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**Joseph R. Ficalora**

Queens borders. Mergers with five local institutions solidified its presence throughout metropolitan New York and New Jersey. In December 2009, the bank completed its first acquisition of a failed institution, acquiring the assets and liabilities of AmTrust Bank. That transaction expanded the company's franchise into Ohio, Florida and Arizona. Months later, it completed its second FDIC-assisted transaction, expanding its Arizona franchise with the acquisition of Desert Hills Bank.

While NYCB originates one- to four-family loans throughout the U.S. for sale to Fannie Mae and Freddie Mac, its primary business is making multi-family loans. New York City is an area dense with multi-family housing, and the majority of the bank's $25.5 billion portfolio of loans held-for-investment is secured by apartment buildings that are rent-regulated and feature below-market rents.

"Their loan portfolio is 70 percent multi-family and 25 percent commercial real estate. Even in their commercial real estate loans, there is usually an apartment above, with retail at the ground level," observes Anthony Polini, managing director at Raymond James Financial in New York.

The lending model remains successful: NYCB has the rare distinction of having gone 52 consecutive quarters without experiencing a loss on any loan it originated, from the first quarter of 2005 through the fourth quarter of 2008. The company earned the top ranking for U.S. thrifts with assets of $2 billion or greater in SNL's annual performance ranking for the 12-month period ending March 31, 2011.

Because tenants will hold on to rent-controlled and -stabilized apartments, rent-regulated buildings remain occupied during difficult times. But that isn't the only reason for their continued stability, says Polini.

"Not everyone in multi-family lending loses so little," says Polini, who accredits NYCB's success to their ability to develop a "niche within a niche. They look for buildings with a high percent of rent-controlled apartments. They loan on discounted cash flows, to landlords looking to make improvements on the property. They value the loan based on current rent rolls, not projected. They grow their portfolio at the bottom of the cycle, not the top. When others leave the market, fail or retrench, NYCB's market goes up."

"We are truly a risk-averse bank," comments Ficalora, who has been with the bank for over 40 years. "We go out of our way to take less risk. Bad times are inevitable and we prepare for them. So when other lenders step away from this niche, we are still lending and still building our portfolio. And this has been our consistent approach over the past 40 years."

Over the decades, the bank has generated a dedicated following of brokers and landlords in the region. Driving the bank's decisions is a highly experienced board, which values continuity and passes its values along to newer members, says Ficalora. "Given the expertise of our board, as well as their involvement, we are well positioned to make important decisions, and very well situated for the challenges of the current environment."

Ficalora reports the bank has been so consistent in its methods, it was only marginally affected by the credit crisis, and did not change much of its approach to lending in light of it. "We lost a small amount in the past three years, as compared to other lenders. We were fortunate to have a disproportionate amount of really good loans in the recent credit cycle, which verified the merits of our lending model."

Ficalora feels optimistic about the bank's continued success. "We issued more loans [in 2011] than in any other year in our history, and we give more back to shareholders than any other bank in the country."

The company reported assets in excess of $42 billion at the end of 2011, an $833.6 million increase from the balance at the close of 2010.

"We are in the business of creating a better bank," says Ficalora, "and that is to everyone's benefit." ■