

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

<i>(in millions)</i>	September 30, 2023		
	Notional Amount	Fair Value	
		Other Assets	Other Liabilities
<b>Derivatives designated as cash flow hedging instruments:</b>			
Interest rate swaps on FHLB advances	\$ 5,500	\$ —	\$ 5
<b>Total</b>	<b>\$ 5,500</b>	<b>\$ —</b>	<b>\$ 5</b>
<b>Derivatives designated as fair value hedging instruments:</b>			
Interest rate swaps on multi-family loans held for investment	\$ 2,000	\$ —	\$ 1
<b>Derivatives not designated as hedging instruments:</b>			
<b>Assets</b>			
Futures	\$ 2,630	\$ 1	\$ —
Mortgage-backed securities forwards	1,861	37	—
Rate lock commitments	1,352	6	—
Interest rate swaps and swaptions	5,937	140	—
<b>Total</b>	<b>\$ 11,780</b>	<b>\$ 184</b>	<b>\$ —</b>
<b>Liabilities</b>			
Mortgage-backed securities forwards	\$ 710	\$ —	\$ 16
Rate lock commitments	702	—	12
Interest rate swaps and swaptions	2,706	—	79
<b>Total derivatives not designated as hedging instruments</b>	<b>\$ 4,118</b>	<b>\$ —</b>	<b>\$ 107</b>

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

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

<i>(in millions)</i>	September 30, 2023					
	Gross Amount	Gross Amounts Netted in the Statements of Condition	Net Amount Presented in the Statements of Condition	Gross Amounts Not Offset in the Statements of Condition		
				Financial Instruments	Cash Collateral Pledged (Received)	
<b>Derivatives designated hedging instruments:</b>						
Interest rate swaps on FHLB advances	\$ 5	\$ —	\$ 5	\$ 4	\$ 80	
Interest rate swaps on multi-family loans held for investment <sup>(1)</sup>	\$ 1	\$ —	\$ 1	\$ —	\$ 31	
<b>Derivatives not designated as hedging instruments:</b>						
<b>Assets</b>						
Mortgage-backed securities forwards	\$ 37	\$ —	\$ 37	\$ —	\$ (6)	
Interest rate swaptions	140	—	140	—	(37)	
Futures	1	—	1	—	1	
<b>Total derivative assets</b>	<b>\$ 178</b>	<b>\$ —</b>	<b>\$ 178</b>	<b>\$ —</b>	<b>\$ (42)</b>	
<b>Liabilities</b>						
Futures	\$ —	\$ —	\$ —	\$ —	\$ —	
Mortgage-backed securities forwards	16	—	16	—	15	
Interest rate swaps <sup>(1)</sup>	79	—	79	—	42	
<b>Total derivative liabilities</b>	<b>\$ 95</b>	<b>\$ —</b>	<b>\$ 95</b>	<b>\$ —</b>	<b>\$ 57</b>	

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

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

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

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

#### Cash Flow Hedges of Interest Rate Risk

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

Interest rate swaps with notional amounts totaling \$5.5 billion and \$3.8 billion as of September 30, 2023 and December 31, 2022, were designated as cash flow hedges of certain FHLB borrowings.

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

<i>(in millions)</i>	For the Nine Months Ended September 30, 2023	For the Year Ended December 31, 2022	For the Nine Months Ended September 30, 2022
Amount of gain (loss) recognized in AOCL	\$ 98	\$ 88	\$ 64
Amount of reclassified from AOCL to interest expense	\$ (19)	\$ (4)	\$ 4

Amounts reported in AOCL related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate borrowings. During the next twelve months, additional interest expense reduction of \$124 million is expected to be reclassified out of AOCL.

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

<i>(dollars in millions)</i>	Location of Gain (Loss)	Three months ended September 30, 2023	Nine months ended September 30, 2023
Derivatives not designated as hedging instruments			
Futures	Net return on mortgage servicing rights	\$ —	\$ 3
Interest rate swaps and swaptions	Net return on mortgage servicing rights	(61)	(83)
Mortgage-backed securities forwards	Net return on mortgage servicing rights	(12)	(25)
Rate lock commitments and US Treasury futures	Net gain on loan sales	1	39
Interest rate swaps <sup>(1)</sup>	Other non-interest income	—	1
<b>Total derivative (loss) gain</b>		<b>\$ (72)</b>	<b>\$ (65)</b>

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

## Note 15 - Intangible Assets

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

As a result of the Signature Transaction, the Company recorded \$464 million of core deposit intangible and other intangible assets that are amortizable.

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

<i>(in millions)</i>	September 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Core deposit intangible	\$ 700	\$ (81)	\$ 619	\$ 250	\$ (4)	\$ 246
Other intangible assets	56	(14)	42	42	(1)	41
<b>Total other intangible assets</b>	<b>\$ 756</b>	<b>\$ (95)</b>	<b>\$ 661</b>	<b>\$ 292</b>	<b>\$ (5)</b>	<b>\$ 287</b>

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

<i>(in millions)</i>	Amortization Expense	
2023	\$	36
2024		133
2025		107
2026		94
2027		81
Total	\$	451

#### **Note 16 - Fair Value Measures**

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

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

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

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

	September 30, 2023				
(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
<b>Assets:</b>					
<b>Mortgage-related Debt Securities Available for Sale:</b>					
GSE certificates	\$ —	\$ 1,164	\$ —	\$ —	\$ 1,164
GSE CMOs	\$ —	\$ 4,351	\$ —	\$ —	\$ 4,351
Private Label CMOs	\$ —	\$ 142	\$ 32	\$ —	\$ 174
Total mortgage-related debt securities	\$ —	\$ 5,657	\$ 32	\$ —	\$ 5,689
<b>Other Debt Securities Available for Sale:</b>					
U. S. Treasury obligations	\$ 195	\$ —	\$ —	\$ —	\$ 195
GSE debentures	\$ —	\$ 1,659	\$ —	\$ —	\$ 1,659
Asset-backed securities	\$ —	\$ 313	\$ —	\$ —	\$ 313
Municipal bonds	\$ —	\$ 6	\$ —	\$ —	\$ 6
Corporate bonds	\$ —	\$ 737	\$ —	\$ —	\$ 737
Foreign notes	\$ —	\$ 33	\$ —	\$ —	\$ 33
Capital trust notes	\$ —	\$ 91	\$ —	\$ —	\$ 91
Total other debt securities	\$ 195	\$ 2,839	\$ —	\$ —	\$ 3,034
Total debt securities available for sale	\$ 195	\$ 8,496	\$ 32	\$ —	\$ 8,723
<b>Equity securities:</b>					
Mutual funds and common stock	\$ —	\$ 13	\$ —	\$ —	\$ 13
Total equity securities	\$ —	\$ 13	\$ —	\$ —	\$ 13
Total securities	\$ 195	\$ 8,509	\$ 32	\$ —	\$ 8,736
<b>Loans held-for-sale</b>					
Residential first mortgage loans	\$ —	\$ 1,148	\$ —	\$ —	\$ 1,148
Acquisition, development, and construction	\$ —	\$ 168	\$ —	\$ —	\$ 168
Commercial and industrial loans	\$ —	\$ 9	\$ —	\$ —	\$ 9
<b>Derivative assets</b>					
Interest rate swaps and swaptions	\$ —	\$ 140	\$ —	\$ —	\$ 140
Futures	\$ —	\$ 1	\$ —	\$ —	\$ 1
Rate lock commitments (fallout-adjusted)	\$ —	\$ —	\$ 6	\$ —	\$ 6
Mortgage-backed securities forwards	\$ —	\$ 37	\$ —	\$ —	\$ 37
Mortgage servicing rights	\$ —	\$ —	\$ 1,135	\$ —	\$ 1,135
Total assets at fair value	\$ 195	\$ 10,012	\$ 1,173	\$ —	\$ 11,380
<b>Derivative liabilities</b>					
Mortgage-backed securities forwards	\$ —	\$ 16	\$ —	\$ —	\$ 16
Interest rate swaps and swaptions	\$ —	\$ 79	\$ —	\$ —	\$ 79
Rate lock commitments (fallout-adjusted)	\$ —	\$ —	\$ 12	\$ —	\$ 12
Total liabilities at fair value	\$ —	\$ 95	\$ 12	\$ —	\$ 107

December 31, 2022

<i>(in millions)</i>	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
<b>Assets:</b>					
<b>Mortgage-related Debt Securities Available for Sale:</b>					
GSE certificates	\$ —	\$ 1,297	\$ —	\$ —	\$ 1,297
GSE CMOs	—	3,301	—	—	3,301
Private Label CMOs	—	191	—	—	191
<b>Total mortgage-related debt securities</b>	<b>\$ —</b>	<b>\$ 4,789</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,789</b>
<b>Other Debt Securities Available for Sale:</b>					
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
<b>Total other debt securities</b>	<b>\$ 1,487</b>	<b>\$ 2,784</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,271</b>
<b>Total debt securities available for sale</b>	<b>\$ 1,487</b>	<b>\$ 7,573</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 9,060</b>
<b>Equity securities:</b>					
Mutual funds and common stock	—	14	—	—	14
<b>Total equity securities</b>	<b>—</b>	<b>14</b>	<b>—</b>	<b>—</b>	<b>14</b>
<b>Total securities</b>	<b>\$ 1,487</b>	<b>\$ 7,587</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 9,074</b>
<b>Loans held-for-sale</b>					
Residential first mortgage loans	\$ —	\$ 1,115	\$ —	\$ —	\$ 1,115
<b>Derivative assets</b>					
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
<b>Total assets at fair value</b>	<b>\$ 1,487</b>	<b>\$ 8,922</b>	<b>\$ 1,042</b>	<b>\$ —</b>	<b>\$ 11,451</b>
<b>Derivative liabilities</b>					
Mortgage-backed securities forwards	—	61	—	—	61
Interest rate swaps and swaptions	—	65	—	—	65
Rate lock commitments (fallout-adjusted)	—	—	10	—	10
<b>Total liabilities at fair value</b>	<b>\$ —</b>	<b>\$ 126</b>	<b>\$ 10</b>	<b>\$ —</b>	<b>\$ 136</b>

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

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

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

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

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

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

### Fair Value Measurements Using Significant Unobservable Inputs

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

<i>(dollars in millions)</i>	Balance at Beginning of Year	Total Gains / (Losses) Recorded in Earnings (1)	Purchases / Originations	Sales	Settlement	Transfers In (Out)	Balance at End of Year
<b>Three Months Ended September 30, 2023</b>							
Assets							
Mortgage servicing rights <sup>(1)</sup>	\$ 1,031	\$ 37	\$ 67	\$ —	\$ —	\$ —	\$ 1,135
Private Label CMOs	—	—	—	—	—	32	32
Rate lock commitments (net) <sup>(1)(2)</sup>	—	(42)	30	—	—	6	(6)
Totals	\$ 1,031	\$ (5)	\$ 97	\$ —	\$ —	\$ 38	\$ 1,161
<b>Nine Months Ended September 30, 2023</b>							
Assets							
Mortgage servicing rights <sup>(1)</sup>	\$ 1,033	\$ 5	\$ 148	\$ (51)	\$ —	\$ —	\$ 1,135
Private Label CMOs	—	—	—	—	—	32	32
Rate lock commitments (net) <sup>(1)(2)</sup>	(1)	(70)	90	—	—	(25)	(6)
Totals	\$ 1,032	\$ (65)	\$ 238	\$ (51)	\$ —	\$ 7	\$ 1,161

- (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 September 30, 2023:

	Fair Value	Valuation Technique	Unobservable Input <sup>(1)</sup>	Range (Weighted Average)
<i>(dollars in millions)</i>				
Assets				
Mortgage servicing rights	\$ 1,135	Discounted cash flows	Option adjusted spread Constant prepayment rate Weighted average cost to service per loan	5.2% - 21.7% 5.6% —% - 10.0% 7.3% \$65 - \$90 \$69
Private Label CMOs	\$ 32	Discounted cash flows	Constant default rates Weighted average life	0.10% - 0.30% 8.2 - 11.9
Rate lock commitments (net)	\$ (6)	Consensus pricing	Origination pull-through rate	71.10%

- (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 September 30, 2023 and December 31, 2022, and that were included in the Company's Consolidated Statements of Condition at those dates:

<i>(in millions)</i>	Fair Value Measurements at September 30, 2023 Using			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Certain impaired loans (2)			\$ 162	\$ 162
Other assets <sup>(1)</sup>			\$ 46	\$ 46
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 208</b>	<b>\$ 208</b>

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

<i>(in millions)</i>	Fair Value Measurements at December 31, 2022 Using			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Certain impaired loans (2)	\$ —	\$ —	\$ 28	\$ 28
Other assets <sup>(1)</sup>	—	—	41	41
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 69</b>	<b>\$ 69</b>

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

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

## Other Fair Value Disclosures

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

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

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

<i>(in millions)</i>	September 30, 2023				
	Carrying Value	Estimated Fair Value	Fair Value Measurement Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Financial Assets:</b>					
Cash and cash equivalents	\$ 6,929	\$ 6,929	\$ 6,929	\$ —	\$ —
FHLB and FRB stock <sup>(1)</sup>	1,110	1,110	—	1,110	—
Loans and leases held for investment, net	83,376	80,331	—	—	80,331
<b>Financial Liabilities:</b>					
Deposits	\$ 82,675	\$ 82,494	\$ 65,365 <sup>(2)</sup>	\$ 17,129 <sup>(3)</sup>	\$ —
Borrowed funds	14,585	14,317	—	14,317	—

(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.

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

(1) Carrying value and estimated fair value are at cost.

(2) Interest-bearing checking and money market accounts, savings accounts, and non-interest-bearing accounts.

(3) Certificates of deposit.

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

#### *Cash and Cash Equivalents*

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

#### *Securities*

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

#### *Federal Home Loan Bank Stock*

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

### Loans

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

### MSRs

The significant unobservable inputs used in the fair value measurement of the MSRs are option adjusted spreads, prepayment rates and cost to service. Significant increases (decreases) in all three assumptions in isolation result in a significantly lower (higher) fair value measurement. Weighted average life (in years) is used to determine the change in fair value of MSRs. For September 30, 2023, the weighted average life (in years) for the entire portfolio was 7.44.

### 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 September 30, 2023 and December 31, 2022.

### Fair Value Option

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

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

<i>(dollars in millions)</i>	For the Three Months ended September 30,		For the Nine Months Ended September 30,	
	2023		2023	
<b>Assets</b>				
Loans held-for-sale	\$	—	\$	—
Net gain on loan sales	\$	(25)	\$	4

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

<i>(dollars in millions)</i>	September 30, 2023		
	Unpaid Principal Balance	Fair Value	Fair Value Over / (Under) UPB
<b>Assets:</b>			
Nonaccrual loans:			
Loans held-for-sale	\$ 2	\$ 2	—
Loans held-for-investment	—	—	—
<b>Total non-accrual loans</b>	<b>\$ 2</b>	<b>\$ 2</b>	<b>—</b>
Other performing loans:			
Loans held-for-sale	\$ 1,310	\$ 1,316	6
<b>Total other performing loans</b>	<b>\$ 1,310</b>	<b>\$ 1,316</b>	<b>6</b>
<b>Total loans:</b>			
Loans held-for-sale	\$ 1,312	\$ 1,318	6
<b>Total loans</b>	<b>\$ 1,312</b>	<b>\$ 1,318</b>	<b>6</b>

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

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

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

### **Item 4. Controls and Procedures**

#### ***(a) Evaluation of Disclosure Controls and Procedures***

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

#### ***(b) Changes in Internal Controls.***

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

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

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

### Item 1A. Risk Factors

Please see “Item 1A. Risk Factors” of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 and the Company’s Form 10-Q for the quarters ended March 31, 2023 and June 30, 2023 for information regarding risk factors that could materially affect the Company’s business, financial condition, or future results of operations. Other than as set forth below, there have been changes with regard to the risk factors disclosed in “Item 1A. Risk Factors” of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 and the Company’s Form 10-Q for the quarter ended March 31, 2023.

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

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

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, procedures and controls, 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 by our policies, procedures and controls if they do.

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

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

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

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

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

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

*(dollars in millions, except share data)*

<b>Period</b>	<b>Total Shares of Common Stock Repurchased</b>	<b>Average Price Paid per Common Share</b>	<b>Total Allocation</b>	<b>Total Shares of Common Stock Purchased as Part of Publicly Announced Plans or Programs</b>
Third Quarter 2023				
July 1 - 31, 2023	10,323	\$ 12.11	\$ —	—
August 1 - 31, 2023	12,555	13.53	—	—
September 1 - 30, 2023	11,078	11.69	—	—
<b>Total Third Quarter 2023</b>	<b>33,956</b>	<b>\$ 12.50</b>	<b>\$ —</b>	<b>—</b>

**Item 3. Defaults Upon Senior Securities**

The Company had no defaults on senior securities.

**Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

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

Name & Title	Date of Adoption / Termination	Character of Trading Arrangement <sup>(1)</sup>	Aggregate Number of Shares of Common Stock to be Purchased or Sold Pursuant to Trading Arrangement	Duration <sup>(2)</sup>
James Carpenter, Director	Adopted on September 21, 2023	Rule 10b5-1 Trading Arrangement <sup>(3)</sup>	Up to 125,000 shares may be sold	December 21, 2023 – December 12, 2024

1. Except as indicated by footnote, each trading arrangement marked as a “Rule 10b5-1 Trading Arrangement” is intended to satisfy the affirmative defense of Rule 10b5-1(c), as amended (the “Rule”).

2. The Rule 10b5-1 Trading Arrangement only permits transactions after the indicated duration start date and, in any case, upon expiration of the applicable mandatory cooling-off period under the Rule, and through (i) the earlier of the indicated duration end date or completion of all sales contemplated in the Rule 10b5-1 Trading Arrangement, (ii) the receipt of notice of the director’s death, (iii) the receipt of notice of the commencement or impending commencement of any proceedings in respect of or triggered by the director’s bankruptcy or insolvency, (iv) the public announcement of certain merger, reorganization, or similar transactions involving the Company or the dissolution or liquidation of the Company; (v) the director’s failure to comply with applicable laws and/or the director’s obligations under the Rule 10b5-1 Trading Arrangement or the Rule 10b5-1 Trading Arrangement no longer complying with applicable laws; (vi) a modification or change in the amount, price or timing of the sale of shares subject to the Rule 10b5-1 Trading Arrangement; or (vii) the otherwise termination or suspension of the Rule 10b5-1 Trading Arrangement pursuant to its terms.

3. Complied with the then-applicable requirements of Rule 10b5-1(c) when adopted in September 2023.

## Item 6. Exhibits

### Exhibit No.

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

101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

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

\*\* Management plan or compensation plan arrangement.

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

**SIGNATURES**

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

DATE: November 9, 2023

New York Community Bancorp, Inc.  

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(Registrant)

/s/ Thomas R. Cangemi

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**Thomas R. Cangemi**  
President and Chief Executive Officer  
(Principal Executive Officer)

/s/ John J. Pinto

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**John J. Pinto**  
Senior Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

## NEW YORK COMMUNITY BANCORP, INC.

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

I, Thomas R. Cangemi, certify that:

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

DATE: November 9, 2023

BY: \_\_\_\_\_

Thomas R. Cangemi  
President and Chief Executive Officer

## NEW YORK COMMUNITY BANCORP, INC.

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

I, John J. Pinto, certify that:

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

DATE: November 9, 2023

BY:

\_\_\_\_\_  
John J. Pinto

Senior Executive Vice President and Chief Financial Officer

**NEW YORK COMMUNITY BANCORP, INC.**

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

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

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

DATE: November 9, 2023

BY:

\_\_\_\_\_  
Thomas R. Cangemi  
President and Chief Executive Officer

DATE: November 9, 2023

BY:

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