

NEW YORK COMMUNITY BANCORP INC
Form 10-Q
November 09, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011

Commission File Number 1-31565

NEW YORK COMMUNITY BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

06-1377322
(I.R.S. Employer Identification No.)

615 Merrick Avenue, Westbury, New York 11590

(Address of principal executive offices)

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

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

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

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

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

437,405,079

Number of shares of common stock outstanding at

November 3, 2011

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NEW YORK COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF CONDITION

(in thousands, except share data)

	September 30, 2011 (unaudited)	December 31, 2010
Assets:		
Cash and cash equivalents	\$ 1,596,680	\$ 1,927,542
Securities:		
Available-for-sale (\$369,846 and \$500,811 pledged, respectively)	499,065	652,956
Held to maturity (\$4,412,426 and \$3,881,139 pledged, respectively) (fair value of \$4,794,373 and \$4,157,322, respectively)	4,648,551	4,135,935
Total securities	5,147,616	4,788,891
Non-covered loans held for sale	1,005,266	1,207,077
Non-covered loans held for investment, net of deferred loan fees and costs	25,131,934	23,707,494
Less: Allowance for losses on non-covered loans	(139,379)	(158,942)
Non-covered loans held for investment, net	24,992,555	23,548,552
Covered loans	3,873,294	4,297,869
Less: Allowance for losses on covered loans	(20,611)	(11,903)
Covered loans, net	3,852,683	4,285,966
Total loans, net	29,850,504	29,041,595
Federal Home Loan Bank stock, at cost	442,590	446,014
Premises and equipment, net	245,497	233,694
FDIC loss share receivable	728,355	814,088
Goodwill	2,436,131	2,436,159
Core deposit intangibles, net	57,116	77,734
Mortgage servicing rights	95,755	107,378
Bank-owned life insurance	762,312	742,481
Other real estate owned (includes \$84,113 and \$62,412, respectively, covered by loss sharing agreements)	186,768	90,478
Other assets	419,704	484,635
Total assets	\$ 41,969,028	\$ 41,190,689
Liabilities and Stockholders Equity:		
Deposits:		
NOW and money market accounts	\$ 8,588,686	\$ 8,235,825
Savings accounts	3,898,283	3,885,785
Certificates of deposit	7,528,701	7,835,161
Non-interest-bearing accounts	2,736,977	1,852,280
Total deposits	22,752,647	21,809,051
Borrowed funds:		
Wholesale borrowings:		
Federal Home Loan Bank advances	8,254,630	8,375,659

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Repurchase agreements	4,125,000	4,125,000
Total wholesale borrowings	12,379,630	12,500,659
Junior subordinated debentures	426,890	426,992
Other borrowings	608,557	608,465
Total borrowed funds	13,415,077	13,536,116
Other liabilities	227,733	319,302
Total liabilities	36,395,457	35,664,469
Stockholders' equity:		
Preferred stock at par \$0.01 (5,000,000 shares authorized; none issued)	--	--
Common stock at par \$0.01 (600,000,000 shares authorized; 437,426,665 and 435,646,845 shares issued, and 437,421,005 and 435,646,845 shares outstanding, respectively)	4,374	4,356
Paid-in capital in excess of par	5,304,469	5,285,715
Retained earnings	316,572	281,844
Treasury stock, at cost (5,660 shares)	(69)	--
Accumulated other comprehensive loss, net of tax:		
Net unrealized (loss) gain on securities available for sale, net of tax	(2,324)	12,600
Net unrealized loss on the non-credit portion of other-than-temporary impairment (OTTI) losses on securities, net of tax	(13,953)	(20,572)
Net unrealized loss on pension and post-retirement obligations, net of tax	(35,498)	(37,723)
Total accumulated other comprehensive loss, net of tax	(51,775)	(45,695)
Total stockholders' equity	5,573,571	5,526,220
Total liabilities and stockholders' equity	\$ 41,969,028	\$ 41,190,689

See accompanying notes to the consolidated financial statements.

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(in thousands, except per share data)

(unaudited)

	For the		For the	
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Interest Income:				
Mortgage and other loans	\$ 400,114	\$ 410,178	\$ 1,224,348	\$ 1,241,021
Securities and money market investments	61,777	57,252	177,474	191,974
Total interest income	461,891	467,430	1,401,822	1,432,995
Interest Expense:				
NOW and money market accounts	9,095	12,542	30,647	45,386
Savings accounts	3,696	4,824	12,029	16,369
Certificates of deposit	25,173	33,847	77,099	108,727
Borrowed funds	128,960	130,029	381,884	387,540
Total interest expense	166,924	181,242	501,659	558,022
Net interest income	294,967	286,188	900,163	874,973
Provision for losses on non-covered loans	18,000	32,000	59,000	74,000
Provision for losses on covered loans	--	--	8,708	--
Net interest income after provisions for loan losses	276,967	254,188	832,455	800,973
Non-Interest Income:				
Total loss on OTTI of securities	--	(12,790)	(18,124)	(26,456)
Less: Non-credit portion of OTTI recorded in other comprehensive income (before taxes)	--	11,964	--	24,485
Net loss on OTTI recognized in earnings	--	(826)	(18,124)	(1,971)
Fee income	11,544	13,403	35,586	41,456
Bank-owned life insurance	6,890	6,792	21,343	20,968
Mortgage banking income	24,274	76,465	55,986	143,497
Net gain (loss) on sales of securities	6,734	--	35,469	(8)
Gain on business disposition	--	--	9,823	--
FDIC indemnification income	--	--	7,624	--
Gain on business acquisition	--	--	--	2,883
Gain on debt repurchase	--	2,441	--	2,734
Other	8,627	8,828	27,860	25,104
Total non-interest income	58,069	107,103	175,567	234,663

Non-Interest Expense:				
Operating expenses:				
Compensation and benefits	76,898	72,874	222,184	207,571
Occupancy and equipment	21,711	22,019	65,421	65,799
General and administrative	47,918	48,378	146,139	132,244
Total operating expenses	146,527	143,271	433,744	405,614
Amortization of core deposit intangibles	6,089	7,818	20,618	23,593
Total non-interest expense	152,616	151,089	454,362	429,207
Income before income taxes	182,420	210,202	553,660	606,429
Income tax expense	62,670	74,593	191,275	215,244
Net income	\$ 119,750	\$ 135,609	\$ 362,385	\$ 391,185
Other comprehensive income, net of tax:				
Change in net unrealized (loss) gain on securities and non-credit portion of OTTI for the period	(2,114)	16,413	(8,305)	11,842
Change in pension and post-retirement obligations	741	781	2,225	2,450
Total comprehensive income, net of tax	\$ 118,377	\$ 152,803	\$ 356,305	\$ 405,477
Basic earnings per share	\$0.27	\$0.31	\$0.82	\$0.90
Diluted earnings per share	\$0.27	\$0.31	\$0.82	\$0.90

See accompanying notes to the unaudited consolidated financial statements.

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NEW YORK COMMUNITY BANCORP, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

(in thousands, except share data)

(unaudited)

	Nine Months Ended September 30, 2011
Common Stock (Par Value: \$0.01):	
Balance at beginning of year	\$ 4,356
Shares issued for exercise of stock options (168,001 shares)	2
Shares issued for restricted stock awards (1,611,819 shares)	16
Balance at end of period	4,374
Paid-in Capital in Excess of Par:	
Balance at beginning of year	5,285,715
Shares issued for restricted stock awards, net of forfeitures	(216)
Compensation expense related to restricted stock awards	12,096
Stock options	4,356
Tax effect of stock plans	2,518
Balance at end of period	5,304,469
Retained Earnings:	
Balance at beginning of year	281,844
Net income	362,385
Dividends paid on common stock (\$0.75 per share)	(327,657)
Balance at end of period	316,572
Treasury Stock:	
Balance at beginning of year	--
Purchase of common stock (153,503 shares)	(2,769)
Exercise of stock options (135,162 shares)	2,500
Shares issued for restricted stock awards (12,681 shares)	200
Balance at end of period	(69)
Accumulated Other Comprehensive Loss, net of tax:	
Balance at beginning of year	(45,695)
Other comprehensive loss, net of tax:	
Change in net unrealized gain/loss on securities available for sale, net of tax of \$3,502	(5,167)
Change in the non-credit portion of OTTI losses recognized in other comprehensive income, net of tax of \$4,842	7,229
Change in pension and post-retirement obligations, net of tax of \$1,509	2,225

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Reclassification adjustment for net gain on sale of securities and loss on OTTI of securities, net of tax of \$6,978	(10,367)
Total other comprehensive loss, net of tax	(6,080)
Balance at end of period	(51,775)
Total stockholders' equity	\$5,573,571

See accompanying notes to the consolidated financial statements.

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NEW YORK COMMUNITY BANCORP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Nine Months Ended September 30,	
	2011	2010
Cash Flows from Operating Activities:		
Net income	\$ 362,385	\$ 391,185
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for loan losses	67,708	74,000
Depreciation and amortization	17,642	14,682
(Accretion) amortization of discounts and premiums, net	(987)	3,218
Amortization of core deposit intangibles	20,618	23,593
Net (gain) loss on sale of securities	(35,469)	8
Net gain on sale of loans	(56,131)	(99,582)
Gain on business disposition	(9,823)	--
Gain on business acquisition	--	(2,883)
Stock plan-related compensation	12,096	11,884
Loss on OTTI of securities recognized in earnings	18,124	1,971
Changes in assets and liabilities:		
Decrease in deferred tax asset, net	51,799	5,649
(Increase) decrease in other assets	(2,985)	33,522
(Decrease) increase in other liabilities	(82,526)	80,567
Origination of loans held for sale	(4,426,713)	(7,021,169)
Proceeds from sale of loans originated for sale	4,705,787	6,082,211
Net cash provided by (used in) operating activities	641,525	(401,144)
Cash Flows from Investing Activities:		
Proceeds from repayment of securities held to maturity	1,821,919	3,514,161
Proceeds from repayment of securities available for sale	158,479	813,896
Proceeds from sale of securities held to maturity	284,406	--
Proceeds from sale of securities available for sale	740,738	660
Purchase of securities held to maturity	(2,609,676)	(3,292,660)
Purchase of securities available for sale	(748,721)	--
Net redemption of Federal Home Loan Bank stock	3,424	53,144
Net (increase) decrease in loans	(1,191,660)	135,168
Purchase of premises and equipment, net	(29,491)	(9,334)
Net cash acquired in business transactions	100,027	140,895
Net cash (used in) provided by investing activities	(1,470,555)	1,355,930
Cash Flows from Financing Activities:		
Net increase (decrease) in deposits	943,596	(479,662)
Net increase in short-term borrowed funds	--	300,000
Net decrease in long-term borrowed funds	(121,039)	(914,012)
Tax effect of stock plans	2,518	1,533
Cash dividends paid on common stock	(327,657)	(325,612)
Treasury stock purchases	(2,769)	(2,868)

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Net cash received from stock option exercises	3,519	4,200
Proceeds from issuance of common stock, net	--	28,935
Net cash provided by (used in) financing activities	498,168	(1,387,486)
Net decrease in cash and cash equivalents	(330,862)	(432,700)
Cash and cash equivalents at beginning of period	1,927,542	2,670,857
Cash and cash equivalents at end of period	\$ 1,596,680	\$ 2,238,157
Supplemental information:		
Cash paid for interest	\$ 513,189	\$ 603,369
Cash paid for income taxes	106,480	233,878
Non-cash investing and financing activities:		
Transfers to other real estate owned from loans	\$ 197,114	\$ 51,542

Note: Excluding the core deposit intangible and FDIC loss share receivable, the fair values of non-cash assets acquired, and of liabilities assumed, in the acquisition of Desert Hills Bank on March 26, 2010 were \$230.5 million and \$442.5 million, respectively. See accompanying notes to the consolidated financial statements.

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NEW YORK COMMUNITY BANCORP, INC.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Basis of Presentation

Organization

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

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

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

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

Reflecting this strategy of growth through acquisitions, the Community Bank currently operates 241 branches, four of which operate directly under the Community Bank name. The remaining 237 branches operate through seven divisional banks Queens County Savings Bank, Roslyn Savings Bank, Richmond County Savings Bank, and Roosevelt Savings Bank (in New York), Garden State Community Bank in New Jersey, AmTrust Bank in Florida and Arizona, and Ohio Savings Bank in Ohio.

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

Basis of Presentation

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

The unaudited consolidated financial statements include the accounts of the Company and other entities in which the Company has a controlling financial interest. All inter-company accounts and transactions are eliminated in consolidation. These unaudited consolidated financial statements should be read in conjunction with the audited

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consolidated financial statements and notes thereto included in the Company's 2010 Annual Report on Form 10-K. The Company currently has unconsolidated subsidiaries in the form of nine wholly-owned statutory business trusts, which were formed to issue guaranteed capital debentures (capital securities). Please see Note 6, Borrowed Funds, for additional information regarding these trusts.

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

Note 2. Computation of Earnings per Share

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

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

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

(in thousands, except share and per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income	\$119,750	\$135,609	\$362,385	\$391,185
Less: Dividends paid on and earnings allocated to participating securities	(914)	(776)	(2,732)	(2,239)
Earnings applicable to common stock	\$118,836	\$134,833	\$359,653	\$388,946
Weighted average common shares outstanding	436,243,926	434,375,863	435,980,390	433,519,634
Basic earnings per common share	\$0.27	\$0.31	\$0.82	\$0.90
Earnings applicable to common stock	\$118,836	\$134,833	\$359,653	\$388,946
Weighted average common shares outstanding	436,243,926	434,375,863	435,980,390	433,519,634
Potential dilutive common shares ⁽¹⁾	33,640	468,009	371,359	370,032
Total shares for diluted earnings per share computation	436,277,566	434,843,872	436,351,749	433,889,666
Diluted earnings per common share and common share equivalents	\$0.27	\$0.31	\$0.82	\$0.90

(1) Options to purchase 8,918,493 and 3,122,124 shares, respectively, of the Company's common stock that were outstanding in the three and nine months ended September 30, 2011, at respective weighted average exercise prices of \$15.64 and \$17.32, were excluded from the

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respective computations of diluted EPS because their inclusion would have had an antidilutive effect. Options to purchase 2,818,863 and 2,824,373 shares, respectively, of the Company's common stock that were outstanding in the three and nine months ended September 30, 2010, at a weighted average exercise price of \$19.18, were excluded from the respective computations of diluted EPS because their inclusion would have had an antidilutive effect.

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The following table summarizes the Company's portfolio of securities available for sale at September 30, 2011:

(in thousands)	September 30, 2011			Fair Value
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	
Mortgage-Related Securities:				
GSE ⁽¹⁾ certificates	\$ 84,820	\$ 3,880	\$ 1	\$ 88,699
GSE CMOs ⁽²⁾	15,929	845	--	16,774
Private label CMOs	26,988	--	1,063	25,925
Total mortgage-related securities	\$ 127,737	\$ 4,725	\$ 1,064	\$ 131,398
Other Securities:				
GSE debentures	\$ 295,754	\$ 2,042	\$ 82	\$ 297,714
State, county, and municipal	1,310	64	--	1,374
Capital trust notes	36,754	141	6,270	30,625
Preferred stock	--	285	--	285
Common stock	42,154	1,683	6,168	37,669
Total other securities	\$ 375,972	\$ 4,215	\$ 12,520	\$ 367,667
Total securities available for sale⁽³⁾	\$ 503,709	\$ 8,940	\$ 13,584	\$ 499,065

(1) Government-sponsored enterprises

(2) Collateralized mortgage obligations

(3) The non-credit portion of OTTI was \$570,000 (before taxes).

As of September 30, 2011, the fair value of marketable equity securities included common stock of \$37.7 million and Freddie Mac preferred stock of \$285,000. Common stock primarily consisted of an investment in a large cap equity fund and certain other funds that are Community Reinvestment Act (CRA) eligible. The Freddie Mac preferred stock was recognized by the Company as other-than-temporarily impaired in the fourth quarter of 2008.

The following table summarizes the Company's portfolio of securities available for sale at December 31, 2010:

(in thousands)	December 31, 2010			Fair Value
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	
Mortgage-Related Securities:				
GSE certificates	\$ 203,480	\$ 8,067	\$ 32	\$ 211,515
GSE CMOs	213,839	8,464	--	222,303
Private label CMOs	51,657	110	405	51,362
Total mortgage-related securities	\$ 468,976	\$ 16,641	\$ 437	\$ 485,180

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Other Securities:

U.S. Treasury obligations	\$ 57,859	\$ 694	\$ --	\$ 58,553
GSE debentures	620	--	--	620
Corporate bonds	4,814	--	564	4,250
State, county, and municipal	1,304	41	11	1,334
Capital trust notes	38,843	8,550	5,389	42,004
Preferred stock	30,574	2,129	11,964	20,739
Common stock	42,044	3,786	5,554	40,276
Total other securities	\$ 176,058	\$ 15,200	\$ 23,482	\$ 167,776
Total securities available for sale ⁽¹⁾	\$ 645,034	\$ 31,841	\$ 23,919	\$ 652,956

(1) The non-credit portion of OTTI was \$12.5 million (before taxes).

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The following tables summarize the Company's portfolio of securities held to maturity at September 30, 2011 and December 31, 2010:

(in thousands)	September 30, 2011				
	Amortized Cost	Carrying Amount	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Mortgage-Related Securities:					
GSE certificates	\$ 670,899	\$ 670,899	\$ 41,498	\$ --	\$ 712,397
GSE CMOs	2,460,494	2,460,494	99,459	--	2,559,953
Other mortgage-related securities	3,953	3,953	--	--	3,953
Total mortgage-related securities	\$ 3,135,346	\$ 3,135,346	\$ 140,957	\$ --	\$ 3,276,303
Other Securities:					
GSE debentures	\$ 1,298,132	\$ 1,298,132	\$ 16,674	\$ --	\$ 1,314,806
Corporate bonds	83,516	83,516	6,757	49	90,224
Capital trust notes	153,331	131,557	7,096	25,613	113,040
Total other securities	\$ 1,534,979	\$ 1,513,205	\$ 30,527	\$ 25,662	\$ 1,518,070
Total securities held to maturity⁽¹⁾	\$ 4,670,325	\$ 4,648,551	\$ 171,484	\$ 25,662	\$ 4,794,373

(1) Held-to-maturity securities are reported at a carrying amount equal to amortized cost less the non-credit portion of OTTI recorded in accumulated other comprehensive loss, net of tax (AOCL). The non-credit portion of OTTI was \$21.8 million (before taxes).

(in thousands)	December 31, 2010				
	Amortized Cost	Carrying Amount	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Mortgage-Related Securities:					
GSE certificates	\$ 208,993	\$ 208,993	\$ 12,206	\$ 1,094	\$ 220,105
GSE CMOs	2,763,545	2,763,545	47,352	28,345	2,782,552
Other mortgage-related securities	6,777	6,777	--	--	6,777
Total mortgage-related securities	\$ 2,979,315	\$ 2,979,315	\$ 59,558	\$ 29,439	\$ 3,009,434
Other Securities:					
GSE debentures	\$ 924,663	\$ 924,663	\$ 4,524	\$ 10,592	\$ 918,595
Corporate bonds	86,483	86,483	8,647	13	95,117
Capital trust notes	167,355	145,474	11,410	22,708	134,176
Total other securities	\$ 1,178,501	\$ 1,156,620	\$ 24,581	\$ 33,313	\$ 1,147,888
Total securities held to maturity⁽¹⁾	\$ 4,157,816	\$ 4,135,935	\$ 84,139	\$ 62,752	\$ 4,157,322

(1) The non-credit portion of OTTI was \$21.9 million (before taxes).

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The Company had \$442.6 million and \$446.0 million of Federal Home Loan Bank (FHLB) stock, at cost, at September 30, 2011 and December 31, 2010, respectively. The Company is required to maintain this investment in order to have access to funding resources provided by the FHLB.

The following table summarizes the gross proceeds, gross realized gains, and gross realized losses from the sale of available-for-sale securities during the nine months ended September 30, 2011 and 2010:

(in thousands)	For the Nine Months Ended September 30,	
	2011	2010
Gross proceeds	\$740,738	\$660
Gross realized gains	26,977	--
Gross realized losses	<u>11</u>	<u>8</u>

In addition, during the nine months ended September 30, 2011, the Company sold held-to-maturity securities with gross proceeds totaling \$284.4 million and gross realized gains of \$8.5 million. These sales occurred because the Company had either collected a substantial portion (at least 85%) of the initial principal balance or because there was evidence of significant deterioration in the issuer's creditworthiness.

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Included in the capital trust note portfolio at September 30, 2011 were three pooled trust preferred securities. The following table details the pooled trust preferred securities that had at least one credit rating below investment grade as of September 30, 2011:

(dollars in thousands)	INCAPS Funding I	Alesco Preferred Funding VII Ltd.	Preferred Term Securities II
	Class B-2 Notes	Class C-1 Notes	Mezzanine Notes
Book value	\$14,964	\$ 553	\$629
Fair value	13,368	266	688
Unrealized gain (loss)	(1,596)	(287)	59
Lowest credit rating assigned to security	CCC-	C	C
Number of banks/insurance companies currently performing	24	60	24
Actual deferrals and defaults as a percentage of original collateral	11%	32%	36%
Expected deferrals and defaults as a percentage of remaining performing collateral	25	25	19
Expected recoveries as a percentage of remaining performing collateral	--	--	2
Excess subordination as a percentage of remaining performing collateral	11	--	--

As of September 30, 2011, after taking into account the Company's best estimates of future deferrals, defaults, and recoveries, two of its pooled trust preferred securities had no excess subordination in the classes it owns and one had excess subordination of 11%. Excess subordination is calculated after taking into account the deferrals, defaults, and recoveries noted in the table above, and indicates whether there is sufficient additional collateral to cover the outstanding principal balance of the class owned, after taking into account these projected deferrals, defaults, and recoveries.

The following table presents a roll-forward, from December 31, 2010 through September 30, 2011, of the credit loss component of OTTI on debt securities for which a non-credit component of OTTI was recognized in AOCL. The beginning balance represents the credit loss component for debt securities for which OTTI occurred prior to January 1, 2011. For credit-impaired debt securities, OTTI recognized in earnings after that date is presented as an addition in two components, based upon whether the current period is the first time a debt security was credit-impaired (initial credit impairment) or is not the first time a debt security was credit-impaired (subsequent credit impairment).

(in thousands)	For the Nine Months Ended September 30, 2011
	Beginning credit loss amount as of December 31, 2010
Add: Initial other-than-temporary credit losses	--
Subsequent other-than-temporary credit losses	6,160
Amount previously recognized in AOCL	11,964
Less: Realized losses for securities sold	--
Securities intended or required to be sold	--
Increases in expected cash flows on debt securities	--
Ending credit loss amount as of September 30, 2011	\$219,978

OTTI losses on securities (consisting entirely of preferred stock) totaled \$18.1 million in the nine months ended September 30, 2011. As this entire amount was related to credit, it was recognized in earnings. OTTI was determined based on the Company's expectation that it would no longer receive any cash flows from the impaired security.

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The following table summarizes the carrying amount and estimated fair value of held-to-maturity debt securities, and the amortized cost and estimated fair value of available-for-sale debt securities, at September 30, 2011 by contractual maturity. Mortgage-related securities held to maturity and available for sale, all of which have prepayment provisions, are distributed to a maturity category based on the ends of the estimated average lives of such securities. Principal and amortization prepayments are not shown in maturity categories as they occur, but are considered in the determination of estimated average life.

(dollars in thousands)	Carrying Amount at September 30, 2011								
	Mortgage-Related Securities	Average Yield	U.S. Treasury and GSE Obligations	Average Yield	State, County, and Municipal	Average Yield ⁽¹⁾	Other Debt Securities ⁽²⁾	Average Yield	Fair Value
Held-to-Maturity Securities:									
Due within one year	\$ --	--%	\$ --	--%	\$ --	--%	\$ 8,750	7.79%	\$ 8,761
Due from one to five years	--	--	--	--	--	--	23,986	5.80	24,798
Due from five to ten years	868,209	3.76	1,298,132	3.92	--	--	20,023	5.98	2,256,407
Due after ten years	2,267,137	3.74	--	--	--	--	162,314	7.17	2,504,407
Total debt securities held to maturity	\$ 3,135,346	3.75%	\$ 1,298,132	3.92%	\$ --	--%	\$ 215,073	6.94%	\$ 4,794,373
Available-for-Sale Securities:⁽³⁾									
Due within one year	\$ --	--%	\$ --	--%	\$ 125	5.39%	\$ --	--%	\$ 126
Due from one to five years	2,531	6.91	--	--	489	6.01	--	--	3,084
Due from five to ten years	64,734	4.11	295,160	3.77	696	6.52	--	--	365,628
Due after ten years	60,472	4.74	594	2.75	--	--	36,754	4.62	92,273
Total debt securities available for sale	\$ 127,737	4.46%	\$ 295,754	3.76%	\$ 1,310	6.23%	\$ 36,754	4.62%	\$ 461,111

(1) Not presented on a tax-equivalent basis.

(2) Includes corporate bonds and capital trust notes. Included in capital trust notes are \$15.5 million and \$629,000 of pooled trust preferred securities available for sale and held to maturity, respectively, all of which are due after ten years. The remaining capital trust notes consist of single-issue trust preferred securities.

(3) As equity securities have no contractual maturity, they have been excluded from this table.

The Company had no commitments to purchase securities at September 30, 2011.

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The following tables present held-to-maturity and available-for-sale securities having a continuous unrealized loss position for less than twelve months and for twelve months or longer as of September 30, 2011:

At September 30, 2011 (in thousands)	Less than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Temporarily Impaired Held-to-Maturity						
Debt Securities:						
GSE debentures	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
GSE certificates	--	--	--	--	--	--
GSE CMOs						