



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2005

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 (“Signature”) prepared by the New York State Banking Department. 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, 2005.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks 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 Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate an institution’s 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 (“evaluation”) be made available to the public. Evaluations 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 of the regulation. These tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

Signature Bank is rated "2," indicating a satisfactory record of responding to the credit needs of its assessment area.

Lending Test: "High Satisfactory"

- Lending levels reflect good responsiveness to assessment area credit needs.
- The bank made a high percentage of its loans in the assessment area.
- The distribution of loans within the assessment area reflects good dispersion across geographies and borrowers of different income levels.
- The institution makes limited use of innovative and/or flexible lending practices in serving the credit needs of its assessment area.
- The bank's volume of community development loans reflects excellent responsiveness to the assessment area's credit needs.

Investment Test: "High Satisfactory"

The bank has a high level of qualified community development investments. For the evaluation period, qualified investments and grants totaled \$16.9 million. Consistent with the assessment area's community development needs, Signature dedicated an overwhelming majority of its qualified community development investments to support affordable housing initiatives.

Service Test: "High Satisfactory"

- The bank's retail banking systems are accessible to essentially all portions of the assessment area.
- Signature's record of opening and closing branches has enhanced the accessibility of its delivery systems in LMI geographies.
- The bank's services and business hours are tailored to the convenience and needs of the assessment area.
- The bank provides community development services that are innovative and not routinely offered by other financial institutions.

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

Signature Bank is chartered by the New York State Banking Department as a commercial bank. Signature commenced operations on May 1, 2001, and currently operates from 16 financial centers (branch offices) in the New York City metropolitan area. The bank's core client base includes closely-held businesses, their owners and senior managers.

Upon incorporation, Signature was a wholly-owned subsidiary of Hapoalim U.S.A. Holding Company, Inc. ("Hapoalim"). In March 2005, Hapoalim sold its controlling interest in Signature and retained only a 5.7% beneficial interest in the bank's common stock.

On its Call Report for December 31, 2005, Signature Bank listed total assets of \$4.4 billion, including net loans and leases of \$995.1 million. During the two-year evaluation period, Signature's assets more than doubled and its net loans and leases increased by 98.0%.

According to a report compiled by the Federal Deposit Insurance Corporation ("FDIC"), as of June 30, 2005, Signature held a deposit market share of 0.51% and ranked 19th among 129 deposit-taking financial institutions within the assessment area. More than 70% of the bank's deposits are obtained from Signature's six branches in New York County. The three financial centers in Nassau County account for approximately 20% of the bank's deposits.

Please refer to the following table for additional details concerning the bank's deposit market share and ranking:

Signature Bank's Deposit Market Share by County							
County	As of June 30, 2005						No. of Institutions
	No. of Offices	Deposits (\$000)	% of Total	Market Share	Ranking		
Kings	1	99,536	3.4	0.31	24	38	
Queens	1	28,612	1.0	0.08	43	45	
New York	6	2,047,969	70.3	0.53	14	94	
Westchester	1	125,806	4.3	0.45	22	35	
Nassau	3	567,851	19.5	1.22	14	33	
Suffolk	1	44,173	1.5	0.13	24	27	
Assessment Area	13	2,913,947	100.0	0.51	19	129	

The bank is primarily a commercial and industrial ("C&I") lender. As of December 31, 2005, commercial and industrial loans represented 61.9% of Signature's gross loan portfolio, while residential mortgages accounted for 15.9% of the portfolio.

The following table summarizes Signature's loan portfolio based on Schedule RC-C of the bank's year-end Call Reports for 2003 through 2005:

Gross Loans Outstanding						
Loan Type	2003		2004		2005	
	\$000	%	\$000	%	\$000	%
1-4 Family Residential Mortgages	80,020	15.8	130,960	19.1	167,716	14.6
Commercial Mortgages	29,676	5.9	65,746	9.6	165,526	14.4
Commercial and Industrial Loans	373,754	73.7	454,926	66.5	709,665	61.9
Multifamily Residential Mortgages	813	0.2	5,586	0.8	14,833	1.3
Consumer Loans	9,494	1.9	10,327	1.5	56,740	5.0
Construction Loans	2,493	0.5	4,076	0.6	4,361	0.4
Other Loans	11,025	2.0	13,225	1.9	27,027	2.4
Total Gross Loans	507,275	100.0	684,846	100.0	1,145,868	100.0

Credit Products

The bank offers a wide variety of credit products, including:

- Commercial loans and lines of credit to provide working capital, finance internal growth, or fund acquisitions and leveraged buyouts;
- Letters of credit;
- Residential mortgage loans;
- Credit card accounts;
- Personal loans (secured and unsecured).

Activities of Wholly Owned Subsidiaries

SBA Loan Purchases

Signature has been approved by the U.S. Small Business Administration (“SBA”) as a pool assembler and authorized by the FDIC to engage in government securities dealer activities. In this capacity, the bank purchases the guaranteed portion of SBA 7(a) loans and warehouses them for up to 180 days, until there are enough loans of similar characteristics to securitize and pool. Signature’s wholly owned subsidiary, Signature Securities Group Corporation (“SSG”), acts as an agent and consultant to the bank on the purchase, assembly and sale of SBA loans and pools. As of December 31, 2005, the bank held \$138.3 million in SBA loans for sale.

Under normal circumstances, small business loans purchased by a bank are treated in the same manner as loans originated directly by the bank. For this evaluation, purchased loans were treated differently based on the bank’s active involvement in creating a secondary market for SBA loans. As mentioned above, Signature purchases a significant volume of SBA-guaranteed loans that the bank then securitizes and sells to investors. A substantial majority of these purchased loans were originated outside of Signature’s

assessment area. Since the loan purchases are incidental to the bank's securitization business and contribute significantly to the liquidity of SBA lenders around the country, these out-of-assessment-area loans are not counted against the bank's lending performance when evaluating the percentage of lending occurring within and beyond the assessment area. This treatment of the loan purchases is predicated on the finding in this evaluation that, all other things being equal, Signature is adequately addressing the credit needs of its assessment area.

New Market Tax Credits

In September 2005, the bank formed Tandem Securities Community Development Corporation for the express purpose of applying for New Market Tax Credits (NMTCs). A decision regarding the latest round of NMTC awards is expected during the second quarter of 2006.

Other Efforts to Meet Community Credit Needs

While Signature provides mortgage financing for home purchases and refinances, almost none of the bank's direct borrowers are LMI individuals or residents of LMI areas. To address this issue and increase the bank's penetration in the LMI housing market, Signature recently purchased 44 mortgage loans, totaling \$6.8 million, from one of the largest lenders in the home mortgage business. Twenty-five of the loans were secured by properties located in LMI areas and 27 were made to LMI borrowers.

Prior Performance Evaluation

Signature's previous CRA evaluation, dated December 31, 2002, resulted in an overall rating of "2," reflecting a satisfactory record of helping to meet community credit needs.

There are no legal or financial impediments affecting the institution's ability to meet the credit needs of its assessment area.

Assessment Area

Signature's assessment area includes the following counties within New York State: Bronx, Kings, New York, Queens, Westchester, Nassau and Suffolk. All of these counties are located within the New York Metropolitan Statistical Area (MSA 35620), as defined by the U.S. Office of Management and Budget ("OMB"). Within MSA 35620, the counties of Nassau and Suffolk comprise Metropolitan Division ("MD") 35004. The remaining counties are all part of MD 35644. Except for the addition of Suffolk County in 2004, the assessment area has not changed since the previous evaluation.

During the evaluation period, the OMB revised the standards by which it defines the geographic limits of metropolitan areas. Although these new standards were adopted by the OMB during 2003, the standards did not take effect for regulatory reporting purposes

until 2004. As a result, the demographic benchmarks used in evaluating banks' CRA performance changed in 2004. The impact of these changes can be seen in several tables throughout this report.

During 2003, data from the 2000 U.S. Census indicated that Signature's assessment area contained 2,925 census tracts, including 929 (31.8%) LMI tracts. The following table shows the distribution of these census tracts within the assessment area:

Distribution of Census Tracts Within the Assessment Area (Based on Census Data Applicable During 2003)								
County	Low	Moderate	Middle	Upper	N/A	Total	LMI	
	#	#	#	#	#	#	#	%
Kings	100	271	250	147	15	783	371	47.4
Queens	12	107	298	238	18	673	119	17.7
New York	47	68	26	146	9	296	115	38.9
Bronx	117	99	72	53	14	355	216	60.8
Westchester	2	17	37	161	4	221	19	8.6
MD 35644	278	562	683	745	60	2,328	840	36.1
Suffolk	2	65	196	49	8	320	67	20.9
Nassau	2	20	179	68	8	277	22	7.9
MD 35004	4	85	375	117	16	597	89	14.9
Total	282	647	1,058	862	76	2,925	929	31.8

As shown above, Bronx County had the highest concentration of LMI tracts, at 61.0%. Kings and New York Counties had the next highest concentrations at 47.4% and 38.9%, respectively. In MD 35004, LMI census tracts accounted for just 14.9% of total tracts, compared to 36.1% in MD 35644.

Distribution of Census Tracts Within the Assessment Area (Based on Census Data Applicable During 2004)								
County	Low	Moderate	Middle	Upper	N/A	Total	LMI	
	#	#	#	#	#	#	#	%
Kings	119	297	235	117	15	783	416	53.1
Queens	12	148	310	185	18	673	160	23.8
New York	60	59	24	144	9	296	119	40.2
Bronx	132	98	65	46	14	355	230	64.8
Westchester	4	21	39	153	4	221	25	11.3
MD 35644	327	623	673	645	60	2,328	950	40.8
Suffolk	2	64	197	49	8	320	66	20.6
Nassau	2	20	178	69	8	277	22	7.9
MD 35004	4	84	375	118	16	597	88	14.7
Total	331	707	1,048	763	76	2,925	1,038	35.5

In 2004, changes made by the OMB affected the income designations assigned to census tracts throughout the greater New York City area. The table above shows the impact of these changes on the distribution of census tracts within Signature Bank's assessment area.

The assessment area appears reasonable based on the bank’s lending patterns and the location of its branches. There is no evidence that LMI areas have been arbitrarily excluded from the assessment area.

Assessment Area Economic and Demographic Data

The charts listed below contain economic and demographic information about each county within the bank’s assessment area:

Chart #1: Population and Income Demographics

Chart #2: Housing Demographics

Chart #3: Business Demographics

Two versions of charts 1 and 2 are provided to reflect the initial release of the 2000 census data and the OMB’s subsequent revisions. For business demographics, charts are provided for 2003, 2004 and 2005 to reflect the year-to-year changes in the statistics.

The annual unemployment rates for the counties comprising the assessment area are shown in the table below. Statewide and MD unemployment rates are included for comparison. As of the evaluation date, annual unemployment rates for 2005 were not available.

Assessment Area Unemployment Rate by State, County and Metropolitan Division										
	State-wide	MD 35644	MD 35004	Bronx	Kings	Queens	New York	West - chester	Suffolk	Nassau
2003 Annual	6.4	7.4	4.8	10.4	9.0	7.4	7.5	4.6	4.8	4.7
2004 Annual	5.8	6.4	4.6	9.1	7.7	6.4	6.2	4.5	4.7	4.5
2005 Annual	5.0	NA	NA	NA	NA	NA	NA	NA	NA	NA

Economic and statistical data used in this evaluation were obtained from various sources. Demographic data were obtained from the 2000 U.S. Census. The 2004 and 2005 updated median family income figures were obtained from the U.S. Department of Housing and Urban Development (“HUD”).

CHART #1 - 2000 Census

SIGNATURE BANK																					
ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																					
COUNTY	Total Population	Age over 65		Age under 16		Median Family Income(MFI)	HUD MSA MFI	# of Households	# of HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
Kings	2,465,326	282,658	11.5	587,575	23.8	39,349	51,900	881,006	211,538	24.0	588,870	199,851	33.9	100,237	17.0	98,099	16.7	190,683	32.4	206,724	68.9
Queens	2,229,379	283,042	12.7	453,930	20.4	49,815	51,900	782,646	110,462	14.1	542,804	114,175	21.0	88,789	16.4	104,945	19.3	234,895	43.3	62,219	30.7
New York	1,537,195	186,776	12.2	229,772	14.9	71,629	51,900	739,167	123,037	16.6	306,220	84,445	27.6	39,739	13.0	38,302	12.5	143,734	46.9	95,683	77.0
Bronx	1,332,650	133,948	10.1	356,895	26.8	33,099	51,900	463,242	134,404	29.0	317,248	126,457	39.9	57,091	18.0	51,600	16.3	82,100	25.9	150,948	82.2
Westchester	923,459	128,964	14.0	207,207	22.4	89,228	51,900	337,486	28,554	8.5	237,010	27,809	11.7	23,056	9.7	31,267	13.2	154,878	65.3	11,113	21.8
MD 35644	8,488,009	1,015,388	12.0	1,835,379	21.6	52,101	51,900	3,203,547	607,995	19.0	1,992,152	552,737	27.7	308,912	15.5	324,213	16.3	806,290	40.5	526,687	61.1
Suffolk	1,419,369	167,558	11.8	332,521	23.4	74,455	83,700	469,535	26,498	5.6	362,857	70,052	19.3	72,922	20.1	91,882	25.3	128,001	35.3	44,577	31.2
Nasau	1,334,544	200,841	15.0	293,128	22.0	85,752	83,700	447,803	23,537	5.3	349,694	58,413	16.7	59,669	17.1	80,471	23.0	151,141	43.2	17,024	14.4
MD 35004	2,753,913	368,399	13.4	625,649	22.7	80,000	83,700	917,338	50,035	5.5	712,551	128,465	18.0	132,591	18.6	172,353	24.2	279,142	39.2	61,601	23.6
TOTAL A/A*	11,241,922	1,383,787	12.3	2,461,028	21.9	59,451	58,390	4,120,885	658,030	16.0	2,704,703	681,202	25.2	441,503	16.3	496,566	18.4	1,085,432	40.1	588,288	52.4

* Assessment Area

CHART #1 - 2004 Revisions

SIGNATURE BANK																					
ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																					
COUNTY	Total Population	Age over 65		Age under 16		Median Family Income(MFI)	HUD MSA MFI	# of Households	# of HH below poverty level		Total Families	Low income		Moderate income		Middle income		Upper income		LMI families in LMI tracts	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
Kings	2,465,326	282,658	11.5	587,575	23.8	39,349	57,650	881,006	211,538	24.0	588,870	211,549	35.9	103,997	17.7	99,118	16.8	174,206	29.6	233,373	74.0
Queens	2,229,379	283,042	12.7	453,930	20.4	49,815	57,650	782,646	110,462	14.1	542,804	123,580	22.8	94,780	17.5	108,206	19.9	216,238	39.8	84,937	38.9
New York	1,537,195	186,776	12.2	229,772	14.9	71,629	57,650	739,167	123,037	16.6	306,220	89,281	29.2	40,700	13.3	38,804	12.7	137,435	44.9	100,358	77.2
Bronx	1,332,650	133,948	10.1	356,895	26.8	33,099	57,650	463,242	134,404	29.0	317,248	133,175	42.0	58,715	18.5	51,854	16.3	73,504	23.2	163,697	85.3
Westchester	923,459	128,964	14.0	207,207	22.4	89,228	57,650	337,486	28,554	8.5	237,010	30,205	12.7	24,729	10.4	33,274	14.0	148,802	62.8	14,189	25.8
MD 35644	8,488,009	1,015,388	12.0	1,835,379	21.6	52,101	57,650	3,203,547	607,995	19.0	1,992,152	587,790	29.5	322,921	16.2	331,256	16.6	750,185	37.7	596,554	65.5
Suffolk	1,419,369	167,558	11.8	332,521	23.4	74,455	88,850	469,535	26,498	5.6	362,857	70,052	19.3	72,922	20.1	91,882	25.3	128,001	35.3	44,099	30.8
Nasau	1,334,544	200,841	15.0	293,128	22.0	85,752	88,850	447,803	23,537	5.3	349,694	58,413	16.7	59,669	17.1	80,471	23.0	151,141	43.2	17,024	14.4
MD 35004	2,753,913	368,399	13.4	625,649	22.7	80,000	88,850	917,338	50,035	5.5	712,551	128,465	18.0	132,591	18.6	172,353	24.2	279,142	39.2	61,123	23.4
TOTAL A/A*	11,241,922	1,383,787	12.3	2,461,028	21.9	59,451	63,205	4,120,885	658,030	16.0	2,704,703	716,255	26.5	455,512	16.8	503,609	18.6	1,029,327	38.1	657,677	56.1

* Assessment Area

CHART #2 - 2000 Census

SIGNATURE BANK																			
ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																			
COUNTY	Total Housing Units	1-4 family Units		Multifamily Units		Owner-Occupied Units (O-O)		O-O Units in Low-income Tracts		O-O Units in Mod-income Tracts		O-O Units in Mid-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Kings	930,866	455,859	49.0	474,122	50.9	238,290	25.6	10,032	4.2	67,293	28.2	94,577	39.7	66,388	27.9	670,996	72.1	50,139	5.4
Queens	817,250	494,122	60.5	322,175	39.4	334,894	41.0	1,005	0.3	27,763	8.3	144,708	43.2	161,419	48.2	462,179	56.6	34,586	4.2
New York	798,144	28,178	3.5	769,392	96.4	148,695	18.6	2,587	1.7	13,115	8.8	7,717	5.2	125,261	84.2	616,053	77.2	59,500	7.5
Bronx	490,659	132,650	27.0	357,495	72.9	90,522	18.4	8,799	9.7	19,571	21.6	33,575	37.1	28,569	31.6	391,918	79.9	27,447	5.6
Westchester	349,445	237,122	67.9	112,117	32.1	202,765	58.0	203	0.1	3,366	1.7	18,087	8.9	181,110	89.3	140,169	40.1	12,303	3.5
MD 35644	3,386,364	1,347,931	39.8	2,035,301	60.1	1,015,166	30.0	22,638	2.2	131,159	12.9	298,662	29.4	562,707	55.4	2,281,315	67.4	183,975	5.4
Suffolk	522,323	478,870	91.7	37,980	7.3	374,371	71.7	936	0.3	73,789	19.7	236,790	63.3	62,819	16.8	101,107	19.4	53,024	10.2
Nasau	458,151	408,695	89.2	48,950	10.7	359,257	78.4	647	0.2	16,993	4.7	248,821	69.3	92,796	25.8	91,345	19.9	10,764	2.3
MD 35004	980,474	887,565	90.5	86,930	8.9	733,628	74.8	1,614	0.2	90,823	12.4	485,662	66.2	155,529	21.2	192,452	19.6	63,788	6.5
TOTAL A/A*	4,366,838	2,235,496	51.2	2,122,231	48.6	1,748,794	40.0	24,308	1.4	221,922	12.7	784,159	44.8	718,405	41.1	2,473,767	56.6	247,763	5.7

* Assessment Area

CHART #2 - 2004 Revisions

SIGNATURE BANK																			
ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																			
COUNTY	Total Housing Units	1-4 family Units		Multifamily Units		Owner-Occupied Units (O-O)		O-O Units in Low-income Tracts		O-O Units in Mod-income Tracts		O-O Units in Mid-income Tracts		O-O Units in Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Kings	930,866	455,859	49.0	474,122	50.9	238,290	25.6	13,368	5.6	77,659	32.6	92,885	39.0	54,378	22.8	670,996	72.1	50,139	5.4
Queens	817,250	494,122	60.5	322,175	39.4	334,894	41.0	1,005	0.3	43,101	12.9	162,122	48.4	128,633	38.4	462,179	56.6	34,586	4.2
New York	798,144	28,178	3.5	769,392	96.4	148,695	18.6	3,881	2.6	12,773	8.6	7,108	4.8	124,934	84.0	616,053	77.2	59,500	7.5
Bronx	490,659	132,650	27.0	357,495	72.9	90,522	18.4	11,370	12.6	20,802	23.0	33,285	36.8	25,066	27.7	391,918	79.9	27,447	5.6
Westchester	349,445	237,122	67.9	112,117	32.1	202,765	58.0	507	0.3	4,887	2.4	20,824	10.3	176,547	87.1	140,169	40.1	12,303	3.5
MD 35644	3,386,364	1,347,931	39.8	2,035,301	60.1	1,015,166	30.0	30,150	3.0	159,178	15.7	316,224	31.2	509,613	50.2	2,281,315	67.4	183,975	5.4
Suffolk	522,323	478,870	91.7	37,980	7.3	374,371	71.7	936	0.3	72,591	19.4	237,988	63.6	62,819	16.8	101,107	19.4	53,024	10.2
Nasau	458,151	408,695	89.2	48,950	10.7	359,257	78.4	647	0.2	16,993	4.7	247,420	68.9	94,197	26.2	91,345	19.9	10,764	2.3
MD 35004	980,474	887,565	90.5	86,930	8.9	733,628	74.8	1,614	0.2	89,576	12.2	485,442	66.2	156,996	21.4	192,452	19.6	63,788	6.5
TOTAL A/A*	4,366,838	2,235,496	51.2	2,122,231	48.6	1,748,794	40.0	31,653	1.8	248,853	14.2	801,647	45.8	666,640	38.1	2,473,767	56.6	247,763	5.6

* Assessment Area

CHART #3 - 2003

SIGNATURE BANK											
BUSINESS DEMOGRAPHICS BY COUNTY											
COUNTY AND ASSESSMENT AREA(A/A)	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Businesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
Kings	106,517	69,497	65.2	5,235	4.9	31,785	29.8	77,928	73.2	99,599	93.5
Queens	101,919	65,521	64.3	5,435	5.3	30,963	30.4	73,999	72.6	94,685	92.9
New York	221,146	131,056	59.3	23,366	10.6	66,724	30.2	163,025	73.7	190,918	86.3
Bronx	37,871	24,644	65.1	1,855	4.9	11,372	30.0	27,926	73.7	34,750	91.8
Westchester	77,247	51,184	66.3	4,737	6.1	21,326	27.6	59,091	76.5	70,034	90.7
MD 35644	544,700	341,902	62.8	40,628	7.5	162,170	29.8	401,969	73.8	489,986	90.0
Suffolk	125,372	83,000	66.2	7,496	6.0	34,876	27.8	95,192	75.9	115,150	91.8
Nassau	126,926	81,945	64.6	7,198	5.7	37,783	29.8	92,972	73.2	117,386	92.5
MD 35004	252,298	164,945	65.4	14,694	5.8	72,659	28.8	188,164	74.6	232,536	92.2
Total A/A	796,998	506,847	63.6	55,322	6.9	234,829	29.5	590,133	74.0	722,522	90.7

CHART #3 - 2004

SIGNATURE BANK											
BUSINESS DEMOGRAPHICS BY COUNTY											
COUNTY AND ASSESSMENT AREA(A/A)	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Businesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
Kings	108,807	72,127	66.3	5,368	4.9	31,312	28.8	80,804	74.3	101,940	93.7
Queens	103,066	67,271	65.3	5,460	5.3	30,335	29.4	75,894	73.6	95,959	93.1
New York	220,439	132,311	60.0	23,072	10.5	65,056	29.5	164,325	74.5	190,968	86.6
Bronx	38,751	25,391	65.5	1,865	4.8	11,495	29.7	28,775	74.3	35,601	91.9
Westchester	77,584	52,180	67.3	4,769	6.1	20,635	26.6	60,079	77.4	70,460	90.8
MD 35644	548,647	349,280	63.7	40,534	7.4	158,833	28.9	409,877	74.7	494,928	90.2
Suffolk	124,910	83,555	66.9	7,544	6.0	33,811	27.1	96,025	76.9	114,803	91.9
Nasau	127,869	84,137	65.8	7,272	5.7	36,460	28.5	95,607	74.8	118,453	92.6
MD 35004	252,779	167,692	66.3	14,816	5.9	70,271	27.8	191,632	75.8	233,256	92.3
Total A/A	801,426	516,972	64.5	55,350	6.9	229,104	28.6	601,509	75.1	728,184	90.9

CHART #3 - 2005

SIGNATURE BANK											
BUSINESS DEMOGRAPHICS BY COUNTY											
COUNTY AND ASSESSMENT AREA(A/A)	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Businesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
Kings	118,189	77,298	65.4	5,460	4.6	35,431	30.0	87,018	73.6	111,365	94.2
Queens	108,530	70,286	64.8	5,478	5.0	32,766	30.2	79,604	73.3	101,508	93.5
New York	229,609	136,018	59.2	23,007	10.0	70,584	30.7	169,569	73.9	200,693	87.4
Bronx	42,180	27,461	65.1	1,886	4.5	12,833	30.4	31,167	73.9	39,036	92.5
Westchester	82,886	54,914	66.3	4,871	5.9	23,101	27.9	63,562	76.7	75,801	91.5
MD 35644	581,394	365,977	62.9	40,702	7.0	174,715	30.1	430,920	74.1	528,403	90.9
Suffolk	133,142	88,044	66.1	7,722	5.8	37,376	28.1	101,405	76.2	123,228	92.6
Nasau	135,362	88,611	65.5	7,455	5.5	39,296	29.0	100,713	74.4	126,132	93.2
MD 35004	268,504	176,655	65.8	15,177	5.7	76,672	28.6	202,118	75.3	249,360	92.9
Total A/A	849,898	542,632	63.8	55,879	6.6	251,387	29.6	633,038	74.5	777,763	91.5

PERFORMANCE TESTS AND ASSESSMENT FACTORS

This performance evaluation is based on a review of the bank's lending, investment, and service activities within its assessment area in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board. The evaluation period covers calendar years 2003, 2004 and 2005.

The data contained within this evaluation were derived from various sources. In addition to bank-specific loan information submitted by the institution, aggregate data for HMDA-reportable and small business loans were obtained from the Federal Financial Examination Council ("FFIEC") and PCi Corporation's CRA Wiz[®] software. Aggregate lending data for 2005 were not available when this evaluation was conducted.

I. Lending Test: "High Satisfactory"

The bank's lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Assessment Area Lending; (3) Geographic Distribution; (4) Borrower Characteristics; (5) Community Development Lending; and (6) Innovative or Flexible Lending Practices.

For the purpose of evaluating factors (1), (2), (3) and (4) identified above, examiners considered the bank's small business and HMDA-reportable loans. In rating the bank's performance, greater emphasis was placed on its small business lending results because Signature is primarily a small business lender. When evaluating trends and drawing comparisons, examiners focused on calculations based on the number of loans rather than dollar volume. As necessary, calculations based on dollar volume were used as secondary performance measures.

Lending Activity: "High Satisfactory"

Signature's lending levels reflect good responsiveness to the credit needs of the assessment area.

During the evaluation period, Signature originated 1,686 small business and HMDA-reportable loans inside the assessment area. Small business loans accounted for 85.2% of total originations, while HMDA-reportable loans represented 14.8%. The total dollar amount of small business and HMDA-reportable loans was \$410 million. Of this total, 66.5% were small business loans and 33.5% were HMDA-reportable loans.

Small Business Loans

An analysis of aggregate data showed that in 2003, Signature achieved a market share of 0.09% and ranked 34th among 304 small business lenders. In 2004, Signature improved its ranking to 29th among 306 lenders and achieved a market share of 0.13%. During 2005, the bank's small business lending increased by more than 60% to 696 loans (+61.9%) and \$143.8 million (+60.1%). Market share data for 2005 was not available when this report was written.

During the evaluation period, 27.4% of Signature's small business loans were extended in MD 35004 and 72.6% were extended in MD 35644.

HMDA-Reportable Loans

Aggregate mortgage data shows that Signature holds a very small share of the assessment area's HMDA-reportable lending. During 2003 and 2004, the bank originated 63 and 73 HMDA-reportable loans, respectively. During the evaluation period, 47.2% of the bank's HMDA-reportable loans were extended in MD 35004 and 52.8% were extended in MD 35644.

Assessment Area Concentration: "High Satisfactory"

As mentioned in the Performance Context section of this evaluation, Signature Bank is a market maker in securities backed by the guaranteed portion of SBA loans. This securitization business requires Signature to purchase large quantities of small business loans. Since lenders within New York State typically retain the SBA-guaranteed loans they originate, Signature buys most of its loans out of state.

Normally, loan purchases are treated no differently than loans originated directly by an institution. This means that out-of-area purchases would damage a bank's Assessment Area concentration ratio in the same way that out-of-area originations do. Based on this fact, most banks avoid originating or purchasing loans beyond their assessment areas. In Signature's case, out-of-area loan purchases are a necessary part of the bank's legitimate loan securitization business. Since these purchases help create a secondary market for SBA-guaranteed loans, the Banking Department decided to focus its evaluation on determining whether Signature was adequately addressing the credits needs of its assessment area when the purchased loans were excluded from consideration. Thus, the following analysis shows the bank's assessment area concentration both including and excluding the purchased loans.

When the bank's out-of-area loan purchases are included in the Assessment Area concentration ratio calculations, 38.5% of Signature's total lending (based on number of loans) falls within the assessment area. In terms of dollar volume, the concentration ratio is 26.7%. Excluding purchased loans, 94.4% of Signature's total small business and HMDA-reportable loans fell within the assessment area. Based on dollar volume, the concentration ratio was 89.6%.

To determine whether Signature originated a volume of loans within the assessment area commensurate with the bank's size and capacity, examiners compared the bank's lending rank inside the assessment area against its deposit market rank. This analysis allowed examiners to conclude that Signature's adjusted concentration ratios reflect meaningful CRA performance by the bank. To be specific, Signature's deposit market share placed the bank in the top 15% (19th out of 129) of depository institutions within the assessment area,

while its small business lending ranked in the top 12% (34th out of 304) and 10% (29th out of 306) of small business lenders in the assessment area during 2003 and 2004, respectively.

These percentages indicate that Signature's small business lending within the assessment area is occurring at a reasonable rate compared to its deposit-taking activities.

The following table shows the distribution of loans inside and outside of the assessment area with SBA-guaranteed loan purchases included:

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	
	#	%	#	%		\$	%	\$	%		
Small Business											
2003	310	25.8	892	74.2	1,202	39,041	10.1	347,213	89.9	386,254	
2004	430	34.4	819	65.6	1,249	89,798	20.6	345,949	79.4	435,747	
2005	696	43.1	919	56.9	1,615	143,760	26.5	397,722	73.5	541,482	
Total	1,436	35.3	2,630	64.7	4,066	272,599	20.0	1,090,884	80.0	1,363,483	
HMDA											
2003	63	71.6	25	28.4	88	22,387	65.6	11,762	34.4	34,149	
2004	73	81.1	17	18.9	90	47,621	86.3	7,575	13.7	55,196	
2005	114	84.4	21	15.6	135	67,418	82.9	13,884	17.1	81,302	
Total	250	79.9	63	20.1	313	137,426	80.5	33,221	19.5	170,647	
Combined Total	1,686	38.5	2,693	61.5	4,379	410,025	26.7	1,124,105	73.3	1,534,130	

The following table shows the distribution of Signature's loans inside and outside the assessment area with SBA-guaranteed loan purchases excluded:

Distribution of Loans Inside and Outside of the Assessment Area (Adjusted)											
Loan Type	Number of Loans					Dollar Volume (in thousands)					
	Inside		Outside		Total	Inside		Outside		Total	
	#	%	#	%		\$	%	\$	%		
Small Business											
2003	310	96.0	13	4.0	323	39,041	90.8	3,970	9.2	43,011	
2004	430	97.9	9	2.1	439	89,798	96.0	3,768	4.0	93,566	
2005	696	97.9	15	2.1	711	143,760	95.4	6,874	4.6	150,634	
Total	1,436	97.5	37	2.5	1,473	272,599	94.9	14,612	5.1	287,211	
HMDA-Reportable											
2003	63	71.6	25	28.4	88	22,387	65.6	11,762	34.4	34,149	
2004	73	81.1	17	18.9	90	47,621	86.3	7,575	13.7	55,196	
2005	114	84.4	21	15.6	135	67,418	82.9	13,884	17.1	81,302	
Total	250	79.9	63	20.1	313	137,426	80.5	33,221	19.5	170,647	
Combined Total	1,686	94.4	100	5.6	1,786	410,025	89.6	47,833	10.4	457,858	

As shown in the two tables above, Signature's volume of small business loans in the assessment area more than doubled between 2003 and 2005, from 310 loans to 696 loans.

Geographic Distribution of Loans: “High Satisfactory”

The geographic distribution of loans reflects good penetration into census tracts of different income levels throughout the assessment area. During the evaluation period, 13.6% of Signature’s HMDA-reportable loans were extended in LMI census tracts. Similarly, the bank made 18.0% of its small business loans in LMI areas.

Small Business Loans

In 2003, Signature outperformed the aggregate by originating 19.7% of its small business loans in LMI census tracts, compared to the aggregate’s 18.7%. The bank’s performance in LMI areas was also reasonable compared to the 20.6% of total businesses located in LMI tracts.

In 2004, the bank extended 15.8% of its small business loans in LMI census tracts, which was below the aggregate’s performance of 20.5%. As of 2004, the percentage of businesses located in LMI areas stood at 22.8%. During 2005, Signature’s small business lending in LMI areas increased to 18.5%, even as its total number of loans nearly doubled (+90%, or 60 loans).

For further details regarding the distribution of Signature’s small business loans by geographic income level during the evaluation period, please refer to the following table:

Distribution of Small Business Loans by Geographic Income Level								
Geography Income Level	2003							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	25	8.1	1,796	4.6	10,534	3.5	276,475	3.2
Moderate	36	11.6	3,420	8.8	46,492	15.2	1,266,191	14.5
Middle	92	29.7	12,437	31.9	109,549	35.9	2,889,067	33.1
Upper	150	48.4	20,064	51.4	135,812	44.5	4,162,499	47.7
N/A	7	2.3	1,324	3.4	2,491	0.8	132,863	1.5
Total	310	100.0	39,041	100.0	304,878	100.0	8,727,095	100.0
Geography Income Level	2004							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	15	3.5	2,812	3.1	13,013	4.2	402,886	4.1
Moderate	53	12.3	12,871	14.3	50,189	16.3	1,533,119	15.7
Middle	109	25.3	22,473	25.0	110,194	35.9	3,135,970	32.2
Upper	241	56.0	49,454	55.1	131,684	42.8	4,535,159	46.6
N/A	12	2.8	2,188	2.4	2,234	0.7	132,816	1.4
Total	430	100.0	89,798	100.0	307,314	100.0	9,739,950	100.0
Geography Income Level	2005							
	Bank				Aggregate			
	#	%	\$000	%				
Low	44	6.3	10,498	7.3				
Moderate	85	12.2	13,728	9.5				
Middle	184	26.4	36,936	25.7				
Upper	367	52.7	79,604	55.4				
N/A	16	2.3	2,994	2.1				
Total	696	100.0	143,760	100.0				
Combined Total	1,436	100.0	272,599	100.0				
LMI	258	18.0	45,125	16.6				

HMDA-Reportable Loans

In 2003, the bank originated three loans in moderate-income areas and none in low-income areas. With only these three loans in moderate-income geographies, the bank achieved an LMI penetration rate of 4.8%, which was poor when compared to the aggregate's 15.9%.

In 2004, the number of loans extended in LMI areas increased from three loans the year before to 16 loans in 2004. Similarly, Signature's HMDA-reportable lending in LMI areas increased on a percentage basis from 4.8% to 21.9%, nearly reaching the aggregate's performance of 22.9%. During 2004, Signature's lending in LMI areas compared favorably to the distribution of owner-occupied housing units in the assessment area, where 16.0% of all owner-occupied housing units were located in LMI census tracts.

In 2005, Signature's LMI penetration rate fell to 13.2%, which was low but reasonable given the demographics of the assessment area.

The following chart shows the distribution of HMDA-reportable loans by geographic income level:

Distribution of HMDA-reportable Loans by Geographic Income Level								
Geography Income Level	2003							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	0	0.0	0	0.0	6,690	1.6	1,925,686	1.8
Moderate	3	4.8	697	3.1	59,047	14.3	13,367,330	12.8
Middle	21	33.3	6,098	27.2	186,512	45.1	40,150,640	38.4
Upper	39	61.9	15,592	69.7	160,870	38.9	48,624,281	46.5
N/A	0	0.0	0	0.0	770	0.1	416,938	0.5
Total	63	100.0	22,387	100.0	413,889	100.0	104,484,875	100.0
Geography Income Level	2004							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	2	2.7	342	0.7	9,188	3.1	3,158,576	3.6
Moderate	14	19.2	2,488	5.2	58,151	19.8	15,135,865	17.5
Middle	26	35.6	16,764	35.2	135,533	46.1	34,467,266	39.7
Upper	31	42.5	28,027	58.9	90,649	30.9	33,863,113	39.0
N/A	0	0.0	0	0.0	301	0.1	138,382	0.2
Total	73	100.0	47,621	100.0	293,822	100.0	86,763,202	100.0
Geography Income Level	2005							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	0	0.0	0	0.0				
Moderate	15	13.2	3,785	5.6				
Middle	32	28.0	10,827	16.1				
Upper	67	58.8	52,806	78.3				
N/A	0	0.0	0	0.0				
Total	114	100.0	67,418	100.0				
Combined Total	250	100.0	137,426	100.0				
LMI	34	13.6	7,312	5.3				

Borrower Characteristics: “Low Satisfactory”

During the evaluation period, Signature made 23.1% of its small business loans to companies with revenues of \$1 million or less; however, this rate does not reflect the fact that 34.0% of the bank’s small business loans were made to companies for which income information was not reported. For HMDA-reportable loans, 16.8% of Signature’s one- to four-family mortgage loans were extended to LMI borrowers.

Small Business Loans

In 2003, only 5.2% of the bank’s small business loans were extended to businesses with gross annual revenues of \$1 million or less. In contrast, the aggregate distributed almost 40% of its loans to businesses in this revenue category. At the same time, and to reiterate, almost 80% of the bank’s small business loans had no revenue information during 2003.

During 2004, Signature’s lending to businesses with revenues of \$1 million or less increased substantially, to 25.8% of total small business lending in the assessment area. This rate was far closer to the aggregate’s performance (39.3%) than during the prior year. In 2004, more than 27% of Signature’s small business loans had no income information.

In 2005, Signature made 29.3% of its small business loans to companies with annual revenues of \$1 million or less, and the percentage of small business loans with no income information decreased to 17.8%.

Please refer to the following chart for additional information regarding the distribution of Signature’s small business loans during the evaluation period:

Distribution of Small Business Loans by Business Revenue Size								
Revenue Size	2003							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
\$1million or less	16	5.2	1,882	4.8	120,558	39.5	3,464,331	39.7
Over \$1 million	50	16.1	13,613	34.9	NA	NA	NA	NA
No Revenue Info	244	78.7	23,546	60.3	NA	NA	NA	NA
Total	310	100.0	39,041	100.0	304,878	100.0	8,727,095	100.0
Revenue Size	2004							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
\$1million or less	111	25.8	8,902	9.9	119,776	39.3	3,739,698	38.4
Over \$1 million	202	47.0	57,048	63.5	NA	NA	NA	NA
No Revenue Info	117	27.2	23,849	26.6	NA	NA	NA	NA
Total	430	100.0	89,799	100.0	307,314	100.0	9,739,950	100.0
Revenue Size	2005							
	Bank				Aggregate			
	#	%	\$000	%				
\$1million or less	204	29.3	22,816	15.9				
Over \$1 million	368	52.9	86,066	59.9				
No Revenue Info	124	17.8	34,878	24.3				
Total	696	100.0	143,760	100.0				

One- to Four-Family HMDA-Reportable Loans

In 2003, Signature's LMI penetration rate of 6.4% for one- to four-family HMDA-reportable loans was less than half the aggregate's performance of 14.8%. In 2004, the bank's LMI penetration rate improved significantly, to 31.0%, which was substantially above the aggregate's ratio of 15.3%. In 2005, the bank's LMI penetration rate for HMDA-reportable loans fell to 13.5%. These wide fluctuations from year to year are attributed to the bank's low volume of HMDA-reportable loans.

The following table shows the distribution of Signature's HMDA-reportable loans among borrowers of different income level:

Distribution of 1-4 Family HMDA-Reportable Loans by Borrower Income Level*								
Borrower Income Level	2003							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	1	1.6	224	1.0	10,881	2.7	1,273,932	1.3
Moderate	3	4.8	380	1.8	49,536	12.1	7,612,786	7.7
Middle	7	11.3	1,305	6.1	93,757	22.9	17,380,705	17.6
Upper	51	82.3	19,653	91.1	216,881	52.9	63,197,112	64.2
N/A	0	0.0	0	0.0	39,059	9.4	9,064,044	9.2
Total	62	100.0	21,562	100.0	410,114	100.0	98,528,579	100.0
Borrower Income Level	2004							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	3	4.2	296	0.7	8,071	2.8	960,435	1.2
Moderate	19	26.8	2,614	6.1	36,285	12.5	6,109,791	7.6
Middle	7	9.9	1,325	3.1	73,063	25.2	15,443,314	19.3
Upper	39	54.9	35,416	82.7	151,294	52.3	51,956,478	64.9
N/A	3	4.2	3,170	7.4	20,943	7.2	5,598,203	7.0
Total	71	100.0	42,821	100.0	289,656	100.0	80,068,221	100.0
Borrower Income Level	2005							
	Bank				Aggregate			
	#	%	\$000	%				
Low	4	3.6	887	1.4				
Moderate	11	9.9	1,211	1.9				
Middle	8	7.2	1,718	2.8				
Upper	80	72.1	53,835	86.6				
N/A	8	7.2	4,567	7.3				
Total	111	100.0	62,218	100.0				
Combined Total	244		126,601					

Innovative or Flexible Lending Practices: "Low Satisfactory"

The bank makes limited use of innovative and/or flexible lending practices in serving the assessment area credit needs.

Community Development Lending: “Outstanding”

Even though Signature is a relatively young institution, the bank has demonstrated leadership in community development lending within the assessment area. As of December 31, 2005, Signature held \$39.7 million in community development loans. Of this total, approximately 88.0% were originated during the current evaluation period. As shown in the table below, the bank’s community development lending supported a variety of initiatives across the assessment area, including 40.3% of the total to support neighborhood revitalization and stabilization efforts, 36.3% to fund economic development programs, 12.9% to promote affordable housing and 10.5% to finance qualified community development services.

Qualified Community Development Loans										
County/ Assessment Area	Affordable Housing		Revitalization/ Stabilization		Community Service		Economic Development		Total	
	#	\$000	#	\$000	#	\$000	#	\$000	#	\$000
Kings	1	1,000	0	0	0	0	5	5,133	6	6,133
New York	1	750	1	12,000	0	0	1	250	3	13,000
Bronx	0	0	0	0	2	1,300	2	6,091	4	7,391
Nassau	0	0	0	0	3	1,350	1	2,000	4	3,350
Assessment Area	2	3,350	0	0	1	1,500	1	500	4	5,350
Total	4	5,100	1	12,000	6	4,150	10	13,974	21	35,224

The following are examples of Signature’s community development loans:

Affordable Housing

- During the evaluation period, Signature provided a \$1.7 million line of credit to a nonprofit community development financial institution (“CDFI”) that works to increase the availability of capital in low-income communities. Proceeds from this facility supported community development projects throughout the assessment area.
- During the evaluation period, the bank extended \$1.6 million in revolving credit lines to Community Preservation Corporation (“CPC”). CPC is a private, nonprofit corporation sponsored by more than 90 commercial banks, savings institutions and insurance companies. Sponsors help CPC not only by contributing capital and participating in lending activities, but also by staffing its various governance committees.
- In December of 2002, the bank granted a \$1 million line of credit to a nonprofit organization that specializes in helping local development companies build low-income housing. This funding agreement involved the City of New York, the U.S. Department of Housing and Urban Development and two local community development groups.

Economic Development

- In November of 2003, the bank made a three-year commitment to extend a \$500 thousand line of credit to ACCION New York, Inc., a nonprofit organization dedicated to creating employment and income generation opportunities for low-income residents in the New York City metropolitan area.
- In 2005, a local business received a \$2.2 million commercial mortgage loan to support the company's activities in an economic development zone within Bronx County. This facility qualified for community development credit because it promotes economic development in an area targeted for redevelopment.
- In October of 2004, the bank granted a \$1.2 million line of credit to a nonprofit economic development corporation that creates jobs for people living in the Bedford-Stuyvesant neighborhood of Brooklyn. The agency works on a contractual basis with the City of New York.

Community Services

- In May of 2003, the bank extended a \$1.5 million line of credit to a nonprofit corporation that is operated by its disabled clients. The organization operates a non-traditional home care program under a contractual agreement with the New York City Human Resources Administrations' Office of Home Care Services. The Funding for the organization is derived from the federal government (50%), the State of New York (40%) and the City of New York (10%).
- In February of 2003, the bank extended an \$800 thousand term loan to a counseling center in Bronx County that operates an outpatient mental health clinic. The organization relies on Medicaid reimbursements to cover its operating costs.

Revitalization/Stabilization

- In 2005, the bank extended a \$12 million mortgage loan to a private development company for the rehabilitation of an abandoned building in a low-income area in New York County. The building is located in a federally designated empowerment zone as well as a New York State-designated Empire Zone. Both of these designations indicate that the area where the building is located has been targeted for revitalization and stabilization.

II. Investment Test: “High Satisfactory”

The Investment Test evaluates an institution's record of helping to meet the credit needs of its assessment area through qualified investments. Qualified investments are evaluated based on their dollar volume, innovation and complexity, responsiveness to community development needs, and the degree to which they are not routinely provided by private investors.

The bank has a high level of qualified community development investments. Total qualified investments totaled \$16.9 million, including grants.

Please refer to the following table for a summary of the bank's CRA-qualified investments by community development purpose and investment type:

Qualified Community Development Investments								
Investments	Affordable Housing		Community Service		Economic Development		Total	
	#	\$000	#	\$000	#	\$000	#	\$000
Financial Intermediary	2	6,985	0	0	1	200	3	7,185
CRA Qualified Fund	7	5,325	0	0	0	0	7	5,325
Mortgage Backed Securities	3	4,058	0	0	0	0	3	4,058
Grants	7	12	138	177	10	27	155	216
FHLB Investment	1	84	0	0	0	0	1	84
Total	20	16,464	138	177	11	227	169	16,868

Consistent with the assessment area's community development needs, Signature committed an overwhelming majority of its qualified community development investments to support the creation or rehabilitation of affordable housing.

The table below shows the geographic distribution of Signature's community development investments across the various counties within the assessment area:

Qualified Community Development Investments								
County	Affordable Housing		Community Service		Economic Development		Total	
	#	\$000	#	\$000	#	\$000	#	\$000
Multi-county	14	11,814	138	177	10	27	162	12,018
Bronx	1	250	0	0	0	0	1	250
New York	4	3,400	0	0	0	0	4	3,400
Westchester	1	1,000	0	0	0	0	1	1,000
Nassau & Suffolk	0	0	0	0	1	200	1	200
Total	20	16,464	138	177	11	227	169	16,868

Examples of the bank's qualified investments are provided below:

- In March 2006, the bank invested \$1.6 million in collateral trust notes issued by Community Preservation Corporation ("CPC"). CPC is a lending consortium that funds the creation, rehabilitation and preservation of affordable housing throughout the State of New York. The banks that sponsor CPC not only provide secured construction financing under revolving lines of credit but also provide permanent financing by purchasing collateral trust notes backed by CPC mortgages.
- In December 2002, the bank placed \$3 million in an investment that supports community development. Since that time, Signature has invested additional funds, bringing the outstanding balance to \$5.4 million as of the evaluation date. The majority of the underlying assets are mortgage-backed securities collateralized by one- to four-family mortgages made to LMI individuals.
- In 2003, the bank invested in three mortgage-backed securities totaling approximately \$4.1 million. The one- to four-family mortgage loans underlying these securities are distributed throughout the assessment area.
- In December 2002, the bank invested \$2 million in mortgage-backed securities through the CRA Fund (the Fund). This investment supports community development activities such as low-income housing, affordable healthcare and job training. As of the evaluation date, the investment had an outstanding balance of \$5.3 million.

III. Service Test: "High Satisfactory"

The Service Test evaluates the availability and effectiveness of a bank's systems for delivering retail banking services. The Service Test also considers the extent and innovativeness of a bank's community development services.

Retail Banking Services: "High Satisfactory"

Accessibility of Delivery Systems

Signature's retail delivery systems are accessible to essentially all portions of the assessment area. The bank operates 16 retail branches in the New York metropolitan area, including six locations in New York County (Manhattan), three in Nassau County, two in Kings County and two in Westchester County. Signature's remaining three branches are located in Bronx, Suffolk and Queens Counties, respectively.

Signature's only LMI-area branch is located in Kings County; however, four other branches are located in upper- or middle-income areas that are adjacent to LMI geographies.

Alternative Delivery Systems

In addition to its brick-and-mortar branch network, Signature offers various alternative delivery systems that increase customers' access to the bank's products and services. These alternative delivery systems are accessible to essentially all portions of the assessment area.

Signature's alternative delivery systems include:

- *Automated Teller Machines ("ATMs")*: Signature operates a network of 27 ATMs. These machines are located at nine of the bank's financial centers.
- *Internet Banking*: Signature offers online banking services that allow customers to perform a variety of account-related functions over the Internet. These services include obtaining account balance information, paying bills, viewing transaction histories, transferring funds between accounts and downloading account activity reports to third-party financial management software such as Microsoft Money or Quicken.
- *Telephone Banking*: Signature's telephone banking services allow customers to transfer funds among most of their accounts at the bank.

Changes in Branch Locations

The bank's record of opening and closing branches has enhanced the accessibility of its delivery systems in LMI geographies. During the evaluation period, Signature opened seven new financial centers. Three of these seven branches are adjacent to LMI areas.

Reasonableness of Business Hours and Services

Signature's business hours and services do not vary in a way that inconveniences any particular portion of the assessment area. Signature offers extended hours during the week but does not offer weekend hours at any of its locations.

All branch locations offer full-service teller windows where customers can cash checks, request cash advances, purchase traveler's checks, obtain certified or official checks, submit loan payments, and process deposits. Additionally, each branch can open new business and personal accounts, make wire transfers, order debit cards, issue ATM cards, and receive credit applications.

Sixteen (16) of Signature's 27 ATMs are accessible daily between 6:00 AM and midnight. Another four ATMs are accessible 24 hours per day, seven days a week. Eleven (11) ATMs offer customers the ability to conduct their transactions in Spanish.

Signature offers a "basic banking" checking account pursuant to Section 14-f of New York State Banking Law and Part 9 of the General Regulations of the Banking Board.

Community Development Services: “Outstanding”

The bank provides an excellent level of community development services.

During the evaluation period, Signature engaged in the following community development services within the assessment area:

- *First Time Investors Program:* This is an innovative financial literacy program designed by Signature Bank for LMI individuals. This program consists of a nine-week course on the basics of securities investing. Each participant opens an account and invests \$750 of his or her own money that is then matched by a \$750 grant from the bank. After completing the nine-week course, the participants receive two years of free assistance from a Signature Securities Group investment advisor to develop a portfolio in line with their personal investment goals. The program is offered throughout the bank’s assessment area. Since the program’s inception in 2002, more than 65 individuals have completed the course.
- *Best Practices for the Fiscal Oversight of Your Agency:* On May 12, 2005, the bank sponsored a half-day seminar about managing and governing nonprofit organizations. The event was attended by representatives of 45 nonprofit organizations that serve LMI individuals and was presented in conjunction with Fiscal Management Associates, a certified public accounting firm.
- *The Changing Face of Not-For-Profit Financial Accountability:* Signature sponsored this half-day seminar on October 14, 2004. The event, which focused on the impact of Sarbanes/Oxley regulations on nonprofit organizations and their board members, was attended by representatives of 30 nonprofit organizations that serve LMI individuals. The seminar also reviewed recent rulings from New York State Attorney General Elliot Spitzer on the operation of nonprofit organizations.
- *The Bronx Charter School for the Arts:* On November 9, 2005, the bank hosted a breakfast to familiarize local Hunts Point business owners with the work of the Bronx Charter School for the Arts. Approximately 25 companies sent representatives to this event at the school. The ultimate goal of the event was to establish corporate relationships for the school that might lead to additional financial resources. The bank’s relationship with the school was cultivated through an introduction of the Charter School Program by the New York State Banking Department. In January 2006, the bank made a general operating grant of \$2 thousand to the school.
- The bank successfully sponsored a \$20 thousand grant application that SHORE (“Sheltering the Homeless is Our Responsibility”) submitted to the Federal Home Loan Bank of New York. SHORE will use the grant money to help construct two new housing units for formerly homeless families in Ardsley, New York in Westchester County.

Examples of community development services provided by Signature’s directors, trustees and employees are provided below:

- The bank's community development officer chairs the board of directors of Community Capital Resources (CCR), a nonprofit organization that offers affordable home loans, financial literacy programs and economic development initiatives.
- A bank officer also serves as a board member of the following nonprofit organizations: Ariva, a South Bronx nonprofit that focuses on financial literacy initiatives; West Bronx Housing and Neighborhood Resource Center, a residential stabilization for low-income individuals; the Community Development Corporation of Long Island's Community Building Fund, a nonprofit that provides SBA financing to qualified businesses.
- A vice president and associate group director of the bank is vice president of North Brooklyn Development Corporation. This nonprofit organization, based in Brooklyn's Greenpoint neighborhood, educates local business owners about various tax incentives that are available from the State and City of New York to enable businesses to locate or expand their operations in the area.
- A senior vice president serves on the board and as treasurer of Housing & Services Incorporated, a nonprofit that develops affordable housing for the very poor and de-institutionalized individuals. Most of this housing is combined with various supportive services such as medical care, psychiatric treatment and job training and placement.
- A senior vice president chairs the board of directors of Five Towns Community Chest. This organization works to alleviate hardship and provide essential services to area youth, the elderly, the chronically ill and families in crisis. As a central part of its mission, the organization raises money that helps fund agencies in southwestern Nassau County that provide health and human services.

IV. Discrimination or Other Illegal Practices

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

No practices were noted that would tend to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

Signature's most recent regulatory compliance examination was conducted concurrently with this performance evaluation and indicates satisfactory performance in terms of adherence to anti-discrimination or other applicable laws and regulations. No evidence of prohibited discrimination or other illegal credit practices was noted.

V. Process Factors

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

The bank ascertains the credit needs of its assessment area by working with local economic development groups and nonprofit organizations. These contacts provide opportunities for Signature to support local economic development projects that are sponsored by private and governmental entities.

For example, Signature maintains a solid working relationship with ACCION New York ("ACCION"), a micro lender that finances very small businesses in low-income communities throughout the greater New York City area. Based on their interaction, ACCION was able to inform Signature of the organization's need for below market rate funding for its lending programs. After learning of ACCION's needs, Signature responded by making a \$300 thousand loan to the organization at a reduced rate. This loan has since been renewed and increased to \$500 thousand. In addition, ACCION and Signature are co-sponsors of a First Time Investors Program in the Bronx.

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.

The bank does not have a formal marketing program. Outreach to the community is through relationship building and word of mouth. For example, many of the bank's directors are active with local business organizations or trade associations and promote the bank as part of their networking efforts.

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

Signature's board of directors actively participates in the bank's CRA program and helps management formulate the bank's CRA policy. The board also receives periodic updates about the progress and performance of Signature's CRA program at its regularly scheduled meetings.

VI. Other Factors

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

None noted.

GLOSSARY

Aggregate

Aggregate data represent the cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

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.

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area. Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

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.

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts 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 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

Those individuals, 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.

Small Business Loans

Loans to businesses with original amounts of \$1 million or less.