NEW YORK MORTGAGE TRUST INC
Form 4
June 18, 2008

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Abreu Steven M

(Last) (First) (Middle)

1301 AVENUE OF THE AMERICAS

(Street)

NEW YORK, NY 10019

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
NEW YORK MORTGAGE TRUST INC [NYMT]

3. Date of Earliest Transaction (Month/Day/Year)
05/22/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/22/2008		P		500	A	$ 5.38	500	D	
Common Stock	06/04/2008		P		1,040	A	$ 6.08	1,540	D	
Common Stock	06/06/2008		P		175	A	$ 5.44	1,715	D	
Common Stock	06/09/2008		P		17	A	$ 6.77	1,732	D	
Common Stock	06/13/2008		P		200	A	$ 5.42	1,932	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Ownc Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Abreu Steven M 1301 AVENUE OF THE AMERICAS NEW YORK, NY 10019	X			

Signatures

/s/ Christopher C. Green, Attorney-in-Fact	06/18/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. tom" width="1%" style="TEXT-ALIGN: left"> 0

Industrial	483,549	473,190	1,906	98	8,285	70
Total office, retail, and industrial	1,215,649	1,189,383	3,873	460	21,721	212
Residential construction	226,126	158,269	5,922	408	61,050	477

Commercial construction	98,562	98,562	0	0	0	0
Commercial land	94,479	73,008	0	0	21,471	0
Multi-family	350,458	342,514	0	0	6,813	1,131
Investor-owned rental property	119,974	113,150	2,155	562	4,107	0
Other commercial real estate	717,903	673,143	1,493	2,858	40,409	0
Total commercial real estate	2,823,151	2,648,029	13,443	4,288	155,571	1,820
Total corporate loans	4,508,390	4,264,862	33,216	7,199	200,021	3,092
Direct installment	43,875	43,344	425	85	21	0
Home equity	457,981	440,909	5,434	1,244	7,999	2,395
Indirect installment	4,310	4,257	33	5	15	0
Real estate - 1-4 family	150,110	138,200	2,482	603	3,310	5,515
Total consumer loans	656,276	626,710	8,374	1,937	11,345	7,910
Total loans, excluding covered loans	5,164,666	4,891,572	41,590	9,136	211,366	11,002
Covered loans	487,755	388,973	24,005	74,777	0	0
Total loans	$5,652,421	$5,280,545	$65,595	$83,913	$211,366	$11,002

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	Total Loans	Current	Past Due 30-89 Days Past Due	Past Due 90 Days Past Due	Non-accrual	Restructured
As of December 31, 2009						
Commercial and industrial	$1,438,063	$1,392,555	$11,915	$1,964	$28,193	$3,436
Agricultural	209,945	207,272	0	0	2,673	0
Commercial real estate:						
Office	394,228	385,851	2,327	0	6,050	0
Retail	331,803	318,368	96	330	12,918	91
Industrial	486,934	482,903	1,603	0	2,428	0
Total office, retail, and industrial	1,212,965	1,187,122	4,026	330	21,396	91
Residential construction	313,919	200,061	974	86	112,798	0
Commercial construction	134,680	134,680	0	0	0	0
Commercial land	96,838	75,974	0	0	20,864	0
Multi-family	333,961	313,306	2,152	55	12,486	5,962
Investor-owned rental property	119,132	110,234	3,967	225	4,351	355
Other commercial real estate	679,851	634,561	5,132	130	28,006	12,022
Total commercial real estate	2,891,346	2,655,938	16,251	826	199,901	18,430
Total corporate loans	4,539,354	4,255,765	28,166	2,790	230,767	21,866
Direct installment	47,782	46,291	1,271	165	55	0
Home equity	470,523	455,214	5,192	1,032	7,549	1,536
Indirect installment	5,604	5,100	458	21	25	0
Real estate - 1-4 family	139,983	124,117	2,825	71	5,819	7,151
Total consumer loans	663,892	630,722	9,746	1,289	13,448	8,687
Total loans, excluding covered loans	5,203,246	4,886,487	37,912	4,079	244,215	30,553
Covered loans	214,264	160,990	22,988	30,286	0	0
Total loans	$5,417,510	$5,047,477	$60,900	$34,365	$244,215	$30,553

The following table provides a comparison of our non-performing assets and past due loans to prior periods.

Table 11
Non-performing Assets and Past Due Loans
(Dollar amounts in thousands)

	2010			2009	
	September 30	June 30	March 31	December 31	September 30
Non-performing assets, excluding covered assets					
Non-accrual loans	$211,366	$193,689	$216,073	$244,215	$256,805
90 days or more past due loans	9,136	6,280	7,995	4,079	5,960
Total non-performing loans	220,502	199,969	224,068	248,294	262,765
Restructured loans (still accruing interest)	11,002	9,030	5,168	30,553	26,718
Other real estate owned	52,044	57,023	62,565	57,137	57,945
Total non-performing assets	$283,548	$266,022	$291,801	$335,984	$347,428
30-89 days past due loans	$41,590	$32,012	$28,018	$37,912	$44,346
Non-accrual loans to total loans	4.09 %	3.72 %	4.16 %	4.69 %	4.84 %
Non-performing loans to total loans	4.27 %	3.84 %	4.31 %	4.77 %	4.95 %
Non-performing assets to loans plus OREO	5.44 %	5.05 %	5.55 %	6.39 %	6.48 %
Covered assets (1)					
Non-accrual loans	$0	$0	$0	$0	$0
90 days or more past due loans	74,777	47,912	52,464	30,286	0
Total non-performing loans	74,777	47,912	52,464	30,286	0
Restructured loans (still accruing interest)	0	0	0	0	0
Other real estate owned	31,550	10,657	8,649	8,981	0
Total non-performing assets	$106,327	$58,569	$61,113	$39,267	$0
30-89 days past due loans	$24,005	$13,725	$10,175	$22,988	$0
Non-performing assets, including covered assets					
Non-accrual loans	$211,366	$193,689	$216,073	$244,215	$256,805
90 days or more past due loans	83,913	54,192	60,459	34,365	5,960
Total non-performing loans	295,279	247,881	276,532	278,580	262,765
Restructured loans (still accruing interest)	11,002	9,030	5,168	30,553	26,718
Other real estate owned	83,594	67,680	71,214	66,118	57,945
Total non-performing assets	$389,875	$324,591	$352,914	$375,251	$347,428
30-89 days past due loans	$65,595	$45,737	$38,193	$60,900	$44,346
Non-accrual loans to total loans	3.74 %	3.55 %	4.01 %	4.51 %	4.84 %
Non-performing loans to total loans	5.22 %	4.55 %	5.13 %	5.14 %	4.95 %
Non-performing assets to loans plus OREO	6.80 %	5.88 %	6.46 %	6.84 %	6.48 %

(1) For a discussion of covered assets, refer to Note 6 of “Notes to Consolidated Financial Statements” in Item 1 of this Form 10-Q.

Total non-performing assets were $389.9 million as of September 30, 2010 compared to $375.3 million as of December 31, 2009. Non-performing assets as of September 30, 2010 included covered assets of $106.3 million compared to $39.3 million as of December 31, 2009. The non-performing covered assets were recorded at their estimated fair values at the time of acquisition. These assets are covered by loss sharing agreements with the FDIC that substantially mitigate the risk of loss.

Excluding covered assets, non-performing assets as of September 30, 2010 were $283.5 million, up 6.6% from June 30, 2010, but down 15.6%, compared to December 31, 2009, and 18.4%, from September 30, 2009. The increase from June was

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due primarily to three large credits. While non-performing assets increased from June 30, 2010, over the past twelve months non-performing assets have declined $63.9 million. The improvement was driven by disposals of other real estate owned, charge-offs, principal paydowns, and the return of restructured loans to performing status.

During third quarter 2010, we disposed of $30.2 million of primarily non-performing loans at a loss of $13.7 million in two separate transactions. One of the transactions was a bulk sale representing 36 relationships. In evaluating whether to enter into these transactions, management assessed current collateral values, projected cash flows, long-term costs to remediate and/or maintain collateral, current disposition strategies, and other unique circumstances specific to these loans. As a result of this analysis, management changed the remediation strategies on these loans to accelerate their disposition.

Non-performing loans, excluding covered loans, represented 4.27% of total loans at September 30, 2010, compared to 4.77% at December 31, 2009 and 4.95% at September 30, 2009. Loans 30-89 days delinquent totaled $41.6 million at September 30, 2010, down $2.8 million from September 30, 2009.

At September 30, 2010, we had restructured loans totaling $35.3 million, a decrease of $5.3 million from December 31, 2009. Included in the totals were loans that were restructured at market terms and continued to accrue interest, which totaled $11.0 million as of September 30, 2010, a decrease of $19.6 million from December 31, 2009. To the extent these loans continue to perform, they will no longer be classified as non-performing subsequent to December 31, 2010. In January 2010, $27.9 million of restructured loans were returned to performing status as a result of satisfactory payment performance after the modification of the loans.

Table 12
Restructured Loans by Type
(Dollar amounts in thousands)

	September 30, 2010		June 30, 2010		March 31, 2010		December 31, 2009	
	Number of Loans	Amount	Number of Loans	Amount	Number of Loans	Amount	Number of Loans	Amount
Commercial and industrial	35	$ 18,612	33	$ 18,682	10	$ 1,685	25	$ 4,062
Commercial real estate:								
Office, retail, and industrial	2	212	1	142	0	0	1	91
Residential construction	6	1,900	1	1,423	1	1,423	1	1,423
Multi-family	8	3,619	9	4,860	7	3,798	9	11,462
Other commercial real estate	4	2,415	8	3,001	6	1,458	10	13,852
Total commercial real estate loans	20	8,146	19	9,426	14	6,679	21	26,828
Home equity loans	43	2,603	39	2,260	24	1,433	33	1,724
Real estate – 1-4 family loans	44	5,898	37	5,330	29	4,214	51	7,953
Total consumer loans	87	8,501	76	7,590	53	5,647	84	9,677

Total restructured loans	142	$ 35,259	128	$ 35,698	77	$ 14,011	130	$ 40,567
Restructured loans, still accruing interest	104	$ 11,002	81	$ 9,030	52	$ 5,168	105	$ 30,553
Restructured loans included in non-accrual	38	24,257	47	26,668	25	8,843	25	10,014
Total restructured loans	142	$ 35,259	128	$ 35,698	77	$ 14,011	130	$ 40,567
Year-to-date charge-offs on restructured loans		$ 926		$ 793		$ 696		$ 4,993
Valuation allowance related to restructured loans		$ 0		$ 0		$ 0		$ 0

Other real estate owned, excluding covered assets, was $52.0 million at September 30, 2010 compared to $57.1 million at December 31, 2009 and $57.9 million at September 30, 2009.

Table 13
OREO Properties by Type
(Dollar amounts in thousands)

	September 30, 2010		December 31, 2009		September 30, 2009	
	Number of Properties	Amount	Number of Properties	Amount	Number of Properties	Amount
Single family homes	15	$ 2,573	50	$ 9,245	62	$ 13,783
Land parcels:						
Raw land	5	11,511	4	9,658	4	9,673
Farmland	1	3,572	3	11,787	3	15,308
Commercial lots	16	5,158	1	620	0	0
Single-family lots	58	17,334	27	16,092	14	12,032
Total land parcels	80	37,575	35	38,157	21	37,013
Multi-family units	8	2,609	12	2,450	11	1,882
Commercial properties	12	9,287	15	7,285	13	5,267
Total OREO properties	115	$ 52,044	112	$ 57,137	107	$ 57,945
Covered OREO	47	$ 31,550	9	$ 8,981	0	$ 0

The following table summarizes reductions to OREO properties during the quarter and nine months ended September 30, 2010.

Table 14
OREO Sales
(Dollar amounts in thousands)

	Quarter Ended September 30, 2010			Nine Months Ended September 30, 2010		
	OREO	Covered OREO	Total	OREO	Covered OREO	Total
Proceeds from sales	$ 5,557	$ 3,750	$ 9,307	$ 35,709	$ 4,398	$ 40,107
Less: Basis of properties sold	8,020	3,752	11,772	49,307	4,458	53,765
Losses on sales of OREO, net	$ (2,463)	$ (2)	$ (2,465)	$ (13,598)	$ (60)	$ (13,658)
OREO transferred to Premises, furniture, and equipment (at fair value)	$ 0	$ 0	$ 0	$ 9,455	$ 0	$ 9,455
OREO write-downs	$ 5,682	$ 118	$ 5,800	$ 11,292	$ 118	$ 11,410

As we work to dispose of non-performing assets, our efforts could be impacted by a number of factors, including but not limited to, the pace and timing of the overall recovery of the economy, illiquidity in the real estate market, higher levels of real estate coming into the market, and changes to planned liquidation strategies. Accordingly, the future carrying value of these assets may be influenced by the same factors.

Construction Portfolio

Total construction loans of $419.2 million consist of residential construction, commercial construction, and commercial land loans. The residential construction portfolio totals $226.1 million at September 30, 2010, and 27.2% is classified as non-performing. This portfolio represents loans to developers of residential properties and, as such, is particularly susceptible to declining real estate values.

The following table provides details on the nature of these construction portfolios.

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Table 15
Construction Loans by Type, Excluding Covered Loans
(Dollar amounts in thousands)

	Residential Construction		Commercial Construction		Commercial Land		Combined		
Underlying Collateral	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Non-performing Loans
As of September 30, 2010									
Raw Land	$ 54,580	24.1	$ 659	0.7	$ 24,470	25.9	$ 79,709	19.0	$ 28,375
Developed Land	94,913	42.0	22,817	23.1	67,434	71.4	185,164	44.2	31,771
Construction	12,106	5.3	13,503	13.7	0	0	25,609	6.1	1,384
Substantially completed structures	47,654	21.1	58,201	59.1	598	0.6	106,453	25.4	6,136
Mixed and other	16,873	7.5	3,382	3.4	1,977	2.1	22,232	5.3	15,263
Total	$ 226,126	100.0	$ 98,562	100.0	$ 94,479	100.0	$ 419,167	100.0	$ 82,929
Weighted-average maturity (in years)	0.48		1.67		0.70		0.81		
Non-accrual loans	$ 61,050		$ 0		$ 21,471		$ 82,521		
90-days past due loans	408		0		0		408		
Total non-performing loans	$ 61,458		$ 0		$ 21,471		$ 82,929		
Non-performing loans as a percent of total loans	27.2%		0.0%		22.7%		19.8%		
As of December 31, 2009									
Raw land	$ 66,715	21.2	$ 10	0	$ 43,331	44.7	$ 110,056	20.2	$ 51,457
Developed land	133,604	42.6	24,942	18.5	53,265	55.0	211,811	38.8	43,525
Construction	14,227	4.5	18,580	13.8	0	0	32,807	6.0	2,735
Substantially completed structures	82,852	26.4	90,858	67.5	157	0.2	173,867	31.9	19,694
Mixed and other	16,521	5.3	290	0.2	85	0.1	16,896	3.1	16,337
Total	$ 313,919	100.0	$ 134,680	100.0	$ 96,838	100.0	$ 545,437	100.0	$ 133,748
Weighted-average maturity (in years)	0.35		1.41		1.12		0.74		
Non-accrual loans	$ 112,798		$ 0		$ 20,864		$ 133,662		
90-days past due loans	86		0		0		86		
	$ 112,884		$ 0		$ 20,864		$ 133,748		

Total non-performing loans				
Non-performing loans as a percent of total loans	36.0%	0	21.5%	24.5%

Total construction loans decreased by $126.3 million, and non-performing construction loans decreased by $50.8 million from December 31, 2009 to September 30, 2010. The decline in the portfolio was due to principal paydowns, charge-offs, reclassification of completed construction projects into other loan categories, and transfers of loan collateral into OREO as we continue our initiative to reduce and mitigate exposure to this lending category.

Allowance for Credit Losses

The allowance for credit losses includes the allowance for loan losses and the reserve for unfunded commitments. The allowance for loan losses represents management’s best estimate of estimated losses inherent within the existing loan portfolio and is established through a provision for credit losses charged to expense. The allowance for loan losses takes into consideration such factors as changes in the nature, volume, size and current risk characteristics of the loan portfolio, an assessment of individual problem loans, actual and anticipated loss experience, current economic conditions that affect the borrower’s ability to pay and other pertinent factors. Determination of the allowance is inherently subjective, as it requires significant estimates, including the amounts and timing of expected future cash flows on impaired loans, estimated losses on pools of homogenous loans based on historical loss experience, and consideration of current economic trends, all of which may be susceptible to significant change. The allowance consists of (i) specific reserves established for probable losses on individual loans for which the recorded investment in the loan exceeds the value of the loan, (ii) reserves based on historical

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loan loss experience for each loan category, and (iii) the impact of general economic conditions in our marketplace and other qualitative factors.

Table 16
Allowance for Credit Losses
And Summary of Loan Loss Experience
(Dollar amounts in thousands)

	Quarters Ended				
	2010			2009	
	September 30	June 30	March 31	December 31	September 30
Change in allowance for credit losses: (1)					
Balance at beginning of quarter	$ 145,477	$ 144,824	$ 144,808	$ 134,269	$ 127,528
Loans charged-off:					
Commercial and industrial	(13,968)	(5,896)	(5,336)	(23,938)	(13,023)
Agricultural	(489)	(546)	(141)	(180)	0
Office, retail, and industrial	(3,205)	(2,377)	(1,852)	(3,264)	(3,496)
Residential construction	(4,571)	(10,048)	(4,557)	(38,559)	(5,315)
Commercial construction	0	0	0	0	0
Commercial land	(228)	(115)	(270)	(2,848)	(38)
Multi-family	(412)	(732)	(627)	(2,325)	(29)
Investor-owned rental property	(749)	(1,034)	(318)	(1,228)	(624)
Other commercial real estate	(9,668)	(526)	(4,220)	(7,965)	(6,006)
Consumer	(2,139)	(2,546)	(2,508)	(3,262)	(3,369)
Real estate – 1-4 family	(364)	(261)	(168)	(168)	(218)
Total loans charged-off	(35,793)	(24,081)	(19,997)	(83,737)	(32,118)
Recoveries on loans previously charged-off:					
Commercial and industrial	706	3,217	873	618	438
Agricultural	0	0	0	0	0
Office, retail, and industrial	380	24	208	(1)	0
Residential construction	111	54	105	244	134
Commercial construction	0	0	0	0	0
Commercial land	0	0	0	134	266
Multi-family	190	247	115	0	0
	1	52	64	(1)	2

Investor-owned rental property					
Other commercial real estate	199	1	25	57	0
Consumer	160	264	225	225	17
Real estate – 1-4 family	1	0	48	0	2
Total recoveries on loans previously charged-off	1,748	3,859	1,663	1,276	859
Net loans charged-off, excluding covered assets	(34,045)	(20,222)	(18,334)	(82,461)	(31,259)
Net recoveries (charge-offs) on covered assets	11	(651)	0	0	0
Net loans charged off	(34,034)	(20,873)	(18,334)	(82,461)	(31,259)
Provision charged to operating expense:					
Provision, excluding provision for covered loans	33,587	20,875	18,350	93,000	38,000
Provision for covered loans	(424)	13,023	0	0	0
Less: expected reimbursement from the FDIC	413	(12,372)	0	0	0
Net provision for covered loans	(11)	651	0	0	0
Total provision charged to operating expense	33,576	21,526	18,350	93,000	38,000
Balance at end of quarter (1)	$ 145,019	$ 145,477	$ 144,824	$ 144,808	$ 134,269

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	Quarters Ended				
	2010			2009	
	September 30	June 30	March 31	December 31	September 30
Average loans, excluding covered loans	$ 5,207,419	$ 5,204,566	$ 5,197,499	$ 5,304,690	$ 5,346,769
Net loans charged-off to average loans, excluding covered loans, annualized	2.59%	1.56%	1.43%	6.17%	2.32%
Allowance for credit losses at end of period as a percent of:					
Total loans, excluding covered loans	2.81%	2.79%	2.79%	2.78%	2.53%
Non-performing loans, excluding covered loans	66%	73%	65%	58%	51%
Average loans, including covered loans	$ 5,575,146	$ 5,438,473	$ 5,406,162	$ 5,467,093	$ 5,346,769
Net loans charged-off to average loans, annualized	2.42%	1.54%	1.38%	5.98%	2.32%
Allowance for credit losses at end of period as a percent of:					
Total loans	2.57%	2.67%	2.68%	2.71%	2.53%
Non-performing loans	49%	59%	52%	52%	51%

(1)The allowance for credit losses includes a liability for unfunded commitments of $450 thousand.

The allowance for credit losses represented 2.81% of total loans outstanding, excluding covered loans, at September 30, 2010 compared to 2.78% at December 31, 2009 and 2.53% at September 30, 2009.

Net charge-offs, excluding covered loans, for third quarter 2010 were $34.0 million compared to $20.2 million for second quarter 2010 and $31.3 million for third quarter 2009. The increases for third quarter 2010 relate to the disposition of $30.2 million in primarily non-performing loans referred to earlier. The $13.7 million in losses realized on these transactions were included in net charge-offs for third quarter 2010.

The accounting policies underlying the establishment and maintenance of the allowance for credit losses are discussed in Notes 1 and 7 to the Consolidated Financial Statements of our 2009 10-K.

INVESTMENT IN BANK OWNED LIFE INSURANCE

We purchase life insurance policies on the lives of certain directors and officers and are the sole owner and beneficiary of the policies. We invest in these policies, known as BOLI, to provide an efficient form of funding for long-term retirement and other employee benefit costs. Therefore, our BOLI policies are intended to be long-term investments to provide funding for long-term liabilities. We record these BOLI policies as a separate line item in the Consolidated Statements of Financial Condition at each policy's respective CSV with changes recorded in noninterest income in the Consolidated Statements of Income. As of September 30, 2010, the CSV of BOLI assets totaled $198.7 million compared to $198.0 million as of December 31, 2009.

As of September 30, 2010, 25.0% of our total BOLI portfolio is in general account life insurance distributed between nine insurance carriers, all of which carry investment grade ratings. This general account life insurance typically includes a feature guaranteeing minimum returns. The remaining 75.0% is in separate account life insurance, which is managed by third party investment advisors under pre-determined investment guidelines. Stable value protection is a feature available with respect to separate account life insurance policies that is designed to protect, within limits, a policy's CSV from market fluctuations on underlying investments. Our entire separate account portfolio has stable value protection purchased from a highly rated financial institution. To the extent fair values on individual contracts fall below 80%, the CSV of the specific contracts may be reduced or the underlying assets may be transferred to short-duration investments, resulting in lower earnings.

BOLI income for third quarter 2010 declined 5.3% from third quarter 2009. Since fourth quarter 2008, management has elected to accept lower market returns in order to reduce our risk to market volatility through investment in shorter-duration, lower yielding money market instruments. This strategy also had the effect of improving our regulatory capital ratios by reducing risk-weighted assets.

GOODWILL

Goodwill is included in Goodwill and other intangible assets in the Consolidated Statements of Financial Condition. The carrying value of goodwill was $270.8 million as of September 30, 2010 and $262.9 million as of December 31, 2009. The $7.9 million increase resulted from goodwill generated by the Palos acquisition. Goodwill is tested at least annually for impairment or when events or circumstances indicate a need to perform interim tests. The impairment testing is performed using the market capitalization method and, if necessary, by comparing the carrying value of goodwill with the anticipated discounted future cash flows.

FUNDING AND LIQUIDITY MANAGEMENT

The following table provides a comparison of average funding sources for the quarter ended September 30, 2010, December 31, 2009, and September 30, 2009. We believe that average balances, rather than period-end balances, are more meaningful in analyzing funding sources because of the inherent fluctuations that may occur on a monthly basis within most funding categories.

Table 17
Funding Sources – Average Balances
(Dollar amounts in thousands)

	Quarters Ended			Third Quarter 2010 % Change From	
	September 30, 2010	December 31, 2009	September 30, 2009	Fourth Quarter 2009	Third Quarter 2009
Demand deposits	$ 1,242,257	$ 1,115,096	$1,056,188	11.4%	17.6%
Savings deposits	832,672	744,876	749,995	11.8%	11.0%
NOW accounts	1,173,347	953,772	1,062,708	23.0%	10.4%
Money market accounts	1,226,314	1,079,943	995,132	13.6%	23.2%
Transactional deposits	4,474,590	3,893,687	3,864,023	14.9%	15.8%
Time deposits	1,998,694	1,997,824	1,923,314	0.0%	3.9%
Brokered deposits	24,027	10,903	15,131	120.4%	58.8%
Total time deposits	2,022,721	2,008,727	1,938,445	0.7%	4.3%
Total deposits	6,497,311	5,902,414	5,802,468	10.1%	12.0%
Repurchase agreements	199,785	238,904	442,022	(16.4%)	(54.8%)
Federal funds purchased	0	37,886	93,123	(100.0%)	(100.0%)
Federal Home Loan Bank (“FHLB”) advances	138,120	100,403	131,089	37.6%	5.4%
Federal term auction facilities	0	284,783	204,163	(100.0%)	(100.0%)
Total borrowed funds	337,905	661,976	870,397	(49.0%)	(61.2%)
Subordinated debt	137,740	143,816	226,693	(4.2%)	(39.2%)
Total funding sources	$ 6,972,956	$ 6,708,206	$6,899,558	3.9%	1.1%
Average interest rate paid on borrowed funds	0.94%	0.76%	1.26%		
Weighted-average maturity of FHLB advances	30.6 months	37.5 months	1.7 months		
Weighted-average interest rate of FHLB advances	1.95%	2.03%	4.05%		

Total average deposits for third quarter 2010 increased 10.1% from fourth quarter 2009 and increased 12.0% from third quarter 2009, with most of the increases in transactional deposits.

Average core transactional deposits for third quarter 2010 were $4.5 billion, an increase of $610.6 million, or 15.8%, from third quarter 2009. Excluding core transactional deposits acquired through FDIC-assisted transactions, the year-over-year increase in core transactional deposits was $394.7 million, or 10.2%.

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Average borrowed funds totaled $337.9 million for third quarter 2010, decreasing $532.5 million, or 61.2%, from third quarter 2009. During the last half of 2009 and early 2010, we delevered our balance sheet by using the proceeds from securities sales and maturities to reduce our level of borrowed funds and time deposits, resulting in an increase in our net interest margins.

Securities sold under agreements to repurchase, federal funds purchased, and term auction facilities generally mature within 1 to 90 days from the transaction date.

MANAGEMENT OF CAPITAL

Capital Measurements

The Federal Reserve Board ("FRB"), the primary regulator of the Company and the Bank, establishes minimum capital requirements that must be met by member institutions. We have managed our capital ratios to consistently maintain such measurements in excess of the FRB minimum levels to be considered "well-capitalized," which is the highest capital category established.

Capital resources of financial institutions are also regularly measured by tangible equity ratios, which are non-GAAP measures. Tangible common equity equals total shareholders' equity as defined by GAAP, less goodwill and other intangible assets and preferred stock, which does not benefit common shareholders. Tangible assets equals total assets as defined by GAAP, less goodwill and other intangible assets. The tangible equity ratios are a valuable indicator of a financial institution's capital strength since they eliminate intangible assets and preferred stock from shareholders' equity.

The following table presents our consolidated measures of capital as of the dates presented and the capital guidelines established by the FRB to be considered "well-capitalized."

Table 18
Capital Measurements
(Dollar amounts in thousands)

	September 30, 2010	September 30, 2009	December 31, 2009	Regulatory Minimum For "Well-Capitalized"	Excess Over Required Minimums at September 30, 2010	
Regulatory capital ratios:						
Total capital to risk-weighted assets	16.83%	15.27%	13.94%	10.00%	68%	$ 438,189
Tier 1 capital to risk-weighted assets	14.78%	12.88%	11.88%	6.00%	146%	$ 563,334
Tier 1 leverage to average assets	11.98%	10.52%	10.18%	5.00%	140%	$ 552,526
Regulatory capital ratios, excluding preferred stock (1):						
Total capital to risk-weighted assets	13.82%	12.18%	10.93%	10.00%	38%	$ 245,189
	11.77%	9.78%	8.88%	6.00%	96%	$ 370,334

Tier 1 capital to risk-weighted assets						
Tier 1 leverage to average assets	9.54%	7.99%	7.61%	5.00%	91%	$ 359,526
Tier 1 common capital to risk-weighted assets (2) (3)	10.45%	8.43%	7.56%	N/A (3)	N/A (3)	N/A (3)
Tangible equity ratios:						
Tangible common equity to tangible assets	8.34%	6.88%	6.29%	N/A (3)	N/A (3)	N/A (3)
Tangible common equity, excluding other comprehensive loss, to tangible assets	8.46%	7.10%	6.54%	N/A (3)	N/A (3)	N/A (3)
Tangible common equity to risk-weighted assets	10.51%	8.16%	7.27%	N/A (3)	N/A (3)	N/A (3)

(1)These ratios exclude the impact of $193.0 million in preferred shares issued to the U.S. Treasury in December 2008 as part of its Capital Purchase Plan (“CPP”). For additional discussion of the preferred share issuance and the CPP, refer to Note 13 to the Consolidated Financial Statements of our 2009 Form 10-K.

(2)Excludes the impact of preferred shares and trust preferred securities.

(3)Ratio is not subject to formal FRB regulatory guidance.

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Regulatory and tangible common equity ratios improved compared to December 31, 2009. The notable improvements in the Tier 1 and tangible capital ratios primarily reflect the issuance of common stock as discussed below.

The Board of Directors reviews the Company's capital plan each quarter, giving consideration to the current and expected operating environment as well as an evaluation of various capital alternatives.

Common Shares Issued

In January 2010, we issued a total of 18,818,183 shares of common stock at a price of $11.00 per share, which resulted in a $196.0 million increase in stockholders' equity, net of the underwriting discount and related expenses. We are using the proceeds to improve the quality of our capital position and for general operating purposes. As a result, regulatory and tangible common equity ratios were significantly improved in comparison to December 31, 2009.

Dividends

The Company's Board of Directors has declared quarterly common stock dividends of $0.010 per share for the past seven quarters.

Since we elected to participate in the U.S. Treasury's Capital Purchase Program in fourth quarter 2008, our ability to increase quarterly common stock dividends above $0.310 per share will be subject to the applicable restrictions of this program for three years following the sale of the preferred stock.

Other Transactions

In January 2010, the Company made a $100.0 million capital contribution to the Bank. In addition, the Bank sold $168.1 million of non-performing assets to the Company in March 2010. On the date of the sale, the Company recorded the assets at fair value. Given the majority of the assets were collateral dependent loans, fair value was determined based on the lower of current appraisals, sales listing prices, or sales contract values, less estimated selling costs. No allowance for loan losses was recorded at the Company on the date of the purchase of these assets. As of September 30, 2010, the Company had $119.5 million in non-performing assets. Since the banking subsidiary's financial position and results of operations are consolidated with the Company, this transaction did not change the presentation of these non-performing assets in the consolidated financial statements and did not impact the consolidated Company's financial position, results of operations, or regulatory ratios. However, these two transactions improved the Bank's asset quality, capital ratios, and liquidity.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements are prepared in accordance with GAAP and are consistent with predominant practices in the financial services industry. Critical accounting policies are those policies that management believes are the most important to our financial position and results of operations. Application of critical accounting policies requires management to make estimates, assumptions, and judgments based on information available at the date of the financial statements that affect the amounts reported in the financial statements and accompanying notes. Future changes in information may affect these estimates, assumptions, and judgments, which, in turn, may affect amounts reported in the financial statements.

We have numerous accounting policies, of which the most significant are presented in Note 1, "Summary of Significant Accounting Policies," to the Consolidated Financial Statements of our 2009 10-K. These policies, along with the disclosures presented in the other financial statement notes and in this discussion, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, management has determined that our accounting policies with respect to the allowance for loan losses, evaluation of impairment of securities, and income taxes are the accounting areas requiring subjective or complex judgments that are most important to our financial position and results of operations, and, as such, are considered to be critical accounting policies, as discussed in our 2009 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, exchange rates, and equity prices. Interest rate risk is our primary market risk and is the result of repricing, basis, and option risk. A description and analysis of our interest rate risk management policies is included in Item 7A, “Quantitative and Qualitative Disclosures about Market Risk,” contained in our 2009 10-K.

We seek to achieve consistent growth in net interest income and net income while managing volatility that arises from shifts in interest rates. The Bank's Asset and Liability Management Committee ("ALCO") oversees financial risk management by developing programs to measure and manage interest rate risks within authorized limits set by the Bank's Board of Directors. ALCO also approves the Bank's asset/liability management policies, oversees the formulation and implementation of strategies to improve balance sheet positioning and earnings, and reviews the Bank's interest rate sensitivity position. Management uses net interest income and economic value of equity simulation modeling tools to analyze and capture short-term and long-term interest rate exposures.

Net Interest Income Sensitivity

The analysis of net interest income sensitivities assesses the magnitude of changes in net interest income resulting from changes in interest rates over a 12-month horizon using multiple rate scenarios. These scenarios include, but are not limited to, a "most likely" forecast, a flat to inverted or unchanged rate environment, a gradual increase and decrease of 200 basis points that occur in equal steps over a six-month time horizon, and immediate increases and decreases of 200 and 300 basis points.

This simulation analysis is based on actual cash flows and repricing characteristics for balance sheet and off-balance sheet instruments and incorporates market-based assumptions regarding the effect of changing interest rates on the prepayment rates of certain assets and liabilities. This simulation analysis includes management's projections for activity levels in each of the product lines we offer. The analysis also incorporates assumptions based on the historical behavior of deposit rates and balances in relation to interest rates. Because these assumptions are inherently uncertain, the simulation analysis cannot definitively measure net interest income or predict the impact of the fluctuation in interest rates on net interest income. Actual results may differ from simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in market conditions and management strategies.

We monitor and manage interest rate risk within approved policy limits. Our current interest rate risk policy limits are determined by measuring the change in net interest income over a 12-month horizon assuming a 200 basis point gradual increase and decrease in all interest rates compared to net interest income in an unchanging interest rate environment. Current policy limits this exposure to plus or minus 8% of the anticipated level of net interest income over the corresponding 12-month horizon assuming no change in current interest rates. As of December 31, 2009, the percent change expected assuming a gradual decrease in interest rates was outside of policy by 2.1%. Given the current market conditions as of December 31, 2009, the Bank's Board of Directors temporarily authorized operations outside of policy limits. We were within policy limits as of September 30, 2010.

Analysis of Net Interest Income Sensitivity
(Dollar amounts in thousands)

	Gradual Change in Rates (1)		Immediate Change in Rates			
	-200	+200	-200	+200	-300 (2)	+300
September 30, 2010:						
Dollar change	$ (5,398)	$ 9,316	$ (8,212)	$ 12,152	$ N/M	$ 24,830
Percent change	-2.0%	+3.4%	-3.0%	+4.4%	N/M	+9.0%
December 31, 2009:						
Dollar change	$ (27,122)	$ (2,540)	$ (36,934)	$ (1,312)	$ N/M	$ 4,246
Percent change	-10.1%	-1.0%	-13.8%	-0.5%	N/M	+1.6%

(1) Reflects an assumed uniform change in interest rates across all terms that occurs in equal steps over a six-month horizon.

(2)

N/M – Due to the low level of interest rates as of September 30, 2010 and December 31, 2009, in management's judgment, an assumed 300 basis point drop in interest rates was deemed not meaningful in the existing interest rate environment.

Overall, in rising interest rate scenarios, interest rate risk volatility moved from being negative at December 31, 2009 to being positive at September 30, 2010. The change in interest rate risk volatility from December 31, 2009 is less negative in declining interest rate scenarios. The drivers of the improvement in the rising interest rate scenarios were longer duration securities sales in the first nine months of 2010 and a first quarter 2010 equity raise of $196.0 million, both of which reduced short-term funding needs of the Company. The reduction in the amount of negative earnings at risk in the declining scenarios is due to an increase in the aggregate interest rate floor on floating rate loans.

Economic Value of Equity

In addition to the simulation analysis, management uses an economic value of equity sensitivity technique to understand the risk in both shorter- and longer-term positions and to study the impact of longer-term cash flows on earnings and capital. In determining the economic value of equity, we discount present values of expected cash flows on all assets, liabilities, and off-balance sheet contracts under different interest rate scenarios. The discounted present value of all cash flows represents our economic value of equity. Economic value of equity does not represent the true fair value of asset, liability, or derivative positions because certain factors are not considered, such as credit risk, liquidity risk, and the impact of future changes to the balance sheet. Our policy guidelines call for preventative measures to be taken in the event that an immediate increase or decrease in interest rates of 200 basis points is estimated to reduce the economic value of equity by more than 20%.

Analysis of Economic Value of Equity
(Dollar amounts in thousands)

	Immediate Change in Rates -200		Immediate Change in Rates +200	
September 30, 2010:				
Dollar change	$	(173,184)	$	89,679
Percent change		-11.3%		+5.9%
December 31, 2009:				
Dollar change	$	(101,267)	$	(2,013)
Percent change		-6.8%		-0.1%

As of September 30, 2010, the estimated sensitivity of the economic value of equity to changes in interest rates reflected positive exposure to higher interest rates compared to negative exposure as of December 31, 2009 and more negative exposure to lower interest rates compared to that existing at December 31, 2009. The reduction in the securities portfolio reduced our exposure to rising interest rates. The low level of interest paid on transactional deposits caused a negative exposure to falling interest rates since we have limited ability to further reduce those rates.

ITEM 4. CONTROLS AND PROCEDURES

At the end of the period covered by this report, (the “Evaluation Date”), the Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s President and Chief Executive Officer and its Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15 of the Securities and Exchange Act of 1934 (the “Exchange Act”). Based on that evaluation, the President and Chief Executive Officer and Executive Vice President and Chief Financial Officer concluded that as of the Evaluation Date, the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms. There were no changes in the Company’s internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION
ITEM 1. LEGAL PROCEEDINGS

The Company disclosed any material pending litigation matters relating to the Company in Item 3 of Part I of its Annual Report on Form 10-K for the year ended December 31, 2009. For the quarter ended September 30, 2010, there were no material developments with regard to any previously disclosed matters, and no other matters were reported during the period, although there were certain legal proceedings pending against the Company and its subsidiaries in the ordinary course of business at September 30, 2010. Based on presently available information, the Company believes that any liabilities arising from these proceedings would not have a material adverse effect on the consolidated financial position of the Company.

ITEM 1A. RISK FACTORS

The Company provided a discussion of certain risks and uncertainties faced by the Company in its Annual Report on Form 10-K for the year ended December 31, 2009. However, these factors may not be the only risks or uncertainties the Company faces. Additional risks that the Company does not yet know of or that it currently thinks are immaterial may also impair its business operations.

Based on currently available information, the Company has not identified any new or material changes in the Company's risk factors as previously disclosed, except as discussed under the heading "Regulatory Developments" of Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table summarizes purchases made by or on our behalf, or by any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of our common stock during the quarter ended September 30, 2010 pursuant to a repurchase program approved by our Board of Directors on November 27, 2007. Up to 2.5 million shares of our common stock may be repurchased, and the total remaining authorization under the program was 2,494,747 shares as of September 30, 2010. The repurchase program has no set expiration or termination date.

Issuer Purchases of Equity Securities
(Number of shares in thousands)

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program	Maximum Number of Shares that May Yet Be Purchased Under the Plan or Program
July 1 – July 31, 2010	0	$ 0	0	2,494,747
August 1 – August 31, 2010	0	0	0	2,494,747
September 1 – September 30, 2010	0	0	0	2,494,747
Total	0	$ 0	0	

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. REMOVED AND RESERVED

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description of Documents	Sequential Page #
3.1	Restated Certificate of Incorporation is incorporated herein by reference to Exhibit 3 to the Annual Report on Form 10-K dated December 31, 2008.	
3.2	Restated Bylaws of the Company is incorporated herein by reference to Exhibit 3 to the Annual Report on Form 10-K dated December 31, 2008.	
11	Statement re: Computation of Per Share Earnings - The computation of basic and diluted earnings per share is included in Note 9 of the Company's Notes to Consolidated Financial Statements included in “ITEM 1. FINANCIAL STATEMENTS” of this document.	
15	Acknowledgment of Independent Registered Public Accounting Firm.	
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
32.1 (1)	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
32.2 (1)	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
99	Report of Independent Registered Public Accounting Firm.	

(1)Furnished, not filed

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

First Midwest Bancorp, Inc.

/s/ PAUL F. CLEMENS
Paul F. Clemens
Executive Vice President, Chief Financial Officer,
and Principal Accounting Officer*

Date: November 5, 2010

* Duly authorized to sign on behalf of the Registrant.

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Explanation of Responses: