NEW YORK COMMUNITY BANCORP INC
Form 10-K405
March 27, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the fiscal year ended: December 31, 2000 Commission File Number 0-22278

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.)

615 Merrick Avenue, Westbury, New York 11590
(Address of principal executive offices) (Zip code)

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.01 par value
(Title of Class)

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 |X| No |_|

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not considered herein, and will not be contained to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. |X|

As of March 22, 2001, the aggregate market value of the shares of common stock of the registrant outstanding was $1,022,474,125, excluding 3,352,301 shares held by all directors and executive officers of the registrant. This figure is based on the closing price by The Nasdaq Stock Market(R) for a share of the registrant's common stock on March 22, 2001, which was $39.91 as reported in The Wall Street Journal on March 23, 2001. The number of shares of the registrant's common stock outstanding as of March 22, 2001 was 28,971,798 shares.

Documents Incorporated by Reference

Portions of the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 9, 2001 and the 2000 Annual Report to Shareholders are incorporated herein by reference - Parts I, II, and III.

CROSS REFERENCE INDEX

PART I

Item 1. Business
- Description of Business
- Statistical Data:
  - Mortgage and Other Lending Activities
  - Loan Maturity and Repricing
  - Summary of Allowance for Loan Losses
  - Composition of Loan Portfolio
  - Securities, Money Market Investments, and Mortgage-backed Securities Portfolio

Item 2. Properties
Item 3. Legal Proceedings
Item 4. Submission of Matters to a Vote of Security Holders

PART II

Item 5. Market for Registrant's Common Stock and Related Stockholder Matters
Item 6. Selected Financial Data
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 7A. Quantitative and Qualitative Disclosures About Market Risk
Item 8. Financial Statements and Supplementary Data
- New York Community Bancorp, Inc. and Subsidiaries:
  - Independent Auditors' Report
  - Consolidated Statements of Financial Condition
  - Consolidated Statements of Income
  - Consolidated Statements of Changes in Stockholders' Equity
  - Consolidated Statements of Cash Flows

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

PART III

Item 10. Directors and Executive Officers of the Registrant
Item 11. Executive Compensation
Item 12. Security Ownership of Certain Beneficial Owners and Management
Item 13. Certain Relationships and Related Transactions

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

Signatures

PART I

ITEM 1. BUSINESS

New York Community Bancorp, Inc. (the "Company"), formerly known as Queens County Bancorp Inc., was incorporated in the State of Delaware on July 20, 1993 as the holding company for New York Community Bank (the ("Bank"), formerly known as Queens County Savings Bank, the first savings bank chartered by the State of New York in the Borough of Queens, on April 14, 1859. The Company acquired all of the stock of the Bank upon its conversion from a New York State-chartered mutual savings bank to a New York State-chartered stock form savings bank on November 23, 1993.

On November 21, 2000, the Company changed its name from Queens County Bancorp, Inc. to New York Community Bancorp, Inc., in anticipation of its acquisition of Haven Bancorp, Inc., parent company of CFS Bank, which was founded as the Columbia Building and Loan Association, also in Queens, in 1889. The acquisition was announced on June 27, 2000 and was completed on November 30, 2000. Shareholders of Haven Bancorp received 1.04 shares of New York Community Bancorp, Inc. stock for each share of Haven Bancorp stock held at the closing date.

On December 15, 2000, the name of the Company's primary subsidiary was changed from Queens County Savings Bank to New York Community Bank, and its headquarters was relocated from Flushing, in Queens County, New York to Westbury, in Nassau County, New York. CFS Bank merged with and into New York Community Bank on January 31, 2001. Two additional branches were opened in the first quarter of 2001.

General

Primarily reflecting the acquisition of Haven Bancorp on November 30, 2000 and the subsequent sale of assets totaling $620.0 million, the Company ended the year 2000 as a $4.7 billion institution with loans of $3.6 billion, deposits of $3.3 billion, and a network of 84 branch offices serving customers throughout the greater metropolitan New York area.

The acquisition joined New York Community Bancorp's strength as a multi-family mortgage lender with Haven Bancorp's strength as a significant source of low-cost deposits and fee income derived from the sale of investment products and banking services.

In addition to multi-family mortgage loans, the Company's assets include commercial real estate and construction loans and short-term securities, primarily in the form of U.S. Government agency obligations. While the Company adopted a policy of originating one-to-four family mortgage loans and consumer loans on a pass-through basis on December 1, 2000, the Company's balance sheet at December 31, 2000 also reflects one-to-four family mortgage loans and other loans originated prior to the adoption of said policy.

The Company's revenues primarily stem from the interest earned on mortgage and other loans and securities investments, together with fee income derived from depository accounts and, to a greater extent since the acquisition of Haven, from the sale of investment products and banking services.

The Bank's primary funding sources are deposits, amortization and prepayments of loans, and the amortization, prepayments, and maturities of mortgage-backed and investment securities. In addition, the Company has drawn extensively on its line of credit with the Federal Home Loan Bank of New York (the "FHLB-NY") to fund loan production. The increase in deposits stemming from the Haven acquisition is expected to reduce the Company's use of FHLB borrowings in the current year. Additionally, in 2000, the Company issued $25.0 million of

trust preferred securities through two subsidiaries, the proceeds of which have been used for general operations.

In addition to maintaining a high level of asset quality and a strong capital position through the generation of stable earnings, the Company has enhanced share value through a series of share repurchase programs and the payment of quarterly cash dividends. Reflecting share repurchases and the issuance of 9,827,744 shares of common stock from Treasury in connection with the acquisition, the number of shares outstanding at December 31, 2000 was 29,580,124; reflecting share repurchases, the number of outstanding shares at March 22, 2001 was 28,971,798.

Market Area and Competition

The Bank is a community-oriented financial institution offering a wide variety of financial products and services to meet the needs of the communities it serves. As a result of the acquisition, the Bank has 86 locations serving the greater metropolitan New York region, including 19 traditional branch offices (17 in Queens and one each in Nassau and Suffolk counties) and 67 in-store branches throughout New York City, Nassau, Suffolk, Rockland and Westchester counties, New Jersey, and Connecticut. The Bank's deposit gathering base is concentrated in the communities surrounding its offices, while its primary lending area extends throughout the greater metropolitan New York area. Most of the Bank's mortgage loans are secured by properties located in the New York City Boroughs of Queens, Brooklyn, and Manhattan, and in Nassau County.

The Bank faces significant competition both in making loans and in attracting deposits. Its market area has a high density of financial institutions, many of which have greater financial resources than the Bank, and all of which are competitors of the Bank to varying degrees. The Bank's competition for loans comes principally from commercial banks, savings banks, credit unions, savings and loan associations, mortgage banking companies, and insurance companies. Additionally, the Bank faces competition from non-traditional financial service companies and, on a nationwide basis, from companies that solicit loans and deposits over the Internet.

Competition is likely to increase as a result of recent regulatory actions and legislative changes, most notably the enactment of the Gramm-Leach-Bliley Act of 1999. These changes have eased and likely will continue to ease restrictions on interstate banking and the entrance into the financial services market by non-traditional and non-depository financial services providers, including insurance companies and securities brokerage and underwriting firms. The Bank has recently faced increased competition for the origination of multi-family loans, which comprised 53.51% of the Bank's loan portfolio at year-end 2000. Management anticipates that competition for multi-family loans will continue to increase in the future. Thus, no assurances can be made that the Bank will be able to maintain its current level of lending activity.

Lending Activities

Loan and Mortgage-backed Securities Portfolio Composition. The Bank's loan portfolio consists primarily of multi-family mortgage loans on both rental and cooperative apartment buildings, and conventional first mortgage loans secured by one-to-four family homes. To a lesser extent, the Bank also originates commercial real estate loans, construction loans, and home equity and other consumer loans. At December 31, 2000, the Bank's gross loan portfolio totaled $3.6 billion, of which $1.9 billion, or 53.51%, were multi-family mortgage loans, and $1.3 billion, or 34.85%, were one-to-four family first mortgage

loans. Of the total mortgage loan portfolio at year-end 2000, 69.14% were adjustable rate loans and 30.86% were fixed-rate loans. The Bank's mortgage loan portfolio also included $324.1 million in commercial real estate loans and $59.5 million in construction loans. In addition, the Bank had $3.7 million in cooperative apartment loans, $12.2 million in home equity loans generally secured by second liens on real property, and $23.8 million in other consumer loans at December 31, 2000.

The types of loans originated by the Bank are subject to Federal and State laws and regulations. Interest rates charged by the Bank on loans are affected principally by the demand for such loans, the supply of money available for lending purposes, and the rates offered by its competitors. These factors are, in turn, affected by general economic conditions, the monetary policy of the Board of Governors of the Federal Reserve System ("Federal Reserve Board"), legislative tax policies, and governmental budgetary matters.

The Bank has invested in a variety of mortgage-backed securities, some of which are directly or indirectly insured or guaranteed by the Federal Home Loan Mortgage Corporation ("FHLMC"), the Government National Mortgage Association ("GNMA") or the Federal National Mortgage Association ("FNMA"). At December 31, 2000, mortgage-backed securities totaled $161.6 million, or 3.43% of total assets. The market value of such securities was approximately $161.6 million at December 31, 2000. Of the $161.6 in million total mortgage-backed securities, $159.7 million were classified as available for sale and $1.9 million were classified as held to maturity.

Loan Originations, Purchases, Sales, and Servicing. The Bank originates both adjustable rate mortgage ("ARM") loans and fixed-rate loans, the amounts of which are dependent upon customer demand and market rates of interest. Generally, the Bank does not purchase whole mortgage loans or loan participations. Prior to the year 2000, the Bank held all adjustable rate one-to-four family mortgage loans that it originated, and generally sold any fixed-rate one-to-four family mortgage loans it originated to Savings Bank Life Insurance ("SBLI"). One-to-four family mortgage loans sold to SBLI during the year ended December 31, 1999 amounted to $2.0 million; no one-to-four family mortgage loans were sold to SBLI during 2000. In December 2000, the Bank sold one-to-four family mortgage loans totaling $1.7 million. On December 28, 2000, the Bank sold 458 fixed-rate one-to-four family mortgage loans totaling $105.7 million that it had acquired in the Haven transaction. Together with the proceeds from the sale of securities in December, the proceeds from the loan sales were used to reduce the balance of FHLB borrowings.

For the fiscal years December 31, 2000 and 1999, originations of new ARM loans totaled $557.5 million and $563.9 million, respectively, or 90.51% and 92.32%, of all mortgage loan originations. Originations of fixed-rate loans totaled $58.4 million and $46.9 million, respectively, for the same periods, while sales of ARM loans and fixed-rate loans totaled $107.4 million and $213.6 million, respectively, for those periods. As of December 31, 2000, the Bank was servicing $1.1 billion in loans for others. The Bank is generally paid a fee up to 0.25% for servicing loans sold.

Multi-Family Lending. The Bank originates multi-family loans (defined as loans on properties with five or more units), which are secured by rental or cooperative apartment buildings located primarily in the greater metropolitan New York area. At December 31, 2000, the Bank's portfolio of multi-family mortgage loans totaled $1.9 billion, representing 53.51% of the total loan portfolio. Of this total, $1.6 billion, or 81%, were secured by rental apartment buildings and $362.5 million, or 19%, were secured by underlying mortgages on

cooperative apartment buildings.

Such loans are generally originated for terms of 10 years at a rate of interest that adjusts to the prime rate of interest, as reported in The New York Times, plus a margin of 100 basis points, in each of years six through ten. In 2000, the majority of the Bank's multi-family mortgage loan originations featured a fixed-rate for the first five years of the credit; prepayment penalties range from five points to two over the first five years of the loan. At year-end 2000, 69% of the Bank's multi-family mortgage loans were adjustable rate credits, including $1.3 billion that are due to adjust in 2001. Properties securing multi-family mortgage loans are appraised by independent appraisers approved by the Bank.

In originating such loans, the Bank bases its underwriting decisions primarily on the net operating income generated by the property in relation to the debt service. The Bank also considers the financial resources of the borrower, the borrower's experience in owning or managing similar property, the market value of the property, and the Bank's lending experience with the borrower. The Bank generally requires minimum debt service ratios of 120% on multi-family properties. In addition, the Bank requires a security interest in the personal property at the premises and an assignment of rents.

The Bank's largest concentration of loans to one borrower at December 31, 2000 consisted of 24 loans secured by 24 multi-family properties located in the Bank's primary market area. These loans were made to several borrowers who are deemed to be related for regulatory purposes. As of December 31, 2000, the outstanding balance of these loans totaled $25.7 million and, as of such date, all such loans were performing in accordance with their terms. The Bank's concentration of such loans did not exceed its "loans-to-one-borrower" limitation.

Loans secured by multi-family properties are generally larger and involve a greater degree of risk than one-to-four family residential mortgage loans. Payments on loans secured by multi-family buildings are generally dependent on the income produced by such properties, which, in turn, is dependent on the successful operation or management of the properties; accordingly, repayment of such loans may be subject to a greater extent to adverse conditions in the real estate market or the local economy. The Bank seeks to minimize these risks through its underwriting policies, which restrict new originations of such loans to the Bank's primary lending area and require such loans to be qualified on the basis of the property's net income and debt service ratio. Since 1987, one loan on a multi-family property located outside of the primary lending area was foreclosed upon and subsequently sold.

One-to-Four Family Mortgage Lending. At December 31, 2000, $1.3 billion, or 34.85%, of the Bank's loan portfolio, consisted of one-to-four family mortgage loans; however the concentration of one-to-four family mortgage loans is expected to decline in 2001. Effective December 1, 2000, the Bank adopted a policy of originating such loans on a pass-through basis. Applications are taken and processed by one of the nation's leading mortgage brokers; upon closing, the loans are sold to the broker, service-released.

The Bank had non-performing loans of $9.1 million at December 31, 2000, primarily consisting of one-to-four family mortgage loans. Since 1990, the Bank has foreclosed on 51 one-to-four family residential properties; one property, with a carrying value of $12,000, remained in foreclosed real estate as of December 31, 2000.

In the years ended December 31, 2000 and 1999, the Bank originated one-to-four family ARM loans of $724,000 and $1.4 million respectively. For the years ended December 31, 2000 and 1999, the Bank originated $1.8 million and $4.2 million, respectively, of fixed-rate one-to-four family mortgage loans.

Prior to the year 2000, the Bank held all adjustable rate one-to-four family mortgage loans that it originated, and generally sold any fixed-rate one-to-four family mortgage loans it originated to Savings Bank Life Insurance ("SBLI"), while retaining the servicing rights. One-to-four family mortgage loans sold to SBLI during the year ended December 31, 1999 amounted to $2.0 million; no one-to-four family mortgage loans were sold to SBLI during 2000.

On December 28, 2000, the Bank sold fixed-rate one-to-four family mortgage loans totaling $105.7 million that it had acquired in the Haven transaction, while retaining the servicing rights. As of December 31, 2000 the Bank's portfolio of loans serviced for others totaled $1.1 billion. In December 2000, the Bank sold one-to-four family mortgage loans totaling $1.7 million to Cendant Mortgage Corporation. The Bank intends to continue to sell all of its newly originated one-to-four family mortgage loans as a means of managing its interest rate risk; however, no assurances can be made that the Bank will be able to do so in the future.

Commercial Real Estate Lending. The Bank offers commercial real estate loans that are typically secured by office buildings, retail stores, medical offices, warehouses, and other non-residential buildings. At December 31, 2000, the Bank had loans secured by commercial real estate of $324.1 million, comprising 8.9% of the Bank's total loan portfolio. Commercial real estate loans may be originated in amounts of up to 75% of the appraised value of the mortgaged property. Such loans are typically made for terms of ten years with interest rates charged in the same manner as the Company's multi-family loans. To originate commercial real estate loans, the Bank requires one or more of the following: personal guarantees of the principals, a security interest in the personal property, and an assignment of rents and/or leases. Properties securing the loan are appraised by independent appraisers approved by the Bank.

Loans secured by commercial real estate properties, like multi-family loans, are generally larger and involve a greater degree of risk than one-to-four family residential mortgage loans. Because payments on loans secured by commercial real estate properties are often dependent on the successful operation and management of the properties, repayment of such loans may be subject to adverse conditions in the real estate market or the economy, to a greater extent than other types of loans. The Bank seeks to minimize these risks through its lending policies and underwriting standards, which restrict new originations of such loans to the Bank's primary lending area and qualify such loans on the basis of the property's net income and debt service ratio.

Construction Lending. The Bank's construction loans primarily have been made to finance the construction of one-to-four family residential properties and, to a lesser extent, multi-family properties. The Bank's policies provide that construction loans may be made in amounts of up to 70% of the appraised value of the project. The Bank generally has provided construction loans only as an accommodation to existing customers and does not actively solicit such loans. The Bank generally requires personal guarantees and a permanent loan commitment. Construction loans are made with adjustable rate terms of up to 18 months. Loan proceeds are disbursed in increments as construction progresses and as inspections warrant. Construction loans are structured to be converted to permanent end loans originated by the Bank at the end of the construction period or upon the borrower receiving permanent financing from another financial institution. As of December 31, 2000, the Bank had $59.5 million, or 1.64%, of its total loan portfolio invested in construction loans. The Bank does not currently intend to increase the level or ratio of its construction loans to total loans.

Other Lending. Other loans outstanding at December 31, 2000 totaled $39.7 million, or 1.09% of the Bank's loan portfolio, and included cooperative apartment loans of $3.7 million, representing 9.37% of other loans. The Bank's home equity loans extend a line of credit ranging from a minimum of $10,000 to a maximum of $400,000. The credit line, when combined with the balance of the first mortgage lien, may not exceed 70% of the appraised value of the property at the time of the loan commitment. Home equity loans outstanding at December 31, 2000 totaled $12.2 million, against total available credit lines of $1.6 million. Effective December 1, 2000, the Company adopted a policy of originating other loans on a pass-through basis as a means of reducing credit and interest rate risk.

Loan Approval Authority and Underwriting. The Board of Directors establishes lending authority for individual officers for its various loan products. For multi-family and commercial real estate loans, the Mortgage and Real Estate Committee must approve all loans. A loan in excess of $3.0 million must be approved by the Executive Committee; as of December 31, 2000, the Bank had 34 loans in excess of $3.0 million, with the highest amount being $31.5 million.

Non-performing Loans and Foreclosed Assets. The Bank had $9.1 million in loans 90 days or more delinquent at December 31, 2000. Based on current market values, management does not currently expect to incur significant losses on its non-performing mortgage loans.

Management reviews non-performing loans on a regular basis and reports monthly to both the Mortgage and Real Estate Committee and the Executive Committee regarding delinquent loans. The Bank hires outside counsel experienced in foreclosure and bankruptcy to institute foreclosure and other proceedings on the Bank's delinquent loans.

With respect to one-to-four family mortgage loans, the Bank's collection procedures include sending a past due notice when the regular monthly payment is 17 days past due. In the event that payment is not received following notification, another notice is sent after the loan becomes 30 days delinquent. If payment is not received after the second notice is sent, personal contact with the borrower is attempted through additional letters and telephone calls. If a loan becomes 90 days delinquent, the Bank then issues a demand note and sends an inspector to the property. When contact is made with the borrower at any time prior to foreclosure, the Bank attempts to obtain full payment or to work out a repayment schedule with the borrower to avoid foreclosure. If a satisfactory repayment schedule is not worked out with the borrower, foreclosure actions are generally initiated prior to the loan becoming 120 days past due.

With respect to multi-family and commercial real estate loans, any loans that become 20 days delinquent are reported to the Executive Vice President, Mortgages. The Bank then attempts to contact such borrowers by telephone. Before a loan becomes 30 days past due, the Bank conducts a physical inspection of the property. Once contact is made with the borrower, the Bank attempts to obtain full payment or to work out a repayment schedule. If the Bank determines that successful repayment is unlikely, the Bank initiates foreclosure proceedings, typically before the loan becomes 60 days delinquent.

The Bank's policies provide that management report monthly to the Mortgage and Real Estate Committee and Executive Committee regarding classified assets. The Bank reviews the problem loans in its portfolio on a monthly basis to determine whether any loans require classification in accordance with applicable

regulatory guidelines, and believes its classification policies are consistent with regulatory policies. All classified assets of the Bank are included in non-performing loans 90 days or more delinquent or foreclosed real estate.

When loans are designated as "in foreclosure", the accrual of interest and amortization of origination fees continues up to net realizable value less the transaction cost of disposition. During the years ended December 31, 2000, 1999, and 1998, the amounts of additional interest income that would have been recorded on mortgage loans in foreclosure, had they been current, totaled $435,000, $641,000, and $1.1 million, respectively. These amounts were not included in the Bank's interest income for the respective periods.

5

The following table sets forth information regarding all mortgage loans in foreclosure, loans which are 90 days or more delinquent, and foreclosed real estate at the dates indicated. At December 31, 2000, the Bank had no restructured loans within the meaning of Statement of Financial Accounting Standards ("SFAS") No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," as amended by SFAS No. 114.

	At December 31,				
	2000	1999	1998	1997	1996
(dollars in thousands)					
Mortgage loans in foreclosure	$ 6,011	$ 2,886	$ 5,530	$ 6,121	$ 6,861
Loans 90 days or more delinquent and still accruing interest	3,081	222	663	1,571	2,798
Total non-performing loans	9,092	3,108	6,193	7,692	9,659
Foreclosed real estate	12	66	419	1,030	627
Total non-performing assets	$ 9,104	$ 3,174	$ 6,612	$ 8,722	$10,286
Total non-performing loans to loans, net	0.25%	0.19%	0.42%	0.55%	0.84%
Total non-performing assets to total assets	0.19	0.17	0.38	0.54	0.76

Management monitors non-performing loans and, when deemed appropriate, writes down such loans to their current appraised values, less transaction costs. There can be no assurances that further write-downs will not occur with respect to such loans.

At December 31, 2000, foreclosed real estate consisted of one residential property with an aggregate carrying value of $12,000. The Bank generally conducts appraisals on all properties securing mortgage loans in foreclosure and foreclosed real estate as deemed appropriate and, if necessary, charges off any declines in value at such times. Based upon management's estimates as to the timing of, and expected proceeds from, the disposition of these loans, no material loss is currently expected to be incurred.

Once a loan is placed in foreclosure, the Bank performs an appraisal of the property. In the event that the carrying balance of the loan exceeds the appraisal amount less transaction costs, a charge-off is recognized. It is the Bank's general policy to dispose of properties acquired through foreclosure or by deed in lieu thereof as quickly and as prudently as possible, in consideration of market conditions and the condition of such property. Foreclosed real estate is titled in the name of the Bank's wholly-owned subsidiary, Main Omni Realty Corp., which manages the property while it is offered for sale.

Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses based on management's evaluation of the risks inherent in its loan portfolio and the regional and national economies. Such evaluation, which includes a review of all loans on which full collectibility may not be reasonably assured, considers, among other matters, the current market value of the underlying collateral, economic conditions, historical loan loss experience, and other factors that warrant recognition in providing for an adequate loan loss allowance. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses and the valuation of foreclosed real estate. While the Bank believes that the level of its loan loss allowance is adequate and utilizes a conservative approach when evaluating the adequacy of its loan loss allowance, such authorities may require the Bank to recognize additions to the allowance based on their judgment about information made available to them at the time of their examinations.

The allowance for loan losses is composed of 5 separate categories corresponding to the various loan classifications listed in Statistical Data-D, "Composition of the Loan Portfolio." Within these categories, there is a further stratification allowing analysis of each loan based on its performing or non-performing status.

Non-performing loans have been assigned risk weightings (based on an aging schedule) ranging from 300 to 750 basis points. The performing portfolio is similarly reviewed, with risk weightings ranging from 23 to 200 basis points. The respective portfolio classifications and the corresponding risk weighting formulae resulted in the allocation of the allowance for loans losses as presented in Statistical Data-C, "Summary of the Allowance for Loan Losses."

Each element of the allowance for loan losses corresponds to the various loan classifications. While each element as of December 31, 1999 and December 31, 2000 is summarized in Statistical Data-C, the overall risk weighting increased from 44 basis points of coverage (as of December 31, 1999) to 50 (as of December 31, 2000) basis points of coverage to the entire portfolio. The major category components that had risk weight changes involved the one-to-four residential loans (performing sub-category only) and the multi-family loans.

The underlying credit analysis of the one-to-four family performing residential loans considered the average age and loan-to-value ratios which resulted in a modest risk weighting decrease from 22 basis points as of December 31, 1999 to 19 basis points as of December 31, 2000. The multi-family category was evaluated in similar fashion; however, additional consideration was given to the payment history experience, selected physical inspections of the collateral, and the lack (in totality) of any charge-offs in this category over several years. This resulted in a risk weighting increase from 37 basis points (as of December 31, 1999) to 40 basis points (as of December 31, 2000).

Impaired loans were either one-to-four family residential loans that were 90 days or more delinquent and had an assigned risk weighting of 300 basis points, or were loans in foreclosure and had an overall assigned risk weighting of 750 basis points. These risk weightings for impaired loans remained constant at both measurement dates being discussed. The year-end balances of these two categories of impaired loans are presented in the table on page 6.

The remaining categories, comprising approximately 12% of the entire loan portfolio, had the following risk weighted assessments: construction loans, which had outstanding balances ranging from $4.8 million to $59.5 million over the measurement dates, had an overall increase in risk weighting from 134 basis points to 150 basis points; outstanding balances on commercial real estate loans ranged from $96.0 million to $324.1 million and also experienced an increase from 125 basis points to 175 basis points over the measurement dates; other loans having outstanding balances increased from $8.7 million to $39.7 million and remained constant with a risk weighting assessment of 200 basis points at all measurement dates.

In order to determine its overall adequacy, the allowance for loan losses is reviewed quarterly by both management (through its Classification of Assets Committee) and the Board of Directors' designated committee (the Mortgage and Real Estate Committee).

Various factors are considered in determining the appropriate level of the allowance for loan losses. These factors include, but are not limited to:

1) End of period levels and observable trends in non-performing loans;

2) Charge-offs experienced over prior periods, including an analysis of the underlying factors leading to the delinquencies and subsequent charge-off (if any);

3) Analysis of the portfolio in the aggregate as well as on an individual loan basis, which analysis considers:

   i. payment history;
   ii. underwriting analysis based upon current financial information, and;
   iii. current inspections of the loan collateral by qualified in-house property appraisers/inspectors.

4) Bi-weekly meetings of executive management with the Mortgage and Real Estate Committee (which committee includes 4 outside directors, each possessing over 30 years of complementary real estate experience) during which observable trends in the local economy and their effect on the real estate market are discussed.

5) Discussions with and periodic review by the various governmental regulators (e.g., Federal Deposit Insurance Corporation, the New York State Banking Department); and

6) Full Board assessment of all of the above when making a business judgment regarding the impact of anticipated changes on the future level of the allowance for loan losses.

When the Bank determines that an asset should be classified, it generally does not establish a specific allowance for such asset unless it determines that

such asset may result in a loss. The Bank may, however, increase its general valuation allowance in an amount deemed prudent. General valuation allowances represent loss allowances, which have been established to recognize the inherent risk associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. The Bank's determination as to the classification of its assets and the amount of its valuation allowances are subject to review by the FDIC and the Banking Department, which can order the establishment of additional general or specific loss allowances.

At December 31, 2000, the total allowance was $18.1 million, which amounted to 198.68% of non-performing loans and 198.42% of non-performing assets. The increase of $11.0 million from 1999 stemmed from the Haven acquisition. For the years ended December 31, 2000 and 1999, the Bank had no net charge-offs against this allowance. The Bank will continue to monitor and modify the level of its allowance for loan losses in order to maintain such allowance at a level which management considers adequate. See Statistical Data-A, B, C, and D for components of the Bank's mortgage loan portfolio, maturity and repricing, and for a summary of the allowance for loan losses.

Mortgage-backed Securities

Most of the Bank's mortgage-backed securities are directly or indirectly insured or guaranteed by the FNMA, FHLMC, or GNMA. At December 31, 2000, mortgage-backed securities totaled $161.6 million, representing 3.43% of total assets. Of the $161.6 million in total mortgage-backed securities, $1.9 million were classified by the Bank as held to maturity and $159.7 million were classified as available for sale. Because a majority of the Bank's mortgage-backed securities are either adjustable rate or are FHLMC five-year term securities, the Bank anticipates that all of its mortgage-backed securities will prepay or reprice within three years. At December 31, 2000, the mortgage-backed securities portfolio had a weighted average interest rate of 6.95% and a market value of approximately $161.6 million. See Statistical Data-E for components of the mortgage-backed securities portfolio.

Investment Activities

General. The investment policy of the Bank, which is established by the Board of Directors and implemented by the Mortgage and Real Estate Committee and the Investment Committee, together with certain executive officers of the Bank, is designed primarily to provide and maintain liquidity, to generate a favorable return on investments without incurring undue interest rate and credit risk, and to complement the Bank's lending activities. The Bank's current securities investment policy permits investments in various types of liquid assets, including U.S. Treasury securities, obligations of various Federal agencies, and bankers' acceptances of other Board-approved financial institutions, investment grade corporate securities, commercial paper, certificates of deposit, and Federal funds. The Bank currently does not participate in hedging programs or interest rate swaps and does not invest in non-investment grade bonds or high-risk mortgage derivatives. See Statistical Data-E, "Securities, Money Market Investments, and Mortgage-backed Securities".

Sources of Funds

General. Deposits, repayments of loans and mortgage-backed securities, and maturities and redemptions of investment securities are the Bank's traditional sources of funds for lending, investing, and other general purposes. In recent years, FHLB borrowings have been increasingly utilized to fund increasing loan demand; however, the increase in deposits stemming from the Haven acquisition is likely to reduce the Company's use of borrowings in the near term.

Deposits. The Bank offers a variety of deposit accounts with a range of interest rates and terms. The Bank's deposits principally consist of

certificates of deposit ("CDs") and money market accounts, together with savings accounts, demand deposits, and NOW accounts. The flow of deposits is influenced significantly by general economic conditions, the

restructuring of the banking industry changes in money market and prevailing interest rates, and competition with other financial institutions. The Bank's deposits are typically obtained from customers residing or working in the communities in which its offices are located. The Bank relies primarily on long-standing relationships with customers to retain these deposits. At December 31, 2000, $320.7 million, or 9.85% of the Bank's deposit balance, consisted of CDs with a balance of $100,000 or more.

Borrowings. The Bank is a member of the FHLB-NY, and had a $1.9 billion line of credit at December 31, 2000. To supplement its funding in a year of increased lending and acquisition-related share repurchases, the Company drew on its line of credit with the FHLB in 2000. FHLB borrowings totaled $958.7 million at December 31, 2000. A $10.0 million line of credit with a correspondent financial institution is also available to the Bank.

On June 28, 2000, the Company sponsored the creation of Queens Capital Trust I ("Trust" I), a Delaware statutory business trust. The Company is the owner of all of the common securities of the Trust I. On July 26, 2000, the Trust I issued $10.0 million of its 11.045% capital securities through a pooled trust preferred securities offering. The proceeds from this issuance, along with the Company's $309,000 capital contribution for the Trust I common securities, were used to acquire $10.3 million aggregate principal amount of the Company's 11.045% Junior Subordinated Notes due July 19, 2030, which constitute the sole asset of the Trust I. The Company has, through a trust agreement establishing the Trust I, a guarantee agreement, the notes and the related indenture, taken together, fully irrevocably and unconditionally guaranteed all of the Trust I's obligations under the capital securities.

On August 23, 2000, the Company sponsored the creation of Queens County Statutory Trust I ("Trust II"), a Connecticut statutory trust. The Company is the owner of all of the common securities of the Trust II. On September 7, 2000, the Trust II issued $15.0 million of its 10.60% capital securities through a pooled trust preferred securities offering. The proceeds from this issuance, along with the Company's $464,000 capital contribution for the Trust II common securities, were used to acquire $15.5 million aggregate principal amount of the Company's 10.60% Junior Subordinated Deferrable Interest Debentures due September 7, 2030, which constitute the sole asset of the Trust II. The Company has, through a trust agreement establishing the Trust II, the guarantee agreement, the debentures and the related indenture, taken together, fully irrevocably and unconditionally guaranteed all of the Trust II's obligations under the capital securities.

In addition, the Company assumed two trusts in connection with the acquisition of Haven Bancorp, Inc., Haven Capital Trust I, which issued $25.0 million of 10.46% capital securities scheduled to mature on February 1, 2027, and Haven Capital Trust II, which issued $25.3 million of 10.25% capital securities scheduled to mature on September 30, 2029.

Subsidiary Activities

Under its New York State leeway authority, the Bank has formed six wholly-owned subsidiary corporations: M.F.O. Holding Corp. ("MFO") holds title to banking premises; Main Omni Realty Corp.'s purpose is to hold, operate, and maintain real estate acquired by the Bank as a result of foreclosure or by deed

in lieu; and Queens Realty Trust, Inc. which holds a pool of qualifying mortgage loans for investment purposes. Queens County Capital Management, Inc. ("QCCM") sells annuity products for the Bank; as a result of the acquisition, the Bank also now has CFS Investments, Inc., which sells non-deposit investment products and life insurance for the Bank; and CFS Investments New Jersey, Inc. which owns Columbia Preferred Capital Corporation ("CPCC") and holds various types of mortgage loans for investment purposes. The Bank is also an affiliate of CFS Insurance Agency, Inc., which sells property and casualty, auto and business insurance.

Personnel

At December 31, 2000, the number of full-time equivalent employees was 908. The Bank's employees are not represented by a collective bargaining unit, and the Bank considers its relationship with its employees to be good.

FEDERAL, STATE, AND LOCAL TAXATION

Federal Taxation

General. The Company and the Bank report their income on a consolidated basis using a calendar year on the accrual method of accounting, and are subject to Federal income taxation in the same manner as other corporations with some exceptions, including, particularly, the Bank's addition to its reserve for bad debts, as discussed below. The following discussion of tax matters is intended only as a summary and does not purport to be a comprehensive description of the tax rules applicable to the Bank or the Company.

Bad Debt Reserves. The Small Business Job Protection Act of 1996 (the "1996 Act"), which was enacted on August 20, 1996, made significant changes to provisions of the Internal Revenue Code of 1986 (the "Code") relating to a savings institution's use of bad debt reserves for Federal income tax purposes and requires such institutions to recapture (i.e. take into income) certain portions of their accumulated bad debt reserves. The effect of the 1996 Act on the Bank is discussed below. Prior to the enactment of the 1996 Act, the Bank was permitted to establish tax reserves for bad debts and to make annual additions thereto, which additions, within specified formula limits, were deducted in arriving at the Bank's taxable income. The Bank's deduction with respect to "qualifying loans," which are generally loans secured by certain interests in real property, could be computed using an amount based on a six-year moving average of the Bank's actual loss experience (the "Experience Method"), or a percentage equal to 8% of the Bank's taxable income (the "PTI Method"), computed without regard to this deduction and with additional modifications, and reduced by the amount of any permitted addition to the non-qualifying reserve.

The 1996 Act. Under the 1996 Act, for its current and future taxable years, the Bank is not permitted to make additions to its tax bad debt reserves. In addition, the Bank is required to recapture (i.e. take into income) over a six-year period the excess of the balance of its tax bad debt reserves as of December 31, 1995 over the balance of such reserves as of December 31, 1987. The amount subject to recapture is approximately $7.4 million.

Distributions. To the extent that the Bank makes "non-dividend distributions" to shareholders that are considered to result in distributions from the excess bad debt reserve, i.e., that portion, if any, of the balance of the reserve for qualifying real property loans attributable to certain deductions under the percentage of taxable income method, or the supplemental

reserve for losses on loans ("Excess Distributions"), then an amount based on the distribution will be included in the Bank's taxable income.

Non-dividend distributions include distributions in excess of the Bank's current and accumulated earnings and profits, distributions in redemption of stock, and distributions in partial or complete liquidation. However, dividends paid out of the Bank's current or accumulated earnings and profits, as calculated for Federal income tax purposes, will not be considered to result in a distribution from the Bank's bad debt reserves. Thus, any dividends to the Company that would reduce amounts appropriated to the Bank's bad debt reserves and deducted for Federal income tax purposes would create a tax liability for the Bank.

The amount of additional taxable income created from an Excess Distribution is an amount that, when reduced by the tax attributable to the income, is equal to the amount of the distribution. Thus, the additional taxable income would be an amount equal to approximately one and one-half times the amount of the Excess Distribution, assuming a 35% corporate income tax rate (exclusive of state taxes). See "Regulation and Supervision" for limits on the payment of dividends by the Bank. The Bank does not intend to pay dividends that would result in a recapture of any portion of its bad debt reserves.

Corporate Alternative Minimum Tax. The Code imposes a tax on Alternative Minimum Taxable Income ("AMTI") at a rate of 20%. Only 90% of AMTI can be offset by net operating loss carryovers. The adjustment to AMTI based on adjusted current earnings is an amount equal to 75% of the amount by which a corporation's adjusted current earnings exceeds its AMTI (determined without regard to this preference and prior to reduction for net operating losses). In addition, for taxable years beginning after December 31, 1986 and before January 1, 1996, an environmental tax of 0.12% of the excess of AMTI (with certain modifications) over $2.0 million is imposed on corporations, including the Bank, whether or not an Alternative Minimum Tax ("AMT") is paid. The Bank does not expect to be subject to the AMT. The Bank was subject to an environmental tax liability for the year ended December 31, 1995 which was not material.

Dividends Received Deduction and Other Matters. The Company may exclude from its income 100% of dividends received from the Bank as a member of the same affiliated group of corporations. The corporate dividends received deduction is generally 70% in the case of dividends received from unaffiliated corporations with which the Company and the Bank will not file a consolidated tax return, unless the Company and the Bank own more than 20% of the stock of the corporation distributing a dividend, in which case 80% of any dividends received may be deducted.

State and Local Taxation

The Bank is subject to the New York State Franchise Tax on Banking Corporations in an annual amount equal to the greater of (i) 9% of the Bank's "entire net income" allocable to New York State during the taxable year, or (ii) the applicable alternative minimum tax. The alternative minimum tax is generally the greatest of (a) 0.01% of the value of the Bank's assets allocable to New York State with certain modifications, (b) 3% of the Bank's "alternative entire net income" allocable to New York State, or (c) $250. Entire net income is similar to Federal taxable income, subject to certain modifications (including the fact that net operating losses cannot be carried back or carried forward) and alternative entire net income is equal to entire net income without certain deductions. The Bank is also subject to a similarly calculated New York City tax of 9% on income allocated to New York City and similar alternative taxes.

A temporary Metropolitan Transportation Business Tax Surcharge on banking corporations doing business in the metropolitan district has been applied since 1982. The Bank does all of its business within this District (except for the

branch offices in Connecticut and New Jersey), and is subject to this surcharge rate of 17.00%.

Delaware State Taxation. As a Delaware business corporation, the Company is required to file annual returns and pay annual fees and an annual franchise tax to the State of Delaware. These taxes and fees were not material in 2000.

10

REGULATION AND SUPERVISION

General

The Bank is a New York State-chartered stock form savings bank and its deposit accounts are insured under the Bank Insurance Fund ("BIF"), up to applicable limits by the FDIC. The Bank is subject to extensive regulation and supervision by the New York State Banking Department ("Banking Department"), as its chartering agency, and by the FDIC, as its deposit insurer. The Bank must file reports with the Banking Department and the FDIC concerning its activities and financial condition, in addition to obtaining regulatory approvals prior to entering into certain transactions such as mergers with, or acquisitions of, other depository institutions. There are periodic examinations by the Banking Department and the FDIC to assess the Bank's compliance with various regulatory requirements. This regulation and supervision establishes a comprehensive framework of activities in which a savings bank can engage and is intended primarily for the protection of the insurance fund and depositors. The regulatory structure also gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets and the establishment of adequate loan loss allowances for regulatory purposes. Any change in such regulation, whether by the Banking Department, the FDIC, or through legislation, could have a material adverse impact on the Company and the Bank and their operations, and the Company's shareholders. The Company is required to file certain reports, and otherwise comply with the rules and regulations of the Federal Reserve Board and the Banking Department and of the Securities and Exchange Commission ("SEC") under Federal securities laws. Certain of the regulatory requirements applicable to the Bank and to the Company are referred to below or elsewhere herein.

New York Law

The Bank derives its lending, investment, and other authority primarily from the applicable provisions of Banking Law and the regulations of the Banking Department, as limited by FDIC regulations. See "Restrictions on Certain Activities." Under these laws and regulations, savings banks, including the Bank, may invest in real estate mortgages, consumer and commercial loans, certain types of debt securities (including certain corporate debt securities and obligations of Federal, state, and local governments and agencies), certain types of corporate equity securities and certain other assets. Under the statutory authority for investing in equity securities, a savings bank may directly invest up to 7.5% of its assets in certain corporate stock, and may also invest up to 7.5% of its assets in certain mutual fund securities. Investment in the stock of a single corporation is limited to the lesser of 2% of the outstanding stock of such corporation or 1% of the savings bank's assets, except as set forth below. Such equity securities must meet certain earnings ratios and other tests of financial performance. A savings bank's lending powers are not subject to percentage of asset limitations, although there are limits applicable to single borrowers. A savings bank may also, pursuant to the "leeway" power, make investments not otherwise permitted under the New York State Banking Law. This power permits investments in otherwise impermissible

investments of up to 1% of assets in any single investment, subject to certain restrictions and to an aggregate limit for all such investments of up to 5% of assets. Additionally, savings banks are authorized to elect to invest under a "prudent person" standard in a wide range of debt and equity securities in lieu of investing in such securities in accordance with and reliance upon the specific investment authority set forth in the New York State Banking Law. Although the "prudent person" standard may expand a savings bank's authority, in the event a savings bank elects to utilize the "prudent person" standard, it will be unable to avail itself of the other provisions of the New York State Banking Law and regulations which set forth specific investment authority. A savings bank may also exercise trust powers upon approval of the Banking Department.

New York savings banks may also invest in subsidiaries under a service corporation power. A savings bank may use this power to invest in corporations that engage in various activities authorized for savings banks, plus any additional activities, which may be authorized by the Banking Department. Investment by a savings bank in the stock, capital notes, and debentures of its service corporations is limited to 3% of the savings bank's assets, and such investments, together with the savings bank's loans to its service corporations, may not exceed 10% of the savings bank's assets.

The exercise by an FDIC-insured savings bank of the lending and investment powers of a savings bank under the New York State Banking Law is limited by FDIC regulations and other Federal law and regulations. In particular, the

applicable provisions of New York State Banking Law and regulations governing the investment authority and activities of an FDIC-insured state-chartered savings bank have been effectively limited by the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and the FDIC regulations issued pursuant thereto.

With certain limited exceptions, a New York State chartered savings bank may not make loans or extend credit for commercial, corporate, or business purposes (including lease financing) to a single borrower, the aggregate amount of which would be in excess of 15% of the bank's net worth. The Bank currently complies with all applicable loans-to-one-borrower limitations.

Under New York State Banking Law, a New York State chartered stock form savings bank may declare and pay dividends out of its net profits, unless there is an impairment of capital, but approval of the Superintendent is required if the total of all dividends declared in a calendar year would exceed the total of its net profits for that year combined with its retained net profits of the preceding two years, subject to certain adjustments.

Under New York State Banking Law, the Superintendent of Banks may issue an order to a New York State chartered banking institution to appear and explain an apparent violation of law, to discontinue unauthorized or unsafe practices, and to keep prescribed books and accounts. Upon a finding by the Banking Department that any director, trustee, or officer of any banking organization has violated any law, or has continued unauthorized or unsafe practices in conducting the business of the banking organization after having been notified by the Superintendent to discontinue such practices, such director, trustee, or officer may be removed from office after notice and an opportunity to be heard.

FDIC Regulations

Capital Requirements. The FDIC has adopted risk-based capital guidelines

to which the Bank is subject. The guidelines establish a systematic analytical framework that makes regulatory capital requirements more sensitive to differences in risk profiles among banking organizations. The Bank is required to maintain certain levels of regulatory capital in relation to regulatory risk-weighted assets. The ratio of such regulatory capital to regulatory risk-weighted assets is referred to as the Bank's "risk-based capital ratio." Risk-based capital ratios are determined by allocating assets and specified off-balance-sheet items to four risk-weighted categories ranging from 0% to 100%, with higher levels of capital being required for the categories perceived as representing greater risk.

These guidelines divide a savings bank's capital into two tiers. The first tier ("Tier I") includes common equity, retained earnings, certain non-cumulative perpetual preferred stock (excluding auction rate issues) and minority interests in equity accounts of consolidated subsidiaries, less goodwill and other intangible assets (except mortgage servicing rights and purchased credit card relationships subject to certain limitations). Supplementary ("Tier II") capital includes, among other items, cumulative perpetual and long-term limited-life preferred stock, mandatory convertible securities, certain hybrid capital instruments, term subordinated debt and the allowance for loan and lease losses, subject to certain limitations, less required deductions. Savings banks are required to maintain a total risk-based capital ratio of 8%, of which at least 4% must be Tier I capital.

In addition, the FDIC has established regulations prescribing a minimum Tier I leverage capital ratio (Tier I capital to adjusted average assets as specified in the regulations). These regulations provide for a minimum Tier I leverage capital ratio of 3% for banks that meet certain specified criteria, including that they have the highest examination rating and are not experiencing or anticipating significant growth. All other banks are required to maintain a Tier I leverage capital ratio of at least 4%. The FDIC may, however, set higher leverage and risk-based capital requirements on individual institutions when particular circumstances warrant. Savings banks experiencing or anticipating significant growth are expected to maintain capital ratios, including tangible capital positions, well above the minimum levels.

As of December 31, 2000, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain a minimum Tier I Leverage Capital ratio of 5%, Total Capital ratio of 10% and Tier I Capital Ratio of 6%.

The following is a summary of the Bank's regulatory capital at December 31, 2000:

Tier 1 Leverage Capital to Average Assets	6.38%
Total Capital to Risk-Weighted Assets	13.02%
Tier I Capital to Risk-Weighted Assets	12.11%

In August 1995, the FDIC, along with the other Federal banking agencies, adopted a regulation providing that the agencies will take account of the exposure of a bank's capital and economic value to changes in interest rate risk in assessing a bank's capital adequacy. According to the agencies, applicable considerations include the quality of the bank's interest rate risk management process, the overall financial condition of the bank, and the level of other risks at the bank for which capital is needed. Institutions with significant interest rate risk may be required to hold additional capital. The agencies recently have issued a joint policy statement providing guidance on interest

rate risk management, including a discussion of the critical factors affecting the agencies' evaluation of interest rate risk in connection with capital adequacy. The agencies have determined not to proceed with a previously issued proposal to develop a supervisory framework for measuring interest rate risk and an explicit capital component for interest rate risk.

Standards for Safety and Soundness. Federal law requires each Federal banking agency to prescribe for depository institutions under its jurisdiction standards relating to, among other things, internal controls; information systems and audit systems; loan documentation; credit underwriting; interest rate risk exposure; asset growth; compensation; fees and benefits; and such other operational and managerial standards as the agency deems appropriate. The Federal banking agencies adopted final regulations and Interagency Guidelines Establishing Standards for Safety and Soundness (the "Guidelines") to implement these safety and soundness standards. The Guidelines set forth the safety and soundness standards that the Federal banking agencies use to identify and address problems at insured depository institutions before capital becomes impaired. The Guidelines address internal controls and information systems; internal audit system; credit underwriting; loan documentation; interest rate risk exposure; asset growth; asset quality; earnings and compensation; fees and benefits. If the appropriate Federal banking agency determines that an institution fails to meet any standard prescribed by the Guidelines, the agency may require the institution to submit to the agency an acceptable plan to achieve compliance with the standard, as required by the Federal Deposit Insurance Act, as amended, ("FDI Act"). The final regulation establishes deadlines for the submission and review of such safety and soundness compliance plans.

Real Estate Lending Standards. The FDIC and the other Federal banking agencies have adopted regulations that prescribe standards for extensions of credit that (i) are secured by real estate or (ii) are made for the purpose of financing the construction or improvements on real estate. The FDIC regulations require each savings bank to establish and maintain written internal real estate lending standards that are consistent with safe and sound banking practices and appropriate to the size of the bank and the nature and scope of its real estate lending activities. The standards also must be consistent with accompanying FDIC Guidelines, which include loan-to-value limitations for the different types of real estate loans. Savings banks are also permitted to make a limited amount of loans that do not conform to the proposed loan-to-value limitations so long as such exceptions are reviewed and justified appropriately. The Guidelines also list a number of lending situations in which exceptions to the loan-to-value standard are justified.

Dividend Limitations. The FDIC has authority to use its enforcement powers to prohibit a savings bank from paying dividends if, in its opinion, the payment of dividends would constitute an unsafe or unsound practice. Federal law prohibits the payment of dividends by a bank that will result in the bank failing to meet applicable capital requirements on a pro forma basis. The Bank is also subject to dividend declaration restrictions imposed by New York law.

Investment Activities

Since the enactment of FDICIA, all state-chartered financial institutions, including savings banks and their subsidiaries, have generally been limited to activities as principal and equity investments of the type and in the amount authorized for national banks. Notwithstanding state law, FDICIA and the FDIC regulations hereunder permit certain exceptions to these limitations. For example, certain state chartered banks, such as the Bank, may, with FDIC approval, continue to exercise state authority to invest in common or preferred stocks listed on a national securities exchange or the National Market System of Nasdaq(R) and in the shares of an investment company registered under the Investment Company Act of 1940, as amended. Such banks may also continue to sell

Savings Bank Life Insurance. In addition, the FDIC is authorized to permit such institutions to engage in state authorized activities or investments that do not meet this standard (other than non-subsidiary equity investments) for institutions that meet all applicable capital requirements if it is determined that such activities or investments do not pose a significant risk to the BIF. The FDIC has adopted revisions to its regulations governing the procedures for institutions seeking approval to engage in such activities or investments. These

revisions, among other things, streamline certain application procedures for healthy banks and impose certain quantitative and qualitative restrictions on a bank's dealings with its subsidiaries engaged in activities not permitted for national bank subsidiaries. All non-subsidiary equity investments, unless otherwise authorized or approved by the FDIC, must have been divested by December 19, 1996, pursuant to an FDIC-approved divestiture plan unless such investments were grandfathered by the FDIC. The Bank received grandfathering authority from the FDIC in February 1993 to invest in listed stock and/or registered shares subject to the maximum permissible investments of 100% of Tier 1 Capital, as specified by the FDIC's regulations, or the maximum amount permitted by New York State Banking Law, whichever is less. Such grandfathering authority is subject to termination upon the FDIC's determination that such investments pose a safety and soundness risk to the Bank or in the event the Bank converts its charter or undergoes a change in control. As of December 31, 2000, the Bank had $23.3 million of such investments.

Prompt Corrective Regulatory Action

Federal law requires, among other things, that Federal bank regulatory authorities take "prompt corrective action" with respect to banks that do not meet minimum capital requirements. For these purposes, the law establishes five capital tiers: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized.

The FDIC has adopted regulations to implement the prompt corrective action legislation. Among other things, the regulations define the relevant capital measures for the five capital categories. An institution is deemed to be "well capitalized" if it has a total risk-based capital ratio of 10% or greater, a Tier 1 risk-based capital ratio of 6% or greater, and a leverage ratio of 5% or greater, and is not subject to a regulatory order, agreement, or directive to meet and maintain a specific capital level for any capital measure. An institution is deemed to be "adequately capitalized" if it has a total risk-based capital ratio of 8% or greater, a Tier 1 risk-based capital ratio of 4% or greater, and generally a leverage ratio of 4% or greater. An institution is deemed to be "undercapitalized" if it has a total risk-based capital ratio of less than 8%, a Tier 1 risk-based capital ratio of less than 4%, or generally a leverage capital ratio of less than 4%. An institution is deemed to be "significantly undercapitalized" if it has a total risk-based capital ratio of less than 6%, a Tier 1 risk-based capital ratio of less than 3%, or a leverage ratio of less than 3%. An institution is deemed to be "critically undercapitalized" if it has a ratio of tangible equity (as defined in the regulations) to total assets that is equal to or less than 2%.

"Undercapitalized" banks are subject to growth, capital distribution (including dividend) and other limitations and are required to submit a capital restoration plan. A bank's compliance with such plan is required to be guaranteed by any company that controls the undercapitalized institution in an amount equal to the lesser of 5.0% of the bank's total assets when deemed undercapitalized or the amount necessary to achieve the status of adequately capitalized. If an "undercapitalized" bank fails to submit an acceptable plan,

it is treated as if it is "significantly undercapitalized." "Significantly undercapitalized" banks are subject to one or more of a number of additional restrictions, including but not limited to an order by the FDIC to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets and cease receipt of deposits from correspondent banks or dismiss directors or officers, and restrictions on interest rates paid on deposits, compensation of executive officers, and capital distributions by the parent holding company. "Critically undercapitalized" institutions also may not, beginning 60 days after becoming "critically undercapitalized," make any payment of principal or interest on certain subordinated debt or extend credit for a highly leveraged transaction or enter into any material transaction outside the ordinary course of business. In addition, "critically undercapitalized" institutions are subject to appointment of a receiver or conservator. Generally, subject to a narrow exception, the appointment of a receiver or conservator is required for a "critically undercapitalized" institution within 270 days after it obtains such status.

Transactions with Affiliates

Under current Federal law, transactions between depository institutions and their affiliates are governed by Section 23A and 23B of the Federal Reserve Act. An affiliate of a savings bank is any company or entity that controls, is controlled by, or is under common control with the savings bank, other than a subsidiary. In a holding company context, at a minimum, the parent holding company of a savings bank and any companies, which are controlled, by such parent holding company are affiliates of the savings bank. Generally, Section 23A limits the extent to which the savings bank or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of such savings bank's capital stock and surplus, and contains an aggregate limit on all such transactions with all affiliates to an amount equal to

20% of such capital stock and surplus. The term "covered transaction" includes the making of loans or other extensions of credit to an affiliate; the purchase of assets from an affiliate, the purchase of, or an investment in, the securities of an affiliate; the acceptance of securities of an affiliate as collateral for a loan or extension of credit to any person; or issuance of a guarantee, acceptance, or letter of credit on behalf of an affiliate. Section 23A also establishes specific collateral requirements for loans or extensions of credit to, or guarantees, acceptances on letters of credit issued on behalf of an affiliate. Section 23B requires that covered transactions and a broad list of other specified transactions be on terms substantially the same, or no less favorable, to the savings bank or its subsidiary as similar transactions with nonaffiliates.

Further, Section 22(h) of the Federal Reserve Act restricts a savings bank with respect to loans to directors, executive officers, and principal shareholders. Under Section 22(h), loans to directors, executive officers, and shareholders who control, directly or indirectly, 10% or more of voting securities of a savings bank, and certain related interests of any of the foregoing, may not exceed, together with all other outstanding loans to such persons and affiliated entities, the savings bank's total capital and surplus. Section 22(h) also prohibits loans above amounts prescribed by the appropriate Federal-banking agency to directors, executive officers, and shareholders who control 10% or more of voting securities of a stock savings bank, and their respective related interests, unless such loan is approved in advance by a majority of the board of directors of the savings bank. Any "interested" director may not participate in the voting. The loan amount (which includes all other outstanding loans to such person) as to which such prior board of director

approval is required, is the greater of $25,000 or 5% of capital and surplus or any loans over $500,000. Further, pursuant to Section 22(h), loans to directors, executive officers, and principal shareholders must be made on terms substantially the same as offered in comparable transactions to other persons. Recent legislation created an exception for loans made pursuant to a benefit or compensation program that is widely available to all employees of the institution and does not give preference to executive officers over other employees. Section 22(g) of the Federal Reserve Act places additional limitations on loans to executive officers.

Enforcement

The FDIC has extensive enforcement authority over insured savings banks, including the Bank. This enforcement authority includes, among other things, the ability to assess civil money penalties, to issue cease and desist orders, and to remove directors and officers. In general, these enforcement actions may be initiated in response to violations of laws and regulations and to unsafe or unsound practices.

The FDIC has authority under Federal law to appoint a conservator or receiver for an insured savings bank under certain circumstances. The FDIC is required, with certain exceptions, to appoint a receiver or conservator for an insured state savings bank if that savings bank was "critically undercapitalized" on average during the calendar quarter beginning 270 days after the date on which the savings bank became "critically undercapitalized." For this purpose, "critically undercapitalized" means having a ratio of tangible equity to total assets of less than 2%. See "Prompt Corrective Regulatory Action." The FDIC may also appoint a conservator or receiver for a state savings bank on the basis of the institution's financial condition or upon the occurrence of certain events, including: (i) insolvency (whereby the assets of the savings bank are less than its liabilities to depositors and others); (ii) substantial dissipation of assets or earnings through violations of law or unsafe or unsound practices; (iii) existence of an unsafe or unsound condition to transact business; (iv) likelihood that the savings bank will be unable to meet the demands of its depositors or to pay its obligations in the normal course of business; and (v) insufficient capital, or the incurring or likely incurring of losses that will deplete substantially all of the institution's capital with no reasonable prospect of replenishment of capital without Federal assistance.

Insurance of Deposit Accounts

The Bank is a member of Bank Insurance Fund ("BIF") and, through its merger with CFS Bank, also holds some deposits insured by the Savings Association Insurance Fund ("SAIF").

The FDIC has adopted a risk-based insurance assessment system. The FDIC assigns an institution to one of three capital categories based on the institution's financial information, as of the reporting period ending seven months before the assessment period, consisting of (1) well capitalized, (2) adequately capitalized, or (3) undercapitalized, and one of three supervisory subcategories within each capital group. The supervisory subgroup to which an institution is assigned is based on the supervisory evaluation provided to the FDIC by the institution's primary Federal regulator, and information which the FDIC determines to be relevant to the institution's financial condition and the risk posed to the deposit insurance funds. An institution's assessment rate depends on the capital category and supervisory category to which it is assigned. Assessment rates for both BIF and SAIF deposits are determined semiannually by the FDIC and currently range from 0 basis points to 27 basis points.

The FDIC is authorized to raise the assessment rates in certain circumstances, including maintaining or achieving the designated reserve ratio of 1.25%, which requirement the BIF and SAIF currently meet. On September 30, 1996, the President signed into law the Deposit Insurance Funds Act of 1996 (the "Funds Act"), which, among other things, spreads the obligations for payment of the financing Corporation ("FICO") bonds across all SAIF and BIF members. Prior to January 1, 2000, BIF members were assessed for FICO payments at approximately 20% of SAIF members. Full pro rata sharing of the FICO payments between BIF and SAIF members began on January 1, 2000.

Under the FDI Act, insurance of deposits may be terminated by the FDIC upon a finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order, or condition imposed by the FDIC. The management of the Bank does not know of any practice, condition, or violation that might lead to the termination of deposit insurance.

Community Reinvestment Act

Federal Regulation. Under the Community Reinvestment Act ("CRA"), as implemented by FDIC regulations, a savings institution has a continuing and affirmative obligation consistent with its safe and sound operation to help meet the credit needs of its entire community, including low and moderate income neighborhoods. CRA does not establish specific lending requirements or programs for financial institutions nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community, consistent with CRA. CRA requires the FDIC, in connection with its examination of a savings institution; to assess the institution's record of meeting the credit needs of its community and to take such record into account in its evaluation of certain applications by such institution. CRA requires public disclosure of an institution's CRA rating and further requires the FDIC to provide a written evaluation of an institution's CRA performance utilizing a four-tiered descriptive rating system. The Bank's latest CRA rating, received from the FDIC in September 1999, was "satisfactory."

New York Regulation. The Bank is also subject to provisions of the New York Banking Law which impose continuing and affirmative obligations upon banking institutions organized in New York to serve the credit needs of its local community ("NYCRA"), which are substantially similar to those imposed by the CRA. Pursuant to the NYCRA, a bank must file an annual NYCRA report and copies of all Federal CRA reports with the Banking Department. The NYCRA requires the Banking Department to make an annual written assessment of a bank's compliance with the NYCRA, utilizing a four-tiered rating system, and make such assessment available to the public. The NYCRA also requires the Superintendent to consider a bank's NYCRA rating when reviewing a bank's application to engage in certain transactions, including mergers, asset purchases, and the establishment of branch offices or ATMs, and provides that such assessment may serve as a basis for the denial of any such application. The Banking Department has adopted, effective December 3, 1997, new regulations to implement the NYCRA. The Banking Department replaced its process-focused regulations with performance-focused regulations that are intended to parallel current CRA regulations of federal banking agencies and to promote consistency in CRA evaluations by considering more objective criteria. The new regulations require a biennial assessment of a bank's compliance with the NYCRA, utilizing a four-tiered rating system, and require the Banking Department to make available to the public such rating and a written summary of the results. The Bank's latest NYCRA rating, received from the Banking Department in June 1998, was a "2" or "satisfactory."

Federal Reserve System

Under Federal Reserve Board ("FRB") regulations, the Bank is required to maintain non-interest-earning reserves against its transaction accounts (primarily NOW and regular checking accounts). The Federal Reserve Board regulations generally require that reserves be maintained against aggregate transaction accounts as follows: for that portion of transaction accounts aggregating $42.8 million or less (subject to adjustment by the Federal Reserve Board), the reserve requirement is 3%; for accounts greater than $42.8 million, the reserve requirement is $1.284 million plus 10% (subject to adjustment by the Federal Reserve Board between 8% and 14% against that portion of total transaction accounts in excess of $42.8 million). The first $5.5 million of otherwise reservable balances (subject to adjustments by the Federal Reserve Board) are exempted from the reserve requirements. The Bank is in compliance with the foregoing requirements. Because required reserves must be maintained in the form of either vault cash, a non-interest-bearing account at a Federal Reserve

Bank, or a pass-through account as defined by the Federal Reserve Board, the effect of this reserve requirement is to reduce the Bank's interest-earning assets. FHLB System members are also authorized to borrow from the Federal Reserve "discount window," but Federal Reserve Board regulations require institutions to exhaust all FHLB sources before borrowing from a Federal Reserve Bank.

Federal Home Loan Bank System

The Bank is a member of the FHLB System, which consists of 12 regional FHLBs. The FHLB provides a central credit facility primarily for member institutions. The Bank, as a member of the FHLB-NY, is required to acquire and hold shares of capital stock in that FHLB in an amount at least equal to 1% of the aggregate principal amount of its unpaid residential mortgage loans and similar obligations at the beginning of each year, or 1/20 of its advances (borrowings) from the FHLB-NY, whichever is greater. The Bank was in compliance with this requirement, with an investment in FHLB-NY stock of $72.0 million at December 31, 2000. FHLB advances must be secured by specified types of collateral and may be obtained primarily for the purpose of providing funds for residential housing finance.

The FHLBs are required to provide funds to cover certain obligations on bonds issued to fund the resolution of insolvent thrifts and to contribute funds for affordable housing programs. These requirements could reduce the amount of dividends that the FHLBs pay to their members and could also result in the FHLBs imposing a higher rate of interest on advances to their members. For the fiscal years ended December 31, 2000, and 1999, dividends from the FHLB-NY to the Bank, amounted to $4.1 million and $2.0 Million, respectively. If dividends were reduced, or interest on future FHLB advances increased, the Bank's net interest income might also be reduced.

Holding Company Regulation

Federal Regulation. The Company is currently subject to examination, regulation, and periodic reporting under the Bank Holding Company Act of 1956, as amended ("BHCA"), as administered by the FRB.

The Company is required to obtain the prior approval of the FRB to acquire all, or substantially all, of the assets of any bank or bank holding company. Prior FRB approval would be required for the Company to acquire direct or

indirect ownership or control of any voting securities of any bank or bank holding company if, after giving effect to such acquisition, it would, directly or indirectly, own or control more than 5% of any class of voting shares of such bank or bank holding company. In addition to the approval of the FRB, before any bank acquisition can be completed, prior approval thereof may also be required to be obtained from other agencies having supervisory jurisdiction over the bank to be acquired, including the Banking Department.

A bank holding company is generally prohibited from engaging in, or acquiring direct or indirect control of more than 5% of the voting securities of any company engaged in non-banking activities. One of the principal exceptions to this prohibition is for activities found by the FRB to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Some of the principal activities that the FRB has determined by regulation to be so closely related to banking are: (i) making or servicing loans; (ii) performing certain data processing services; (iii) providing discount brokerage services; (iv) acting as fiduciary, investment or financial advisor; (v) leasing personal or real property; (vi) making investments in corporations or projects designed primarily to promote community welfare; and (vii) acquiring a savings and loan association.

The FRB has adopted capital adequacy guidelines for bank holding companies (on a consolidated basis) substantially similar to those of the FDIC for the Bank. See "Capital Maintenance." At December 31, 2000, the Company's total and Tier 1 capital exceeded these requirements.

Bank holding companies are generally required to give the FRB prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of the

Company's consolidated net worth. The FRB may disapprove such a purchase or redemption if it determines that the proposal would constitute an unsafe and unsound practice, or would violate any law, regulation, FRB order or directive, or any condition imposed by, or written agreement with, the FRB. The FRB has adopted an exception to this approval requirement for well-capitalized bank holding companies that meet certain other conditions.

The FRB has issued a policy statement regarding the payment of dividends by bank holding companies. In general, the FRB's policies provide that dividends should be paid only out of current earnings and only if the prospective rate of earnings retention by the bank holding company appears consistent with the organization's capital needs, asset quality, and overall financial condition. The FRB's policies also require that a bank holding company serve as a source of financial strength to its subsidiary banks by standing ready to use available resources to provide adequate capital funds to those banks during periods of financial stress or adversity and by maintaining the financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary banks where necessary. These regulatory policies could affect the ability of the Company to pay dividends or otherwise engage in capital distributions.

The status of the Company as a registered bank holding company under the BHCA does not exempt it from certain Federal and state laws and regulations applicable to corporations generally, including, without limitation, certain provisions of the Federal securities laws.

Under the FDI Act, depository institutions are liable to the FDIC for losses suffered or anticipated by the FDIC in connection with the default of a commonly controlled depository institution or any assistance provided by the FDIC to such an institution in danger of default. This law would have potential applicability if the Company ever held as a separate subsidiary a depository institution in addition to the Bank.

The Company and the Bank will be affected by the monetary and fiscal policies of various agencies of the United States Government, including the Federal Reserve System. In view of changing conditions in the national economy and in the money markets, it is impossible for management to accurately predict future changes in monetary policy or the effect of such changes on the business or financial condition of the Company or the Bank.

Recent Legislation

The Gramm-Leach-Bliley Act of 1999 authorizes a bank holding company that meets specified conditions, including being "well capitalized" and "well managed," to opt to become a "financial holding company" and thereby engage in a broader array of financial activities than previously permitted. Such activities can include insurance underwriting and investment banking. The Gramm-Leach-Bliley Act also authorizes banks to engage through "financial subsidiaries" in certain of the activities permitted for financial holding companies. Financial subsidiaries are generally treated as affiliates for purposes of restrictions on a bank's transactions with affiliates.

Acquisition of the Holding Company

Federal Restrictions. Under the Federal Change in Bank Control Act ("CIBCA"), a notice must be submitted to the FRB if any person (including a company), or group acting in concert, seeks to acquire 10% or more of the Company's shares of Common Stock outstanding, unless the FRB has found that the acquisition will not result in a change in control of

the Company. Under the CIBCA, the FRB has 60 days within which to act on such notices, taking into consideration certain factors, including the financial and managerial resources of the acquirer, the convenience and needs of the communities served by the Company and the Bank, and the anti-trust effects of the acquisition. Under the BHCA, any company would be required to obtain prior approval from the FRB before it may obtain "control" of the Company within the meaning of the BHCA. Control generally is defined to mean the ownership or power to vote 25% or more of any class of voting securities of the Company or the ability to control in any manner the election of a majority of the Company's directors. An existing bank holding company would be required to obtain the FRB's prior approval under the BHCA before acquiring more than 5% of the Company's voting stock. See "Holding Company Regulation." Approval of the Banking Department may also be required for acquisition of the Company.

New York Change in Control Restrictions. In addition to the CIBCA and the BHCA, the New York State Banking Law generally requires prior approval of the New York Banking Board before any action is taken that causes any company to acquire direct or indirect control of a banking institution which is organized in New York.

Federal Securities Laws

The Company's common stock is registered with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company is subject to

the information and proxy solicitation requirements, insider trading restrictions, and other requirements under the Exchange Act.

Registration of the shares of the Common Stock that were issued in the Bank's conversion from mutual to stock form under the Securities Act of 1933, as amended (the "Securities Act"), does not cover the resale of such shares. Shares of the common stock purchased by persons who are not affiliates of the Company may be resold without registration. Shares purchased by an affiliate of the Company will be subject to the resale restrictions of Rule 144 under the Securities Act. If the Company meets the current public information requirements of Rule 144 under the Securities Act, each affiliate of the Company who complies with the other conditions of Rule 144 (including those that require the affiliate's sale to be aggregated with those of certain other persons) would be able to sell in the public market, without registration, a number of shares not to exceed in any three-month period the greater of (i) 1% of the outstanding shares of the Company or (ii) the average weekly volume of trading in such shares during the preceding four calendar weeks. Provision may be made in the future by the Company to permit affiliates to have their shares registered for sale under the Securities Act under certain circumstances.

STATISTICAL DATA

The detailed statistical data that follows is being presented in accordance with Guide 3, prescribed by the Securities and Exchange Commission. This data should be read in conjunction with the consolidated financial statements and related notes and the discussion included in the Management's Discussion and Analysis of Financial Condition and Results of Operations that are indexed on the Form 10-K Cross Reference Index.

A. Mortgage and Other Lending Activities

The following table sets forth the Bank's loan originations and mortgage-backed securities, including purchases, sales, and principal repayments, for the periods indicated:

	For the Years Ended December 31,		
(dollars in thousands)	2000	1999	199
Mortgage loans (gross):			
At beginning of period	$1,601,796	$1,487,256	$1,394
Mortgage loans originated:			
One-to-four family	6,205	26,338	7
Multi-family	541,734	603,347	409
Commercial real estate	58,899	42,708	32
Construction	9,133	4,433	2
Total mortgage loans originated	615,971	676,826	452
Mortgage loans acquired from Haven	1,749,180	--	
Principal repayments	185,539	348,036	349
Mortgage loans sold	185,137	213,597	8
Mortgage loans transferred to foreclosed real estate	--	651	1
At end of period	3,596,273	1,601,796	1,487

Other loans (gross):			
At beginning of period	8,742	9,750	10
Other loans originated and/or acquired from Haven	36,655	2,039	2
Principal repayments	5,649	3,047	3
At end of period	39,748	8,742	9
Total loans	$3,636,021	$1,610,538	$1,497
Mortgage-backed securities:			
At beginning of period	$ 2,094	$ 19,680	$ 49
Principal repayments	171	17,586	30
At end of period	$ 1,923	$ 2,094	$ 19

B. Loan Maturity and Repricing

The following table shows the maturity or period to repricing of the Bank's loan portfolio at December 31, 2000. Loans that have adjustable rates are shown as being due in the period during which the interest rates are next subject to change. The table does not include prepayments or scheduled principal amortization. Prepayments and scheduled principal amortization on mortgage loans totaled $185.5 million for the twelve months ended December 31, 2000.

	Mortgage and Other Loans at December 31, 2000				
(dollars in thousands)	1-4 Family	Multi-Family	Commercial Real Estate	Construction	Home Equity
Amount due:					
Within one year	$ 181,995	$ 279,460	$ 46,547	$ 59,469	$ 12,240
After one year:					
One to three years	190,573	292,634	48,741	--	--
Three to five years	601,234	923,220	153,771	--	--
Five to ten years	270,782	415,798	69,255	--	--
Ten years and over	22,496	34,544	5,754	--	--
Total due or repricing after one year	1,085,085	1,666,196	277,521	--	--
Total amounts due or repricing, gross	$1,267,080	$1,945,656	$ 324,068	$ 59,469	$ 12,240

The following table sets forth, at December 31, 2000, the dollar amount of all loans due after December 31, 2001, and indicates whether such loans have fixed or adjustable rates of interest.

(dollars in thousands)	Due after December 31, 2001 Fixed	Adjustable	Total
Mortgage loans:			
One-to-four family	$ 358,490	$ 726,595	$1,085,085
Multi-family	510,498	1,155,698	1,666,196
Commercial real estate	65,237	212,284	277,521
Total mortgage loans	$ 934,225	$2,094,577	$3,028,802
Other loans	15,224	8,333	23,557
Total loans	$ 949,449	$2,102,910	$3,052,359

21

C. Summary of the Allowance for Loan Losses

The allowance for loan losses was allocated as follows at December 31,:

	2000		1999	
(dollars in thousands)	Amount	Percent of Loans in Category to Total Loans	Amount	Percent of Loans in Category to Total Loans
Mortgage loans:				
One-to-four family	$ 2,923	16.18%	$ 663	9.42%
Multi-family	7,783	43.08	4,927	70.08
Construction	892	4.94	64	0.91
Commercial real estate	5,671	31.40	1,202	17.10
Other loans	795	4.40	175	2.49
Total loans	$18,064	100.00%	$ 7,031	100.00%

	1998		1997		1996	
(dollars in thousands)	Amount	Percent of Loans in Category to Total Loans	Amount	Percent of Loans in Category to Total Loans	Amount	Percent of Loans in Category to Total Loans
Mortgage loans:						
One-to-four family	$ 1,341	14.22%	$ 1,592	16.88%	$ 1,812	19.36%
Multi-family	6,686	70.89	6,521	69.14	6,168	65.90
Construction	28	0.30	23	0.24	24	0.26
Commercial real estate	1,181	12.52	1,080	11.45	1,110	11.86
Other loans	195	2.07	215	2.29	245	2.62

Total loans	$ 9,431	100.00%	$ 9,431	100.00%	$ 9,359	100.00%

The preceding allocation is based upon an estimate at a given point in time, based on various factors, including, but not limited to, local economic conditions. A different allocation methodology may be deemed to be more appropriate in the future.

D. Composition of Loan Portfolio

The following table sets forth the composition of the Bank's portfolio of mortgage and other loans in dollar amounts and in percentages at December 31,:

	2000		1999		
(dollars in thousands)	Amount	Percent of Total	Amount	Percent of Total	Amoun
Mortgage loans:					
One-to-four family	$1,267,080	34.85%	$ 152,644	9.48%	$ 178,
Multi-family	1,945,656	53.51	1,348,351	83.72	1,239,
Commercial real estate	324,068	8.91	96,008	5.96	67,
Construction	59,469	1.64	4,793	0.30	1,
Total mortgage loans	3,596,273	98.91	1,601,796	99.46	1,487,
Other loans:					
Cooperative apartment	3,726	0.10	4,856	0.30	4,
Home equity	12,240	0.34	1,347	0.08	1,
Student	683	0.02	8	0.00	
Passbook savings	779	0.02	331	0.02	
Other	22,320	0.61	2,200	0.14	2,
Total other loans	39,748	1.09	8,742	0.54	9,
Total loans	3,636,021	100.00%	1,610,538	100.00%	1,497,
Less:					
Unearned discounts	18		24		
Net deferred loan Origination fees	1,553		2,404		1,
Allowance for loan losses	18,064		7,031		9,
Loans, net	$3,616,386		$1,601,079		$1,486,

1997	1996

(dollars in thousands)	Amount	Percent of Total	Amount	Percent Of Total
Mortgage loans:				
One-to-four family	$ 224,287	15.96%	$ 256,904	22.21%
Multi-family	1,107,343	78.78	822,364	71.10
Commercial real estate	61,740	4.39	63,452	5.49
Construction	1,538	0.10	1,598	0.14
Total mortgage loans	1,394,908	99.23	1,144,318	98.94
Other loans:				
Cooperative apartment	5,041	0.36	5,764	0.50
Home equity	2,386	0.17	2,819	0.24
Student	8	0.00	24	0.00
Passbook savings	312	0.02	375	0.03
Other	3,048	0.22	3,293	0.29
Total other loans	10,795	0.77	12,275	1.06
Total loans	1,405,734	100.00%	1,156,593	100.00%
Less:				
Unearned discounts	19		24	
Net deferred loan Origination fees	1,281		1,058	
Allowance for loan losses	9,431		9,359	
Loans, net	$1,395,003		$1,146,152	

E. Securities, Money Market Investments, and Mortgage-backed Securities

The following table sets forth certain information regarding the carrying and market values of the Bank's securities, money market investments, and mortgage-backed securities portfolios at the dates indicated:

	At December 31,				
	2000		1999		
(dollars in thousands)	Carrying Value	Market Value	Carrying Value	Market Value	Carrying Value
Securities:					
U.S. Government and agency obligations	$184,994	$184,161	$140,325	$135,797	$129,893
Equity securities	95,286	95,492	55,690	55,762	26,978
Corporate bonds	61,140	61,140	--	--	--
Capital trust notes	25,191	23,892	--	--	--
Total securities	$366,611	$364,685	$196,015	$191,559	$156,871

Money market investments:					
Federal funds sold	$124,622	$124,622	$ 6,000	$ 6,000	$ 19,000
Total money market investments	$124,622	$124,622	$ 6,000	$ 6,000	$ 19,000
Mortgage-backed securities:					
GNMA	$ 1,059	$ 1,067	$ 1,429	$ 1,429	$ 15,886
FHLMC	6,886	6,942	2,094	2,135	3,794
FNMA Certificates	80,286	80,286	--	--	--
CMOs and REMICs	73,341	73,341	--	--	--
Total mortgage-backed securities	$161,572	$161,636	$ 3,523	$ 3,564	$ 19,680

ITEM 2. PROPERTIES

The Bank has 86 locations serving the greater metropolitan New York region, including 19 traditional branch offices (17 in Queens and one each in Nassau and Suffolk counties) and 67 in-store branches throughout New York City, Nassau, Suffolk, Rockland and Westchester counties, New Jersey, and Connecticut. The Bank's main office is located at 136-65 Roosevelt Avenue, Flushing, New York. The Bank believes that its current facilities are adequate to meet the present and immediately foreseeable needs of the Bank and the Company.

	Leased or Owned	Date Leased or Acquired	Lease Expiratio Date
Corporate Headquarters (1) 615 Merrick Avenue Westbury, NY 11590	Owned	1997	--
Flushing Branch 136-65 Roosevelt Avenue Flushing, NY 11354	Leased	2000	2015
Corona Branch 37-97 103rd Street Corona, NY 11368	Owned	1923	--
Little Neck Branch 251-31 Northern Blvd Little Neck, NY 11363	Owned	1946	--

	Leased or Owned	Date Leased or Acquired	Lease Expiratio Date

Kew Gardens Hills Branch 75-44 Main Street Kew Gardens Hills, NY 11367	Owned	1948	--
Jackson Heights Branch 76-02 Northern Blvd Jackson Heights, NY 11372	Leased	1974	2023
Astoria Branch (2) 31-42 Steinway Street Astoria, NY 11103	Leased	1993	2018
Fresh Meadows Branch 61-49 188th Street Fresh Meadows, NY 11365	Leased	1995	2010
College Point Branch 15-01 College Point Blvd College Point, NY 11356	Leased	1996	2021
Murray Hill Branch 156-18 Northern Blvd Flushing, NY 11354	Leased	1997	2007
Plainview Branch 1092 Old Country Road Plainview, NY 11803	Owned	1974	--
Woodside Branch 60-10 Queens Boulevard Woodside, NY 11377	Leased	1999	2009
Mortgage Service Center (3) 158-14 Northern Blvd Flushing, NY 11358	Owned	1991	--
Auburndale Customer Service Center 193-10 Northern Blvd Flushing, NY 11358	Leased	1996	2006
Ditmars Service Center 31-09 Ditmars Blvd Astoria, NY 11105	Leased	1996	2005
Corona Service Center 51-13 108th Street Corona, NY 11368	Leased	1999	2007
Bellerose Branch 244-19 Braddock Avenue Bellerose, NY 11426	Leased	1973	2003
Forest Hills Branch 106-19 Continental Avenue Forest Hills, NY 11375	Leased	1959	2013
Woodhaven Branch 93-22 Jamaica Avenue Woodhaven, NY 11421	Leased	1999	2014
Rockaway Branch 104-08 Rockaway Beach Blvd.	Leased	1996	2008

Rockaway Park, NY 11694			
Snug Harbor Branch 343 Merrick Road Amityville, NY 11701	Leased	1977	2001

	Leased or Owned	Date Leased or Acquired	Lease Expiratio Date
Ozone Park Branch 98-16 101st Avenue Ozone Park, NY 11416	Owned	1976	--
Howard Beach Branch 82-10 153rd Avenue Howard Beach, NY 11414	Owned	1971	--
Forest Parkway Branch 80-35 Jamaica Avenue Woodhaven, NY 11421	Owned	1979	--
Medford Branch 700-60 Patchogue-Yaphank Road Medford, NY 11763	Leased	1996	2001
Uniondale Branch 1121 Jerusalem Avenue Uniondale, NY 11553	Leased	1996	2001
W. Babylon Branch 575 Montauk Highway W. Babylon, NY 11704	Leased	1997	2002
Hauppauge Branch 335 Nesconset Highway Hauppauge, NY 11788	Leased	1998	2003
Farmingvillle Branch 2350 North Ocean Avenue Farmingville, NY 11738	Leased	1999	2004
E. Islip Branch 2650 Sunrise Highway E. Islip, NY 11730	Leased	1998	2003
Hylan Blvd. Branch 2424 Hylan Blvd. Staten Island, NY 10306	Leased	1999	2004
Springfield Gardens Branch 134-40 Springfield Blvd. Springfield Gardens, NY 11413	Leased	2000	2005

Atlantic Terminal Branch 625 Atlantic Avenue & Ft. Greene Place Brooklyn, NY 11217	Leased	1996	2001
New Hyde Park Branch 2335 New Hyde Park Road New Hyde Park, NY 11040	Leased	1996	2002
N. Babylon Branch 1251 Deer Park Avenue N. Babylon, NY 11703	Leased	1997	2002
Brentwood Branch 101 Wicks Road Brentwood, NY 11717	Leased	1997	2002
Levittown Branch 3535 Hempstead Tpke. Levittown, NY 11756b	Leased	1997	2002

	Leased or Owned	Date Leased or Acquired	Lease Expiratio Date
Centereach Branch 2150 Middle Country Road Centereach, NY 11720	Leased	1997	2002
East Meadow Branch 1897 Front Street East Meadow, NY 11554	Leased	1997	2002
Woodbury Branch 8101 Jericho Tpke. Woodbury, NY 11797	Leased	1997	2002
Patchogue Branch 395 Rt. 112 Patchogue, NY 11772	Leased	1997	2002
Baldwin Branch 1764 Grand Avenue Baldwin, NY 11510	Leased	1997	2002
Seaford Branch 4055 Merrick Road Seaford, NY 11783	Leased	1999	2004
Port Jefferson Branch 5145 Nesconset Hwy. Port Jefferson, NY 11776	Leased	1997	2002
Whitestone Branch 31-06 Farrington Street	Leased	1997	2002

Whitestone, NY 11357			
Holbrook Branch 5801 Sunrise Hwy. Holbrook, NY 11741	Leased	1997	2002
W. Babylon Branch 531 Montauk Hwy. W. Babylon, NY 11704	Leased	1997	2002
Islip Branch 155 Islip Avenue Islip, NY 11751	Leased	1997	2002
Shirley Branch 800 Montauk Hwy. Shirley, NY 11967	Leased	1997	2002
Jericho Branch 366 North Broadway Jericho, NY 11753	Leased	1998	2003
Franklin Square Branch 460 Franklin Avenue Franklin Sq., NY 11010	Leased	1999	2004
Long Island City Branch 42-02 Northern Blvd. Long Island City, NY 11100	Leased	1998	2003
Greenvale Branch 130 Wheatley Plaza Greenvale, NY 11548	Leased	1998	2003
East Rockaway Branch 492 E. Atlantic Avenue East Rockaway, NY 11518	Leased	1998	2003

	Leased or Owned	Date Leased or Acquired	Lease Expiratio Date
Boro Park Branch 1245 61st Street Brooklyn, NY 11219	Leased	1998	2003
Starrett City Branch 111-10 Flatlands Avenue Brooklyn, NY 11207	Leased	1997	2002
Gowanus Branch 1-37 12th Street Brooklyn, NY 11215	Leased	1998	2003

Pike Slip Branch 227 Cherry Street New York, NY 10002	Leased	1997	2002
Richmond Avenue Branch 2875 Richmond Avenue Staten Island, NY 10314	Leased	1997	2002
Forest Avenue Branch 1351 Forest Avenue Staten Island, NY 10302	Leased	1998	2003
Monsey Branch 45 Route 59 Monsey, NY 10952	Leased	1997	2002
Nanuet Branch Route 59 E 195 Rockland Center Nanuet, NY 10954	Leased	1997	2002
Yonkers Branch 1757 Central Park Avenue Yonkers, NY 10710	Leased	1998	2003
Port Chester Branch 130 Midland Avenue Port Chester, NY 10573	Leased	1998	2003
N. Yonkers Branch 2540 Central Park Avenue N. Yonkers, NY 10710	Leased	1998	2003
Mount Vernon Branch One Pathmark Plaza East 2nd & 3rd Avenues Mount Vernon, NY 10550	Leased	1997	2002
Bay Shore Branch 1905 Sunrise Hwy. Bay Shore, NY 11706	Leased	1997	2002
Ozone Park Branch 92-10 Atlantic Avenue Ozone Park, NY 11416	Leased	1997	2002
Massapequa Branch 941 Carmans Road Massapequa, NY 11758	Leased	1997	2012
Flushing Branch 155-15 Aguilar Avenue Flushing, NY 11367	Leased	1999	2004

	Leased	Date	Lease

	or Owned	Leased or Acquired	Expiratio Date
Castle Center Branch 1720 Eastchester Road Bronx, NY 10461	Leased	2000	2005
Hillside Branch 367 Highway 22W Hillside, NJ 07205	Leased	1998	2013
Hackensack Branch S. River St. & E. Main Moonachie Rd. Hackensack, NJ 07601	Leased	1997	2012
Wayne Branch 625 Hamburg Tpke. Wayne, NJ 07470	Leased	1998	2013
Palisades Park Branch 201 Roosevelt Place Palisades Park, NJ 07650	Leased	1998	2013
West Milford Branch 23 Marshall Hill Road West Milford, NJ 07480	Leased	1998	2013
Bound Brook Branch 611 West Union Avenue Bound Brook, NJ 08805	Leased	1998	2013
W. Long Branch Branch 50 Highway 36 W. Long Branch, NJ 07764	Leased	1999	2013
Bricktown Branch Rt. 70 & Chambersbridge Rd. Bricktown, NJ 08723	Leased	1998	2013
Bridgeport Branch 500 Sylvan Avenue Bridgeport, CT 06606	Leased	1998	2013
Ansonia Branch 404 Main Street Ansonia, CT 06401	Leased	1998	2003
Newtown Branch 6 Queen Street Newtown, CT 06470	Leased	1998	2003
Milford Branch 157 Cherry Street Milford, CT 06460	Leased	1998	2003
West Haven Branch 1131 Campbell Avenue West Haven, CT 06516	Leased	1998	2003
Waterbury Branch 650 Wolcott Street	Leased	1998	2013

Waterbury, CT 06705			
Meriden Branch 533 S. Broad Street Meriden, CT 06450	Leased	1998	2003
CFS Insurance Agency 2100 Middle Country Road, Suite 115A Centereach, NY 11720	Leased	1998	2003

(1) On December 15, 2000, the Company relocated its corporate headquarters to the former headquarters of Haven Bancorp, Inc. in Westbury, New York.

(2) This branch office replaced another branch office, formerly located at 31-02 Steinway Street, Astoria, which was closed as of June 28, 1993. The vacated space, which is owned by the Bank, has a net book value of $1.0 million and has subsequently been leased.

(3) The Bank currently leases a majority of the office space at this location to unrelated tenants.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held a Special Meeting of Shareholders on November 20, 2000. Proxies were solicited with respect to such meeting under Regulation 14A of the Securities Exchange Act of 1934, as amended, pursuant to a joint proxy statement/prospectus dated October 13, 2000. Of the 20,122,640 shares eligible to vote at the special meeting, 18,877,864 were represented in person or by proxy.

Two proposals were submitted for a vote, with the following results:

	No. of Votes For	No. of Votes Against	No. of Votes Abstaining	B No
1. Approval and adoption of the Agreement and Plan of Merger, dated as of June 27, 2000 between Queens County Bancorp, Inc. and Haven Bancorp, Inc.	16,525,437	32,252	37,633	2,
2. Approval and adoption of the amendment of Article FIRST of the Certificate of Incorporation of Queens County Bancorp, Inc., which amendment changes the name of Queens County Bancorp,	18,726,291	115,590	35,983	

Inc. to "New York Community
Bancorp, Inc."

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on The Nasdaq Stock Market(R)and quoted under the symbol "NYCB".

Information regarding the Company's common stock and its price during fiscal year 2000 appears on page 30 of the 2000 Annual Report to Shareholders under the caption "Market Price of Common Stock and Dividends Paid per Common Share" and is incorporated herein by this reference.

30

As of March 23, 2001 the Company had approximately 960 shareholders of record, not including the number of persons or entities holding stock in nominee or street name through various brokers and banks.

ITEM 6. SELECTED FINANCIAL DATA

Information regarding selected financial data appears on page 8 of the 2000 Annual Report to Shareholders under the caption "Financial Summary" and is incorporated herein by this reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information regarding management's discussion and analysis of financial condition and results of operations appears on pages 11 through 30 of the 2000 Annual Report to Shareholders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" and is incorporated herein by this reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information regarding quantitative and qualitative disclosures about market risk appears on pages 17 through 19 of the 2000 Annual Report to Shareholders under the caption "Market Risk and Interest Rate Sensitivity" and is incorporated herein by this reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information regarding the consolidated financial statements and the Independent Auditors' Report appears on pages 31 through 55 of the 2000 Annual Report to Shareholders and is incorporated herein by this reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding the directors and executive officers of the

Registrant appears on pages 5 through 8 of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held May 9, 2001, under the caption "Information with Respect to Nominees and Continuing Directors," and is incorporated herein by this reference.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation appears on pages 11 through 20 of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held May 9, 2001, and is incorporated herein by this reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding security ownership of certain beneficial owners appears on pages 3 and 4 of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held May 9, 2001, under the caption "Security Ownership of Certain Beneficial Owners," and is incorporated herein by this reference.

Information regarding security ownership of management appears on pages 5 through 8 of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held May 9, 2001, under the caption "Information with Respect to the Nominees, Continuing Directors, and Executive Officers," and is incorporated herein by this reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain relationships and related transactions appears on page 20 of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 9, 2001 under the caption "Transactions with Certain Related Persons," and is incorporated herein by this reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The following consolidated financial statements are included in the Company's Annual Report to Shareholders for the year ended December 31, 2000 and are incorporated by this reference herein:

- Consolidated Statements of Condition at December 31, 2000 and 1999;
- Consolidated Statements of Income and Comprehensive Income for each of the years in the three-year period ended December 31, 2000;
- Consolidated Statements of Changes in Stockholders' Equity for each of the years in the three-year period ended December 31, 2000;
- Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2000;
- Notes to the Consolidated Financial Statements
- Management's Responsibility for Financial Reporting
- Independent Auditors' Report

The remaining information appearing in the 2000 Annual Report to Shareholders is not deemed to be filed as a part of this report, except as expressly provided herein.

2. Financial Statement Schedules

Financial Statement Schedules have been omitted because they are not applicable or because the required information is shown in the Consolidated Financial Statements or Notes thereto.

(b) Reports on Form 8-K filed during the last quarter of 2000

On February 12, 2001, the Company filed a Current Report on Form 8-K regarding the Board of Directors' declaration of a three-for-two stock split in the form of a 50% stock dividend, payable on March 29, 2001 to shareholders of record on March 14, 2001.

(c) Exhibits Required by Securities and Exchange Commission Regulation S-K

Exhibit Number	
3.1	Certificate of Incorporation of Queens County Bancorp, Inc. (1)
3.2	Bylaws of New York Community Bancorp, Inc. (attached hereto)
10.1	Form of Employment Agreement between Queens County Savings Bank and Certain Officers (
10.2	Form of Employment Agreement between Queens County Bancorp, Inc. and Certain Officers
10.3	Form of Change in Control Agreements among the Company, the Bank, and Certain Officers
10.4	Form of Queens County Savings Bank Recognition and Retention Plan for Outside Director
10.5	Form of Queens County Savings Bank Recognition and Retention Plan for Officers (1)
10.6	Form of Queens County Bancorp, Inc. 1993 Incentive Stock Option Plan (2)
10.7	Form of Queens County Bancorp, Inc. 1993 Incentive Stock Option Plan for Outside Direc
10.8	Form of Queens County Savings Bank Employee Severance Compensation Plan (1)
10.9	Form of Queens County Savings Bank Outside Directors' Consultation and Retirement Plan
10.10	Form of Queens County Bancorp, Inc. Employee Stock Ownership Plan and Trust (1)
10.11	ESOP Loan Documents (1)

10.12	Incentive Savings Plan of Queens County Savings Bank (3)
10.13	Retirement Plan of Queens County Savings Bank (1)
10.14	Supplemental Benefits Plan of Queens County Savings Bank (4)
10.15	Excess Retirement Benefits Plan of Queens County Savings Bank (1)
10.16	Queens County Savings Bank Directors' Deferred Fee Stock Unit Plan (1)
10.17	Queens County Bancorp, Inc. 1997 Stock Option Plan (5)
11.0	Statement Re: Computation of Per Share Earnings
13.0	2000 Annual Report to Shareholders
21.0	Subsidiaries information incorporated herein by reference to Part I, "Subsidiaries"
23.0	Consent of KPMG LLP, dated March 27, 2001
99.0	Proxy Statement for the Annual Meeting of Shareholders to be held on May 9, 2001

(1) Incorporated by reference to Exhibits filed with the Registration Statement on Form S-1, Registration No. 33-66852.
(2) Incorporated herein by reference into this document from the Exhibits to Form S-8, Registration Statement filed on October 27, 1994, Registration No. 33-85684.
(3) Incorporated herein by reference into this document from the Exhibits to Form S-8, Registration Statement filed on October 27, 1994, Registration No. 33-85682.
(4) Incorporated by reference to Exhibits filed with the 1995 Proxy Statement

for the Annual Meeting of Shareholders held on April 19, 1995.

(5) Incorporated by reference to Exhibit filed with the 1997 Proxy Statement for the Annual Meeting of Shareholders held on April 16, 1997.