



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUD AND CONSUMER PROTECTION DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: *December 31, 2010*

Institution: **Signature Bank**
565 Fifth Avenue
New York, NY 10017

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Signature Bank (SB) prepared by the New York State Department of Financial Services. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2010.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Department of Financial Services assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

1. Outstanding record of meeting community credit needs;
2. Satisfactory record of meeting community credit needs;
3. Needs to improve record of meeting community credit needs; and
4. Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Signature Bank's ("SB's" or the "Bank's) performance was evaluated according to the large bank performance criteria pursuant to Part 76.12 of the General Regulations of the Banking Board. This assessment period included calendar years 2009 and 2010.

SB is rated "2" indicating a "**Satisfactory**" record of helping to meet community credit needs. This rating is based on the following factors:

Lending Test: "High Satisfactory"

SB's lending performance was reasonable in light of its size, business strategy and financial condition, as well as peer group activity, demographics, and its assessment area's credit needs. SB made a total of \$539.2 million in combination of HMDA loans and Small Business loans in its assessment area during the evaluation period. SB's lending levels were reasonable, the assessment area concentration was highly satisfactory, the geographic distribution of loans demonstrated a reasonable penetration rate among census tracts of varying income levels, the distribution of loans by borrower income demonstrated an adequate penetration rate, and community development lending was outstanding. SB originated \$476 million new community development loans, and had \$213.6 million outstanding from community development loans originated in prior evaluation period.

Investment Test: "High Satisfactory"

SB's community development investments were reasonable in light of the assessment area's credit needs.

During the evaluation period, SB's community investment activities totaled \$54.8 million: \$41 million in new community development investments and \$13.8 million outstanding from prior evaluation periods. In addition, SB made \$488 thousand in qualified community development grants. This amount demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

Service Test: "High Satisfactory"

SB continues to have reasonable delivery systems, branch network, branch hours and services, and alternative delivery systems.

SB's branches represent an adequate distribution of branches within its assessment area. Since the prior evaluation, SB has opened three new financial centers; one of which is located in a moderate-income census tract. SB provided a relatively high level of community development services. The Bank performed six community development

services and 18 individuals participated in 24 community development activities and organizations throughout the evaluation period.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution Profile:

Chartered in 2001, SB is a full-service commercial bank located in New York City with offices throughout the five boroughs, Nassau, Suffolk, and Westchester Counties. SB offers a wide variety of business and personal banking products as well as investment, brokerage, asset management and insurance products and services through their wholly owned subsidiary, Signature Securities Group Corporation (“SSG”), which is a licensed broker-dealer and investment adviser. Through SSG, the bank purchases, securitizes and sells the guaranteed portions of U.S. Small Bank Administration (“SBA”) loans.

As per the Consolidated Report of Condition (“Call Report”) as of December 31, 2010 filed with the Federal Deposit Insurance Corporation (“FDIC”), SB reported total assets of \$11.7 billion, of which \$5.6 billion were net loans and lease finance receivables. SB also reported total deposits of \$9.4 billion, resulting in a loan-to-deposit (“LTD”) ratio of 59.6%. According to the latest available comparative deposit data as of June 30, 2011, SB obtained a market share of 1.26%, or \$10.9 billion in a market of \$862 billion inside its market, ranking it 11th among 146 deposit-taking institutions in the assessment area.

The following is a summary of SB’s loan portfolio, based on Schedule RC-C of the bank’s December 31, 2009 and December 31, 2010’s Call Reports:

TOTAL GROSS LOANS OUTSTANDING				
Loan Type	2009		2010	
	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	434,300	9.3	460,288	8.2
Commercial & Industrial Loans	1,150,476	24.6	1,273,291	22.6
Commercial Mortgage Loans	1,492,875	31.9	1,799,161	31.9
Multifamily Mortgages	1,153,610	24.7	1,716,249	30.5
Consumer Loans	166,615	3.6	184,781	3.3
Construction Loans	178,740	3.8	115,195	2.0
Obligations of States & Municipalities	135	0.0	0	0.0
Other Loans	100,357	2.1	86,048	1.5
Total Gross Loans	4,677,108		5,635,013	

As illustrated in the above chart, SB is primarily a commercial lender, with 83.3% of its loan portfolio in commercial loans including multi-family residential real estate.

There are no known financial or legal impediments that adversely impacted SB’s ability to meet the credit needs of its community.

Assessment Area:

SB's assessment area is comprised of the five boroughs in New York City as well as Nassau, Suffolk, and Westchester Counties.

There are 3,035 census tracts in the area, of which 334 are low-income, 718 are moderate-income, 1,077 are middle-income, 828 are upper-income and 78 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Dis-tressed %
New York	9	60	59	24	144	296	40.2	40%
Kings	15	119	297	235	117	783	53.1	53%
Queens	18	12	148	310	185	673	23.8	24%
Richmond	2	3	11	29	65	110	12.7	13%
Bronx	14	132	98	65	46	355	64.8	65%
Nassau	8	2	20	178	69	277	7.9	8%
Suffolk	8	2	64	197	49	320	20.6	21%
Westchester	4	4	21	39	153	221	11.3	11%
Total	78	334	718	1,077	828	3,035	34.7	35%

The assessment area appears reasonable based upon the location of SB's offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data

The assessment area had a population of 11.7 million during the examination period. About 12.3% of the population were over the age of 65 and 21.9% were under the age of 16.

Of the 2,819,370 families in the assessment area, 26% were low-income, 16.7% were moderate-income, 18.6% were middle-income and 38.7% were upper-income families. There were 4,277,301 households in the assessment area, of which 15.8% had income below the poverty level and 5.9% were on public assistance.

The MSA median family income within the assessment area was \$55,000. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area was \$73,000 in 2010. There are significant differences for the different counties within the assessment area. For example, Bronx County has the lowest income at \$33,000 a year and Westchester County has the highest at \$89,000 a year.

There were 4,530,831 housing units within the assessment area, of which 52.5% were one-to-four family units, and 47.3% were multifamily units. A majority (53.6%) of the area's housing units were rental, while 41% were owner-occupied units. Of the 1,848,526 owner-occupied housing units, 15.4% were in LMI census tracts while 84.6% were in middle- and upper-income census tracts. The median age of the housing stock was 57 years and the median home value in the assessment area was \$244 thousand.

There were 805,393 non-farm businesses in the assessment area. Of these, 76.9% were businesses with reported revenues of less than or equal to \$1 million, 5.3% reported revenues of more than \$1 million, and 17.9% did not report their revenues. Of all the businesses in the assessment area, 85.8% were businesses with less than fifty employees and 92.8% operated from a single location. The largest industries in the area were services (47.4%), followed by retail trade (15.7%) and finance, insurance, and real estate (9.2%). 7.3% of businesses in the assessment area were not classified.

According to the New York State 90-Day Pre-Foreclosure Notice Report issued in October, 2010, the New York City, Long Island, and Mid-Hudson Regions, which include SB's assessment area, had the highest number of filings in the state. Between February and August 2010, 78,260 (58.4%) out of 134,000 pre-foreclosure filings in New York State were in SB's assessment area. The statewide average of 90-day pre-foreclosure filings as a percentage to total mortgages on comparable properties was 5.2%. The rate for SB's assessment area was 5.9%. Bronx County in particular, had the second highest rate of New York's 62 counties with 7.5%.

According to the New York State Department of Labor, the average unemployment rate for New York State rose from 8.4% in 2009 to 8.6% in 2010. Bronx had the highest unemployment rate in the assessment in 2010 at 12.8%, while Nassau County had the lowest employment rate at 7.1%.

Assessment Area Unemployment Rate		
	2009	2010
Statewide	8.4	8.6
New York County	8.4	8
Kings County	9.9	10.2
Queens County	8.3	8.5
Bronx County	11.9	12.8
Richmond County	8.1	8.7
Nassau County	7.1	7.1
Suffolk County	7.4	7.6
Weshchester County	7.3	7.2

Community Information

Two community contacts were interviewed regarding SB's CRA program.

A community development organization serving Borough Park, Kensington, and Flatbush, Brooklyn, all of which contain moderate-income census tracts, was interviewed to gain a local perspective on the banking industry's performance of helping to meet community credit needs. The organization was established over 30 years ago and focuses on neighborhood stabilization and affordable housing.

This organization identified stricter underwriting criteria for people trying to obtain loans as an obstacle since the financial crisis in 2008. Other credit needs identified included affordable housing, particularly for LMI individuals, and financial education. The organization stated that financial education programs would help small businesses develop effective business plans and gain access to loans.

A second community organization serving LMI individuals in the Bronx and throughout New York City was interviewed. This organization works to provide access to affordable financial services for limited-income and low-wealth New Yorkers and offers a range of programs such as free tax preparation, New York City's Save NYC tax savings account, financial education counseling and affordable financial product development with an affiliated financial institution.

The credit needs identified by this organization include financial products with affordable rates and fees, such as affordable credit cards, and financial education on topics such as credit scores, consumer rights, and the steps to take in correcting errors in the credit reports.

This organization highlighted its partnership with SB and noted that SB has been responsive to requests and has supported the organization for the past five years.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

SB was evaluated under the large bank's performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board which consist of the lending, investment and service tests. The following factors were also considered in assessing the bank's record of performance:

- 1. Extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications,*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs*

Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to the Federal Deposit Insurance Corporation ("FDIC"). Aggregate lending data was obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data was obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report is derived from the 2000 U.S. Census and HUD data. Business demographic data used in this report is based on Dunn & Bradstreet reports, which is updated annually. Unemployment data was obtained from the New York State Department of Labor. Some non-specific bank data is only available on a county-wide basis, and is used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2009 and 2010.

Examiners considered SB's small business and HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test as noted below. Small business lending was given greater weight in this evaluation because it constitutes a larger percentage of the bank's lending.

SB included lending data from its affiliate SSG.

SB received a rating of "2", reflecting a "Satisfactory" record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2008.

Current CRA Rating: “Satisfactory”

LENDING TEST: “High Satisfactory”

The bank’s lending performance was evaluated pursuant to the following criteria:

1. *Lending Activity;*
2. *Assessment Area Concentration;*
3. *Geographic Distribution of Loans;*
4. *Borrower Characteristics;*
5. *Community Development Lending and*
6. *Flexible and/or Innovative Lending Practices*

SB’s lending performance was reasonable in light of size, business strategy and financial condition, as well as peer group activity, demographics, and its assessment area’s credit needs.

Lending Activity: “Low Satisfactory”

SB’s lending levels were reasonable considering its size, business strategy and financial condition, as well as peer group activity and demographics. Total lending activity, however; has decreased from the prior evaluation period by 48.9% by number and 38.6% by dollar value.

Loan-to-Deposit Ratios									
	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	Avg.
Bank	62.6	64.0	63.9	63.9	58.8	59.5	57.9	58.9	61.2
Peer	90.3	89.1	86.6	84.3	82.7	82.1	81.6	79.9	84.6

Assessment Area Concentration: “High Satisfactory”

During the evaluation, 88.1% of SB’s loans by number and 78.6% by dollar value were made inside the assessment area, excluding the SBA loans originated by its affiliate SSG and subsequently purchased and resold by SB. The percentage of lending inside of SB’s assessment area, excluding its affiliate, is considered reasonable given the size of SB, credit needs of the local markets and the economic condition.

HMDA-Reportable Loans

During the evaluation period, SB originated 78.3% of all HMDA loans by number, and 63.6% by dollar value within the assessment area. This percentage of lending inside SB’s assessment area is reasonable.

Small Business Loans

When excluding the SBA loans purchased and later resold from its affiliate SSG, SB originated a high percentage of small business loans inside of the assessment area. During the evaluation period, for small business lending, SB originated 89.2% by number, and 89.7% by dollar value of its loans within the assessment area. This percentage is a substantial majority of lending inside SB’s assessment area and is considered to be more than reasonable.

The following table shows the percentages of SB’s small business and HMDA-reportable loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2009	58	89.2%	7	10.8%	65	90,978	68.5%	41,838	31.5%	132,816
2010	83	72.2%	32	27.8%	115	95,662	59.6%	64,793	40.4%	160,455
Subtotal	141	78.3%	39	21.7%	180	186,640	63.6%	106,631	36.4%	293,271
Small Business										
2009	618	89.6%	72	10.4%	690	169,515	89.2%	20,532	10.8%	190,047
2010	710	89.0%	88	11.0%	798	183,171	90.1%	20,099	9.9%	203,270
Subtotal	1,328	89.2%	160	10.8%	1,488	352,686	89.7%	40,631	10.3%	393,317
Grand Total	1,469	88.1%	199	11.9%	1,668	539,326	78.6%	147,262	21.4%	686,588

Geographic Distribution of Loans: “High Satisfactory”

The distribution of loans based on lending in census tracts of varying income levels demonstrated a reasonable penetration rate of lending.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans, based on the income level of the geography, demonstrated an excellent penetration rate of lending. On a two-year average, SB’s lending activity in LMI census tracts out-performed the peer aggregate both by number (30.5% vs. 12.7%) and by dollar value (39.6% vs. 15.4%). SB also out-performed the demographic for owner occupied homes in the assessment area in LMI census tracts.

The following chart provides a summary of the SB’s HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2009									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	6	10.3%	10,124	11.1%	2,302	1.7%	1,004,209	2.1%	1.7%
Moderate	8	13.8%	16,013	17.6%	15,620	11.8%	5,279,627	11.2%	13.7%
LMI	14	24.1%	26,137	28.7%	17,922	13.5%	6,283,836	13.3%	15.4%
Middle	13	22.4%	11,708	12.9%	55,666	42.0%	16,622,375	35.1%	44.4%
Upper	31	53.4%	53,133	58.4%	58,846	44.4%	24,368,596	51.5%	40.2%
Unknown	0	0.0%	0	0.0%	103	0.1%	47,480	0.1%	0.0%
Total	58		90,978		132,537		47,322,287		
2010									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	15	18.1%	23,398	24.5%	2,408	2.0%	1,174,156	2.4%	1.7%
Moderate	14	16.9%	24,449	25.6%	14,326	11.7%	4,982,708	10.2%	13.7%
LMI	29	34.9%	47,847	50.0%	16,734	13.6%	6,156,864	12.6%	15.4%
Middle	22	26.5%	23,696	24.8%	50,272	40.9%	15,778,825	32.4%	44.4%
Upper	32	38.6%	24,119	25.2%	55,741	45.4%	26,632,674	54.7%	40.2%
Unknown	0	0.0%	0	0.0%	143	0.1%	128,030	0.3%	0.0%
Total	83		95,662		122,890		48,696,393		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	21	14.9%	33,522	18.0%		0.9%		2.3%	1.7%
Moderate	22	15.6%	40,462	21.7%		11.8%		10.7%	13.7%
LMI	43	30.5%	73,984	39.6%		12.7%		13.0%	15.4%
Middle	35	24.8%	35,404	19.0%		41.9%		33.7%	44.4%
Upper	63	44.7%	77,252	41.4%		45.3%		53.1%	40.2%
Unknown	-	0.0%	-	0.0%		0.1%		0.2%	0.0%
Total	141		186,640						

Small Business Loans:

The distribution of small business loans based on the income level of the geography of the business demonstrated a reasonable penetration rate of lending. During the evaluation period, SB's lending activity in LMI census tracts out-performed the peer aggregate both by number and by dollar amount.

The following chart provides a summary of SB's small business lending distribution based on the income level of the geography.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2009									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	29	4.5%	10,825	6.1%	10,024	4.2%	246,227	3.9%	6.1%
Moderate	95	14.6%	33,152	18.6%	36,273	15.3%	1,021,243	16.1%	18.2%
LMI	124	19.1%	43,977	24.6%	46,297	19.5%	1,267,470	19.9%	24.3%
Middle	166	25.6%	44,841	25.1%	78,278	33.0%	2,092,831	32.9%	32.9%
Upper	351	54.1%	86,674	48.5%	110,937	46.8%	2,919,979	45.9%	42.0%
Unknown	8	1.2%	3,110	1.7%	1,656	0.7%	77,499	1.2%	0.8%
Total	649		178,602		237,168		6,357,779		
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	61	8.2%	18,422	9.5%	8,115	3.8%	241,573	4.1%	5.8%
Moderate	102	13.8%	30,822	15.9%	30,812	14.4%	868,080	14.8%	17.9%
LMI	163	22.0%	49,244	25.3%	38,927	18.3%	1,109,653	18.9%	23.7%
Middle	210	28.3%	48,693	25.1%	68,941	32.3%	1,930,962	33.0%	33.2%
Upper	355	47.9%	92,885	47.8%	103,552	48.6%	2,718,556	46.4%	42.3%
Unknown	13	1.8%	3,501	1.8%	1,833	0.9%	96,973	1.7%	0.8%
Total	741		194,323		213,253		5,856,144		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	90	6.5%	29,247	7.8%		2.3%		4.0%	
Moderate	197	14.2%	63,974	17.2%		15.2%		15.5%	
LMI	287	20.6%	93,221	25.0%	77,109	17.4%	2,377,125	19.5%	
Middle	376	27.1%	93,534	25.1%		33.3%		32.9%	
Upper	706	50.8%	179,559	48.1%		48.5%		46.2%	
Unknown	21	1.5%	6,611	1.8%		0.8%		1.4%	
Total	1,390		372,925						

Distribution by Borrower Characteristics: "Low Satisfactory"

The distribution of loans based on borrower characteristics demonstrated an adequate penetration rate of lending among individuals of different income levels and businesses of different revenue sizes.

HMDA-Reportable Loans:

SB's HMDA-reportable lending demonstrated an adequate penetration rate among individuals of different income levels. Although SB's lending activity in 2009 underperformed compared to the peer aggregate, lending in LMI tracts improved significantly in 2010 and outperformed the peer aggregate level. On a two-year average, SB's 1 to 4 family residential lending compared favorably to the average aggregate level.

In 2009, SB's 1 to 4 family lending to LMI individuals was 9.1% by number and 2.7% by

dollar value, compared to the aggregate level of 15.5% by number and 9% by dollar value respectively. In 2010, SB's 1-4 family lending penetration improved to 22% by number, and 14.4% by dollar value. The aggregate level remained at 14.7% by number and 7.5% by dollar value, respectively.

The following chart provides a summary of the HMDA-reportable lending distribution based on household income.

Distribution of HMDA-Reportable (1-4 Family) Lending by Borrower Income									
2009									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1	3.0%	152	0.9%	3,779	2.9%	660,476	1.5%	26.0%
Moderate	2	6.1%	312	1.8%	16,505	12.6%	3,363,963	7.5%	16.7%
LMI	3	9.1%	464	2.7%	20,284	15.5%	4,024,439	9.0%	42.7%
Middle	3	9.1%	859	5.0%	30,925	23.6%	7,974,466	17.9%	18.6%
Upper	26	78.8%	15,521	90.8%	72,210	55.2%	29,935,020	67.1%	38.7%
Unknown	1	3.0%	244	1.4%	7,392	5.7%	2,675,910	6.0%	0.0%
Total	33		17,088		130,811		44,609,835		
2010									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	7	17.1%	3,005	13.3%	3,285	2.7%	477,877	1.1%	26.0%
Moderate	2	4.9%	247	1.1%	14,578	12.0%	2,863,878	6.4%	16.7%
LMI	9	22.0%	3,252	14.4%	17,863	14.7%	3,341,755	7.5%	42.7%
Middle	2	4.9%	530	2.3%	27,455	22.6%	6,915,994	15.5%	18.6%
Upper	30	73.2%	18,861	83.3%	72,409	59.7%	32,637,311	73.1%	38.7%
Unknown	0	0.0%		0.0%	3,592	3.0%	1,765,763	4.0%	0.0%
Total	41		22,643		121,319		44,660,823		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	8	10.8%	3,157	7.9%		1.5%		1.3%	26.0%
Moderate	4	5.4%	559	1.4%		12.5%		7.0%	16.7%
LMI	12	16.2%	3,716	9.4%		14.0%		8.3%	42.7%
Middle	5	6.8%	1,389	3.5%		23.5%		16.7%	18.6%
Upper	56	75.7%	34,382	86.5%		58.1%		70.1%	38.7%
Unknown	1	1.4%	244	0.6%		4.4%		5.0%	0.0%
Total	74		39,731						

Small Business Loans:

The distribution of small business loans based on the revenue size of the business demonstrated a reasonable rate of lending among individuals of different income levels and businesses of different revenue sizes. SB's lending activity out-performed the peer aggregate both by number and by dollar value to businesses with less than one million in revenue.

The following chart provides a summary of SB's small business lending distribution based on revenue size during the evaluation period:

Distribution of Small Business Lending by Revenue Size of Business									
2009									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	195	30.0%	48,856	27.4%	39,913	16.8%	1,455,942	22.9%	76.6%
Rev. > \$1MM	220	33.9%	67,302	37.7%					5.5%
Rev. Unknown	234	36.1%	62,444	35.0%					18.0%
Total	649		178,602		237,168		6,357,779		
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	197	26.6%	52,470	27.0%	37,366	17.5%	1,296,125	22.1%	76.9%
Rev. > \$1MM	229	30.9%	69,620	35.8%					5.3%
Rev. Unknown	315	42.5%	72,233	37.2%					17.9%
Total	741		194,323		213,253		5,856,144		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	392	28.2%	101,326	27.2%		17.2%		22.5%	
Rev. > \$1MM	449	32.3%	136,922	36.7%					
Rev. Unknown	549	39.5%	134,677	36.1%					
Total	1,390		372,925						

Community Development Lending: "Outstanding"

During the evaluation period, SB originated \$476 million in new community development loans, and had \$213.6 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period. The total amount of community development lending of \$689.6 million was an 84% increase in the amount of lending since the last exam.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	155	335,956	85	173,518
Economic Development	38	116,028	25	33,342
Community Services	2	18,000	1	6,203
Neighborhood Stabilization	3	6,000	1	552
Total	198	475,984	112	213,615

Below are highlights of SB's community development lending.

Affordable Housing

- In 2009, SB made a \$13.5 million loan for the purchase of an affordable housing multi-family property in the Bronx. The building is located in a low-income tract neighborhood and all the units receive a Section 8 subsidy
- In 2010, SB made a \$9 million loan for the purchase of two multi-family properties in Manhattan of which \$8.2 million was qualified as community development for affordable housing. The buildings are located in a moderate-income tract neighborhood
- In 2007, SB made a \$29 million loan for the purchase of an affordable housing multi-family property in the Bronx. The building is located in a low-income tract neighborhood and all the units receive a Section-8 subsidy. The remaining balance on the loan is \$28 million

Community Services

- In 2009, SB made an \$11 million loan to fund the purchase of a building that houses a charter school and a community medical center. The property is located in a low-income tract in Brooklyn
- In 2009, SB made a \$7 million loan to a for-profit real estate entity to refinance a blanket mortgage on eight daycare centers in LMI neighborhoods. Seven of the centers are located in low-income tracts in the Bronx, and one in a moderate-income tract in Queens

Neighborhood Revitalization

- In 2010, SB made a \$3.25 million first mortgage loan for a recently constructed commercial building in Brooklyn. The building houses a fast-food restaurant, a construction and contracting company, a medical office, and a child care center located in a low-income tract in Brooklyn

Flexible and/or Innovative Lending Practices:

During the evaluation period, SB made use of a few flexible and/or innovative lending practices in serving assessment area needs. SB primarily made community development loans to commercial, for-profit borrowers that used SB's standard financing products.

INVESTMENT TEST: “High Satisfactory”

SB’s investment performance is evaluated pursuant to the following criteria:

1. Dollar amount of qualified investments;
2. Innovativeness or complexity of qualified investments; and
3. Responsiveness of qualified investments to credit and community development needs.

SB’s community development investments were reasonable in light of the assessment area’s credit needs.

Amount of Community Development Investments: “High Satisfactory”

During the evaluation period, SB’s community investment activities totaled \$54.8 million: \$41 million in new community development investments and \$13.8 million outstanding from prior evaluation periods. In addition, SB made \$488 thousand in qualified community development grants. This amount demonstrated an adequate level of community development investments and grants over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	6	\$ 40,500	3	\$ 13,602
Economic Development	3	\$ 400	1	\$ 200
Community Services	3	\$ 104		
Other (Please Specify)				
Total	12	\$ 41,004	4	\$ 13,802
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	23	\$ 61		
Economic Development	13	\$ 24		
Community Services	119	\$ 403		
Other (Please Specify)				
Total	155	\$ 488		

Below are highlights of SB’s community development investments and grants.

Affordable Housing

- In 2010, SB invested \$10.0 million in an investment fund of which the proceeds

were allocated to the construction of Council Towers in Queens, New York and redevelopment of the Lafitte Housing in New Orleans, Louisiana. Council Towers is a housing project for low income senior citizens in the bank's assessment area, subsidized by HUD. The former Lafitte Housing in New Orleans, Louisiana was devastated by Hurricane Katrina

- SB invested in an acquisition fund that offers loans to developers committed to the creation and preservation of affordable housing in the five boroughs of New York City, with partnership between the City of New York, major foundations and New York's public and private investment groups. SB invested \$5.0 million through a revolving credit agreement in 2008 which was renewed in May 2010
- In 2010, SB invested \$10.0 million in one of the nation's leading sponsor's equity funds for affordable housing. This fund allocated SB's investments to its assessment area: one project in downtown Manhattan is a Section 8 rental housing project for low-income residents and a second project in the Bronx is also an affordable rental project that is part of the with Low Income Affordable Marketplace Program of the New York City Housing Development Corporation and the Mixed Rental Program of the Department of Housing Preservation and Development

Grants:

- A nonprofit organization in New York City that develops, implements and advocates for solutions to improve community health was the recipient of SB's largest amount of grants during the evaluation period: \$205 thousand or 42.0% of all grants. The nonprofit provides health services to LMI families and works in partnership with communities, government agencies, academic institutions and other nonprofit organizations

In 2010, SB donated \$32 thousand to a nonprofit organization in New York City that addresses the acute need for quality services and programs for developmentally disabled individuals. The organization serves 54 individuals all ages and levels through its Individualized Residential Alternatives ("IRAs"), Day Habilitation Centers, Medicaid Service Coordination program and Community Habilitation program. The nonprofit manages a large caseload of consumers who live in IRAs or at home and/or attend the Day Habilitation programs through its Medicaid Service Coordination

- SB contributed \$32.5 thousand during the evaluation period to a nonprofit public charter elementary school (grades K-5) which was founded in 2005 to serve a moderate-income neighborhood in the Lower East Side of Manhattan. The school has been consistently high-achieving

-
- A nonprofit micro-lending organization received \$8 thousand dollars in grants from SB during the evaluation period. The organization contributes to the economic development of the New York metropolitan region by providing loans and advisory services to individuals and small businesses without access to traditional sources of credit

Innovativeness of Community Development Investments

SB made occasional use of innovative and/or complex investments to support community development. SB primarily made community development investments in CDFIs and tax credit projects.

Responsiveness of Community Development Investments to Credit and Community Development Needs

SB's community development investments were responsive to credit and community development needs. All of its investments, except a portion of its investments that were in New Orleans, were in its assessment area and supported affordable housing needs. SB also made 156 grants/contributions to various nonprofit organizations across its assessment area. These grants supported a wide variety of needs.

SERVICE TEST: "High Satisfactory"

SB's retail service performance is evaluated pursuant to the following criteria:

1. *Current distribution of the banking institution's branches;*
2. *Record of opening and closing branches;*
3. *Availability and effectiveness of alternative systems for delivering retail services;*
and
4. *Range of services provided*

SB's community development service performance is evaluated pursuant to the following criteria:

1. *Extent to which the banking institution provides community development services; and*
2. *Innovativeness and responsiveness of community development services*

Retail Banking Services: "High Satisfactory"

SB continues to have reasonable delivery systems, branch network, branch hours and services, and alternative delivery systems.

Current distribution of the banking institutions branches:

SB's branches represented and continue to represent an adequate distribution of branches within its assessment area. Although SB has only two branches in LMI areas,

the distribution of branches is reasonable in light of SB's business model and strategy which is to primarily serve other businesses. SB's branches are located in commercial areas with concentrations of businesses rather than in more residential areas with higher number of LMI tracts.

Distribution of Branches within the Assessment Area							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	#	%
New York	1				8	9	0%
Kings			1	1	1	3	33%
Queens			1	2		3	33%
Bronx				1		1	0%
Richmond					1	1	0%
Nassau				2	3	5	0%
Suffolk					1	1	0%
Westchester					2	2	0%
Total	1	-	2	6	16	25	8%

Record of opening and closing branches:

SB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems to LMI geographies and or LMI individuals. Since the prior evaluation, SB has opened three new financial centers; one in Queens and two in Manhattan. The Queens branch is located in a moderate-income census tract.

Availability and effectiveness of alternative systems for delivering retail services:

SB's delivery systems continue to be reasonably accessible to SB's assessment area. SB's alternative delivery systems include: ATMs, internet banking, telephone banking, direct deposit, remote deposit, merchant services for credit card payments, and currency services.

Range of services provided:

SB's services do not vary in a way that inconveniences certain parts of the assessment area. SB's branches are open during the business day which range from 8 am to 5 pm Monday to Friday. SB has 24 ATMs dispersed among eleven branches, and offers a full range of bank products and services at all of its locations.

Community Development Services: "Outstanding"

SB provided a relatively high level of community development services. SB performed 6 community development services in 2009 and 2010. In addition, 18 individuals participated in 24 community development activities and organizations throughout the

evaluation period.

Below are highlights of SB's community development services:

- First Time Investor Program: This program is an innovative financial literacy program designed by SB for LMI individuals and continues to be an anchor of SB's CRA Services. Each participant opens an investment account and invests \$750, which is matched by a grant from SB for the same amount. Participants take a nine week course on the basics of securities investing and then receive two years of free investment advice and assistance from a SSG Investment Advisor to develop a portfolio in line with their personal investment goals. In addition, SB provides each participant with a free subscription to The Wall Street Journal. During 2009 and 2010, the program was offered to 55 people from Washington Heights, New York County; Bedford Stuyvesant, Kings County; and Hawthorne, Westchester County
- Volunteer Income Tax Preparation: During the evaluation period, SB sponsored nine free tax preparation events for LMI individuals. Over the course of 2009 and 2010 a total of 425 tax returns were prepared
- Lower Eastside Service Center: In 2010, SB offered a variety of on-site financial education and independent living classes for LMI individuals in a supportive housing development in the Bronx. This development consists of 98 studio apartments, of which 71 are set aside for chronically homeless single adults with a history of substance abuse. The remaining 27 units are reserved for individuals earning 60% or less of the area median family income. The classes included financial education, self-empowerment training and vocational subjects

Some of the ongoing services provided by the bank's staff are listed below:

SB's Vice Chairman serves on the Advisory Board of New York City's leading home ownership education and counseling organization.

SB's Director of Community Development serves as a board member of an organization in Hawthorne, NY that offers affordable housing financing, financial literacy programs and economic development initiatives.

A Vice President at SB is a board member of a senior services organization on Staten Island. The organization provides shared housing services and accessibility modifications for LMI seniors and disabled individuals and maintains a food pantry.

An Associate Group Director at SB is a member of the loan committee of a local development organization in Washington Heights and Inwood that provides loans to small businesses. These neighborhoods have high concentrations of LMI census tracts.

Additional Factors

The following factors were also considered in assessing SB's record of performance.

The extent of participation by the banking institution's board of directors or board of trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

SB's Director of Community Development meets with the Bank's Board of Directors annually to discuss the progress of the CRA program. The Board also approves the CRA policy. In addition, two members of the Board sit on SB's CRA and Fair Lending Committee, which meets three times a year. The Board's Vice Chairman is involved in several of SB's CRA activities and functions. SB conducted Fair Lending and CRA training for the majority of its staff during the evaluation period. Finally, SB's Director of Community Development meets with senior management on a regular basis.

Discrimination and other illegal practices

- *Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File*

NYSDFS noted no practices that were intended to discourage applications for the types of credit offered by the institution.

- *Evidence of prohibited discriminatory or other illegal credit practices*

NYSDFS noted no evidence of prohibited discriminatory or other illegal practices.

Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution*

SB ascertains the credit needs of its community mainly by working with local economic development groups and non-profit organizations from which it receives feedback. These contacts provide opportunities for SB to support local community development projects.

- *The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution*

SB does not have a marketing program, nor does it make use of special credit related promotions. Outreach to the community is done through relationship

building and referrals. SB's Directors and Officers are active with local businesses and trade organizations and information about SB is circulated through these meetings.

Other factors that in the judgment of the Superintendent bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

During the evaluation period, neither SB nor DFS received any complaints or comments regarding SB's CRA performance.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A “community development service” is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;

- ❖ Developing secondary market vehicles or programs;
- ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
- ❖ Furnishing financial services training for staff and management;
- ❖ Contributing accounting/bookkeeping services; and
- ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would

relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.