



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

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2008

**Institution:** Signature Bank  
565 Fifth Ave  
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.

## TABLE OF CONTENTS

	Section
General Information .....	1
Overview of Institution's Performance .....	2
Performance Context.....	3
Institution's Profile	
Assessment Area	
Demographic & Economic Data	
Performance Tests and Assessment Factors .....	4
Lending Test	
Investment Test	
Service Test	
Additional Factors	
Glossary .....	5

## 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, 2008.

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 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 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 ratings and the written summary be made available to the public (“Evaluation”). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The 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's ("Signature") performance was evaluated according to the lending, investment and service performance criteria. The assessment period included calendar years 2006, 2007 and 2008. Signature is rated "2," indicating a "satisfactory" record of helping to meet community credit needs. This rating is unchanged from the prior rating of "2" based on the New York State Banking Department Performance Evaluation as of December 31, 2005. The current rating was based on the following factors.

Performance Levels	Signature		
	Performance Tests		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory	<b>X</b>	<b>X</b>	<b>X</b>
Low Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

### Lending Test: "High Satisfactory"

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

Although an initial analysis showed Signature to make less than 50% of its loans within its assessment area, a closer analysis showed Signature to have originated a good percentage of loans within its assessment area. Excluding SBA purchases (see Section 4 for details), 81.3% of Signature's loans by number of loans and 83.4% of the loan dollars were lent within its assessment area.

The distribution of borrowers reflected an adequate penetration among customers of different income levels and businesses of different sizes. For more than half of Signature's small business loans, gross annual revenue ("GAR") was not collected or reported<sup>1</sup>, making it difficult to analyze its performance in lending to small businesses with GAR of < = \$ 1MM.

Notwithstanding this, Signature's performance based on the distribution of its small business loans by GAR was adequate. As calculated, Signature's penetration ratios were below the aggregate's penetration ratios, but have improved from year to year.

In contrast, the distribution of HMDA-loans based on borrower characteristics reflected

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<sup>1</sup> The regulations do not require institutions to request or consider revenue information when making a loan. If an institution does not collect gross annual revenue information for its small-business and small-farm borrowers, it should enter the code indicating "revenues not known"

good penetration among individuals of different income levels. In 2006, Signature's LMI borrower penetration ratio was well above the aggregate's penetration ratios. In 2007, Signature's LMI borrower penetration ratio by number of loans fell below the aggregate's penetration ratio. In 2008, the bank's LMI borrower penetration ratio increased slightly for number of loans.

The bank's distribution of small business and HMDA-reportable loans reflected a good penetration across different geography income levels within the assessment area. For small business lending, based on the number of loans, in 2006, Signature's penetration ratio was slightly above the aggregate's penetration ratio, and in 2007, Signature's LMI penetration ratio was below the aggregate's penetration ratio. In 2008, for which aggregate data are not available, Signature's LMI penetration ratio was the highest of the three years, and was higher than 2006 and 2007 LMI aggregate penetration rates.

During the evaluation period, of the HMDA-reportable loans originated within the assessment area, Signature made, by number, 32.7% in LMI geographies, which is significantly more than the bank's penetration ratio of 13.6% for the prior evaluation period. By dollar value, the LMI portion of the bank's loan purchases and originations within the assessment area was 41%, again far better than the prior period's 5.3%.

Among the banks of similar profile and banks within its community, Signature was a leader in community development lending. The bank's qualified loans totaled \$374.7 million, all of which was new money.

**Investment Test: "High Satisfactory"**

Signature's level of qualified investments exhibited good responsiveness to community development credit needs. As of December 31, 2008, the bank had investments, including grants, totaling \$29.2 million, of which \$11.4 million represented new money.

**Service Test: "High Satisfactory"**

Signature has reasonably accessible delivery systems, including its branch network, branch hours and services, and alternative delivery systems. It is a leader in providing community development services within its assessment area.

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's Profile:**

Signature Bank is chartered by the New York State Banking Department as a commercial bank. Signature began its operations on May 1, 2001. The bank operates 22 full-service branches located throughout the New York City metropolitan area, including Westchester County and all of Long Island.

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.

Signature reported total assets of \$7.2 billion as of December 31, 2008. Net loans and leases stood at \$3.5 billion and deposits were \$5.4 billion, which resulted in a loan-to-deposit ratio of 63.7%.

Based on the FDIC's deposit market share report of June 30, 2008, Signature Bank accounted for approximately 0.76% of the \$636.71 billion deposit pool in the assessment area. Based on its share of deposits, the bank ranked 17<sup>th</sup> among 147 FDIC-insured institutions. Signature's deposit market share increased during the evaluation period, from 0.55% in 2006 to 0.76% in 2008, due to the addition of eight new branches.

The bank is primarily a commercial real estate lender. As of December 31, 2008, 31.3% of Signature's loan portfolio was commercial mortgage lending, 10.2% were 1-4 family residential mortgage loans, and 27.3% were commercial and industrial loans. Over the course of two years, from 2006 year-end to 2008 year-end, the bank's outstanding loans increased 116.4% (by \$2 billion). The most significant contributors to the growth were commercial mortgage loans and commercial and industrial loans.

The following chart is a summary of the bank's lending portfolio, based on Schedule RC-C of the bank's 2006, 2007 and 2008 year-end Call Reports:

<b>TOTAL GROSS LOANS OUTSTANDING</b>						
LOAN TYPE	12/31/2006		12/31/2007		12/31/2008	
	\$(000s)	%	\$(000s)	%	\$(000s)	%
Commercial Mortgage Loans	291,873	17.1	441,759	19.2	1,156,314	31.3
Commercial and Industrial Loans	762,109	44.7	899,463	39.1	1,008,804	27.3
Multifamily Mortgages	62,317	3.7	135,834	5.9	721,166	19.5
1-4 Residential Mortgage Loans	278,973	16.4	299,838	13.0	375,348	10.2
Construction and Land Dev.	8,879	0.5	116,040	5.0	168,890	4.6
Consumer Loans	216,550	12.7	176,574	7.7	158,518	4.3
Other Loans	85,531	5.0	105,326	4.6	95,822	2.6
Obligations of states & municipalities	0	0.0	26,196	1.1	8,001	0.2
Loans to depository institutions	0	0.0	100,000	4.3	0	0.0
Total Gross Loans	1,706,232	100.0	2,301,030	100.0	3,692,863	100.0

The bank offers a wide variety of credit products including: commercial loans and lines of

credit, letters of credit, residential mortgage loans (both 1-4 and multi-family), credit card accounts and other personal loans.

Activities of Wholly-Owned Subsidiaries

Signature has been approved by the U.S. Small Business Administration (“SBA”) as a pool assembler and has been 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. As of December 31, 2008, the bank held \$315.5 million in 795 SBA loans for sale.

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

**Assessment Area:**

Signature’s assessment area is comprised of Bronx, Kings, New York, Queens, Richmond, Westchester, Nassau and Suffolk Counties. All these counties are located within the New York—Northern New Jersey—Long Island Metropolitan Statistical Area<sup>2</sup> (MSA 35644). Within the MSA 35644, counties of Nassau and Suffolk comprise Metropolitan Division (“MD”) 35004. The remaining counties are all a subsection of MD 35644, also known as New York—White Plains—Wayne, which includes additional geographies in New York State and extends into New Jersey. The inclusion of Richmond County is the only change since the prior evaluation.

The chart that follows on the next page shows the income-level distribution of the census tracts by county:

<b>Distribution of Census Tracts Within the Assessment Area</b>								
<b>County</b>	<b>Zero-Income</b>	<b>Low-Income</b>	<b>Moderate-Income</b>	<b>Middle-Income</b>	<b>Upper-Income</b>	<b>Total Census</b>	<b>LMI Tracts</b>	
							<b>#</b>	<b>%</b>
<b>Bronx</b>	14	132	98	65	46	355	230	<b>64.8</b>
<b>Kings</b>	15	119	297	235	117	783	416	<b>53.1</b>
<b>Nassau</b>	8	2	20	178	69	277	22	<b>7.9</b>
<b>New York</b>	9	60	59	24	144	296	119	<b>40.2</b>
<b>Queens</b>	18	12	148	310	185	673	160	<b>23.8</b>
<b>Richmond</b>	2	3	11	29	65	110	14	<b>12.7</b>
<b>Suffolk</b>	8	2	64	197	49	320	66	<b>20.6</b>
<b>Westchester</b>	4	4	21	39	153	221	25	<b>11.3</b>
<b>Total</b>	<b>78</b>	<b>334</b>	<b>718</b>	<b>1077</b>	<b>828</b>	<b>3035</b>	<b>1052</b>	<b>34.7</b>

<sup>2</sup> Metropolitan Divisions (MDs) and Metropolitan Statistical Areas (MSAs) are defined by the U.S. Office of Management and Budget.

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

### **Demographic & Economic Data**

Demographic data regarding the families, owner-occupied housing units and small businesses located in LMI census tracts, as well as families that are LMI and businesses with revenues of less than \$1MM, are discussed in the appropriate sections of this evaluation.

The largest industry in the assessment area was service providers, consisting of 37.3% of the total businesses. Retail trade and finance, insurance and real estate were the second and third largest industries, comprising 16% and 10.1% of the total businesses, respectively.

For the years 2006, 2007, and 2008, yearly average unemployment rates for the New York State were 4.6%, 4.5%, and 5.4% respectively. In the five counties that comprise New York City, there was a similar trend, but with somewhat higher unemployment rates - 5.0%, 4.9% and 5.5% for 2006, 2007 and 2008, respectively. The 2006, 2007 and 2008 average unemployment rates for the Nassau-Suffolk MD as well as those for Westchester County were lower than the New York City and New York State rates but again, showed the same spike in 2008.

**CHART # 1**

<b>SIGNATURE BANK - 2008</b>																							
<b>ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY &amp; MSA</b>																							
<b>COUNTY</b>	<b>Total Population</b>		<b>Age 65 and over</b>		<b>Age 16 and less</b>		<b>Median Family Income(MFI)</b>	<b>HUD MSA MFI</b>	<b>Total Households</b>	<b>Total HH below poverty level</b>		<b>Total Families</b>		<b>Low income</b>		<b>Moderate income</b>		<b>Middle income</b>		<b>Upper income</b>		<b>LMI families in LMI tracts</b>	
	#	#	%	#	%	\$	\$	#	#	%	#	#	%	#	%	#	%	#	%	#	%	#	%
<b>Bronx</b>	1,332,650	133,948	10.1	356,895	26.8	33,099	63,000	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		
<b>Kings</b>	2,465,326	282,658	11.5	587,575	23.8	39,349	63,000	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		
<b>Nassau</b>	1,334,544	200,841	15.0	293,128	22.0	85,752	97,100	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		
<b>New York</b>	1,537,195	186,776	12.2	229,772	14.9	71,629	63,000	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		
<b>Queens</b>	2,229,379	283,042	12.7	453,930	20.4	49,815	63,000	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		
<b>Richmond</b>	443,728	51,433	11.6	100,675	22.7	64,545	63,000	156,416	15,815	10.1	114,667	17,182	15.0	13,876	12.1	20,679	18.0	62,930	54.9	5,893	19.0		
<b>Suffolk</b>	1,419,369	167,558	11.8	332,521	23.4	74,455	97,100	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		
<b>Westchester</b>	923,459	128,964	14.0	207,207	22.4	89,228	63,100	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		
<b>TOTAL A/A</b>	11,685,650	1,435,220	12.3	2,561,703	21.9	59,658	69,708	4,277,301	673,845	15.8	2,819,370	733,437	26.0	469,388	16.6	524,288	18.6	1,092,257	38.7	663,570	55.2		

**CHART # 2**

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 Occupied Units		Vacant/ Boarded-up Units		Median House Value
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	\$
<b>Bronx</b>	490,659	133,164	27.1	357,495	72.9	90,522	18.4	11,370	12.6	20,802	23.0	33,285	36.8	25,066	27.7	372,690	76.0	27,447	5.6	159,625
<b>Kings</b>	930,866	456,744	49.1	474,122	50.9	238,290	25.6	13,368	5.6	77,659	32.6	92,885	39.0	54,378	22.8	642,437	69.0	50,139	5.4	235,737
<b>Nassau</b>	458,151	409,201	89.3	48,950	10.7	359,257	78.4	647	0.2	16,993	4.7	247,420	68.9	94,197	26.2	88,130	19.2	10,764	2.3	278,789
<b>New York</b>	798,144	28,752	3.6	769,392	96.4	148,695	18.6	3,881	2.6	12,773	8.6	7,108	4.8	124,934	84.0	589,949	73.9	59,500	7.5	345,099
<b>Queens</b>	817,250	495,075	60.6	322,175	39.4	334,894	41.0	1,005	0.3	43,101	12.9	162,122	48.4	128,633	38.4	447,770	54.8	34,586	4.2	199,093
<b>Richmond</b>	163,993	141,348	86.2	22,645	13.8	99,732	60.8	489	0.5	3,790	3.8	18,391	18.4	77,063	77.3	56,609	34.5	7,652	4.7	214,761
<b>Suffolk</b>	522,323	484,343	92.7	37,980	7.3	374,371	71.7	936	0.3	72,591	19.4	237,988	63.6	62,819	16.8	94,928	18.2	53,024	10.2	207,175
<b>Westchester</b>	349,445	237,328	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	134,377	38.5	12,303	3.5	285,775
<b>TOTAL A/A</b>	4,530,831	2,385,955	52.7	2,144,876	47.3	1,848,526	40.8	32,201	1.7	252,594	13.7	820,023	44.4	743,637	40.2	2,426,890	53.6	255,415	5.6	244,311

**CHART # 3**

**SIGNATURE BANK AMERICA - 2008  
BUSINESS DEMOGRAPHICS BY COUNTY**

COUNTY	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	
		#	%	#	%	#	%	#	%	#	%
<b>Bronx</b>	54,373	38,172	70.2	1,958	3.6	14,243	26.2	41,249	75.9	51,318	94.4
<b>Kings</b>	150,537	103,840	69.0	5,727	3.8	40,970	27.2	111,564	74.1	144,089	95.7
<b>Nassau</b>	144,048	100,035	69.4	7,509	5.2	36,504	25.3	110,070	76.4	135,400	94.0
<b>New York</b>	280,475	180,217	64.3	23,614	8.4	76,644	27.3	208,882	74.5	253,942	90.5
<b>Queens</b>	129,154	90,641	70.2	5,567	4.3	32,946	25.5	98,313	76.1	122,487	94.8
<b>Richmond</b>	28,550	19,763	69.2	954	3.3	7,833	27.4	21,288	74.6	27,091	94.9
<b>Suffolk</b>	147,755	103,202	69.8	7,864	5.3	36,689	24.8	114,352	77.4	138,285	93.6
<b>Westchester</b>	94,663	66,026	69.7	4,865	5.1	23,772	25.1	73,229	77.4	87,897	92.9
<b>Total A/A</b>	1,029,555	701,896	68.2	58,058	5.6	269,601	26.2	778,947	75.7	960,509	93.3

CHART # 4

SIGNATURE BANK AMERICA - 2008 ASSESSMENT AREA STANDARD INDUSTRIAL CLASSIFICATION* BY COUNTY																				
COUNTY	Establishment Total		Service Providers		Retail Trade		Finance, Insurance and Real Estate		Wholesale Trade		Construction		Manufacturing		Transportation and Communication		Non-Classifiable Establishments		Other Establishments	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Bronx	54,373	5.3	19,543	35.9	12,316	22.7	4,427	8.1	2,110	3.9	3,119	5.7	1,156	2.1	2,091	3.8	9,179	16.9	432	0.8
Kings	150,537	14.6	51,679	34.3	28,843	19.2	11,910	7.9	7,978	5.3	8,345	5.5	4,655	3.1	5,917	3.9	30,306	20.1	904	0.6
Nassau	144,048	14.0	54,912	38.1	20,019	13.9	14,592	10.1	6,633	4.6	9,890	6.9	4,225	2.9	5,026	3.5	26,227	18.2	2,524	1.8
New York	280,385	27.2	115,685	41.3	38,509	13.7	31,652	11.3	16,190	5.8	5,258	1.9	12,015	4.3	7,893	2.8	50,891	18.2	2,292	0.8
Queens	129,154	12.5	43,555	33.7	23,765	18.4	10,099	7.8	6,664	5.2	10,155	7.9	3,685	2.9	7,218	5.6	22,993	17.8	1,020	0.8
Richmond	28,550	2.8	9,954	34.9	4,482	15.7	2,381	8.3	1,009	3.5	2,911	10.2	543	1.9	1,133	4.0	5,700	20.0	437	1.5
Suffolk	147,755	14.4	51,318	34.7	20,631	14.0	11,844	8.0	6,965	4.7	15,680	10.6	6,101	4.1	5,173	3.5	25,562	17.3	4,481	3.0
Westchester	94,663	9.2	37,646	39.8	12,681	13.4	9,231	9.8	3,401	3.6	7,573	8.0	2,684	2.8	3,157	3.3	16,066	17.0	2,224	2.3
<b>TOTAL A/A**</b>	<b>1,029,465</b>	<b>100.0</b>	<b>384,292</b>	<b>37.3</b>	<b>161,246</b>	<b>15.7</b>	<b>96,136</b>	<b>9.3</b>	<b>50,950</b>	<b>4.9</b>	<b>62,931</b>	<b>6.1</b>	<b>35,064</b>	<b>3.4</b>	<b>37,608</b>	<b>3.7</b>	<b>186,924</b>	<b>18.2</b>	<b>14,314</b>	<b>1.4</b>

\*The Standard Industrial Classification codes are set by the Occupational Safety & Health Administration of the U.S. Department of Labor

\*\*Assessment Area

## **PERFORMANCE TESTS AND ASSESSMENT FACTORS**

*The Banking Department assesses a large bank's CRA performance by evaluating its lending, investment and service activities within the assessment area in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board.*

*Signature's performance was evaluated according to the large bank performance criteria, which include lending, investment and service tests. The following factors were also considered in assessing Signature's record of performance: the extent of participation by the Board of Directors or Board of Trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications, evidence of prohibited discriminatory or other illegal credit practices; and 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.*

The evaluation covers the years 2006 to 2008. Within the lending test, the factors - distribution by borrower characteristics and income of the geography only consider loans within Signature's assessment area. The 2008 HMDA-reportable and small business loan aggregate data were not available when this evaluation was conducted.

Statistics used in this evaluation were derived from various sources. In addition to specific loan information provided by the bank, aggregate data for HMDA-reportable and small business loans were obtained from the Federal Financial Institution Examination Council ("FFIEC"). The demographic data referred to in this report were derived from the US Census Data, with the updated median family income figures provided by the US Department of Housing and Urban Development ("HUD"). Business demographic data used in this report provide information on US businesses, enhanced by Dun & Bradstreet and updated annually.

Signature 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, 2005.

### **CRA Rating on This Evaluation: Satisfactory**

#### **I. Lending Test: "High Satisfactory"**

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

The analysis of factors (2), (3) and (4) above focused on the bank's HMDA-reportable loans and small business loans. The bank made more small business loans in number and in

dollars than HMDA-reportable loans. For the analysis by borrowers' profile, only 1-4 family mortgage loans were used, as there is no reporting requirement for income for multi-family mortgages.

**Lending Activity: "High Satisfactory"**

Signature's lending levels reflected good responsiveness to the small business credit needs of its assessment area. The above numbers include both originations and purchases. Excluding SBA purchases (see below), small business originations represented the bulk of lending, with 85% of the number of loans and 69% of the dollars lent.

Signature's small business lending performance during the evaluation period reflected a good responsiveness to the small business credit needs of the assessment area. In 2006, Signature achieved a market share of 0.18%, based on the number of loans originated, and ranked 23<sup>rd</sup> among 244 small business lenders. In 2007, Signature improved its ranking to 21<sup>st</sup> among 256 lenders and achieved a market share of 0.13%. The bank's 2008 small business originations within the assessment area increased by 34.2% by number of loans and 62.2% by the dollar volume, as compared to 2007.

Aggregate mortgage data showed that Signature made a very small share of the assessment area's HMDA-reportable lending; the bank's market share for both 2006 and 2007 was only 0.03%.

Signature has adequately addressed the needs of borrowers (particularly small businesses) within its assessment area. Therefore, consideration was given to activities outside of its assessment area. Signature was very active in purchasing, packaging and reselling SBA loans originated throughout the country. This activity provides liquidity to the SBA market and thus is beneficial to small businesses and economic development.

**Assessment Area Concentration: "High Satisfactory"**

Although an initial analysis showed that Signature made less than half of its loans within its assessment area, a closer analysis showed that Signature actually originated a good percentage of loans within its assessment area. Excluding SBA purchases, 81.3% of Signature's loans, by number of loans, and 83.4% of the loan dollars were lent within its assessment area.

**HMDA-Reportable Loans: "Low Satisfactory"**

Over the course of the three years, Signature lent the majority of its HMDA dollars within the assessment area. However, in reviewing the number of loans, Signature made less than a majority of HMDA-reportable loans in its assessment area. This record is the result of a one-time event in 2006 in which Signature purchased more than 300 mortgages in Maryland.<sup>3</sup> Thus, the 2007 and 2008 concentration ratios were high for both numbers and dollars.

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<sup>3</sup> These loans were not removed from the analysis, as the purpose of the loan purchases was not specifically made to

Small Business Loans: “High Satisfactory”

The charts below show two analyses of lending within and outside of the assessment area. The first chart shows all small business and HMDA loans; the second chart shows all HMDA loans, but only small business originations (excludes purchases). When SBA purchases are included, lending within the assessment area is less than a majority of lending. However, as noted above, Signature purchases, packages and re-sells SBA loans that are originated throughout the country. This activity increased the number and dollars of loans purchased in any year, but did not affect Signature’s ability to lend within its assessment area, as the loans are subsequently sold. As this business, which is beneficial to small businesses throughout the country, did not negatively affect lending within the assessment area, the analysis of lending within the assessment area focused on small business originations.

Once SBA purchases were excluded, Signature originated a high percentage of small business loans inside the assessment area – 87.5% by number of loans or 89.9% by the corresponding dollar volume.

The following tables illustrate the distribution of small business and HMDA-reportable loans originated and purchased, and small business originations and all HMDA-reportable loans inside and outside of the assessment area:

<b>Distribution of Loans (Originations and Purchases)</b>										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA -2006	157	32.2	331	67.8	488	68,124	43.9	87005	56.1	155,129
HMDA -2007	93	92.1	8	7.9	101	67,369	86.2	10782	13.8	78,151
HMDA -2008	65	78.3	18	21.7	83	120,692	86.9	18154	13.1	138,846
<b>3-year total</b>	<b>315</b>	<b>46.9</b>	<b>357</b>	<b>53.1</b>	<b>672</b>	<b>256,185</b>	<b>68.8</b>	<b>115,941</b>	<b>31.2</b>	<b>372,126</b>
SBL -2006	1213	53.9	1038	46.1	2251	250,022	40.0	374524	60.0	624,546
SBL -2007	928	35.8	1661	64.2	2589	205,277	27.8	531833	72.2	737,110
SBL -2008	1213	58.6	857	41.4	2070	320,201	49.7	324151	50.3	644,352
<b>3-year total</b>	<b>3354</b>	<b>48.5</b>	<b>3556</b>	<b>51.5</b>	<b>6910</b>	<b>775,500</b>	<b>38.7</b>	<b>1,230,508</b>	<b>61.3</b>	<b>2,006,008</b>
<b>combined 3-year total</b>	<b>3669</b>	<b>48.4</b>	<b>3913</b>	<b>51.6</b>	<b>7582</b>	<b>1,031,685</b>	<b>43.4</b>	<b>1,346,449</b>	<b>56.6</b>	<b>2,378,134</b>

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serve LMI borrowers or geographies.

**Distribution of Loans Inside and Outside of the Assessment Area  
HMDA-Reportable Originations and Purchases and Small Business  
Originations**

Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA -2006	157	32.2	331	67.8	488	68,124	43.9	87005	56.1	155,129
HMDA -2007	93	92.1	8	7.9	101	67,369	86.2	10782	13.8	78,151
HMDA -2008	65	78.3	18	21.7	83	120,692	86.9	18154	13.1	138,846
<b>3-year total</b>	<b>315</b>	<b>46.9</b>	<b>357</b>	<b>53.1</b>	<b>672</b>	<b>256,185</b>	<b>68.8</b>	<b>115,941</b>	<b>31.2</b>	<b>372,126</b>
SBL -2006	1194	87.2	176	12.8	1370	244,355	88.4	32215	11.6	276,570
SBL -2007	883	81.7	198	18.3	1081	190,965	85.6	32158	14.4	223,123
SBL -2008	1185	92.9	91	7.1	1276	309,682	94.2	19157	5.8	328,839
<b>3-year total</b>	<b>3262</b>	<b>87.5</b>	<b>465</b>	<b>12.5</b>	<b>3727</b>	<b>745,002</b>	<b>89.9</b>	<b>83,530</b>	<b>10.1</b>	<b>828,532</b>
<b>combined 3-year total</b>	<b>3577</b>	<b>81.3</b>	<b>822</b>	<b>18.7</b>	<b>4399</b>	<b>1,001,187</b>	<b>83.4</b>	<b>199,471</b>	<b>16.6</b>	<b>1,200,658</b>

**Distribution by Borrower Characteristics: “Low Satisfactory”**

The distribution of borrowers reflected an adequate penetration among customers of different Income levels and businesses of different sizes.

Small Business Loans: “Low Satisfactory”

For more than one-half of Signature’s small business loans, GAR was not collected or reported<sup>1</sup>, making it difficult to analyze its performance in lending to small businesses with GAR of < = \$1MM. Notwithstanding this, Signature’s performance, based on the distribution of its small business loans by GAR was adequate. As calculated, Signature’s penetration ratios were below the aggregate’s penetration ratios, but have improved from year to year.

In 2006, Signature originated 18.8% of its loans to businesses with annual revenues of \$1 million or less. In comparison, the aggregate banks extended 29.5% of their loans to small businesses with similar GAR. In 2007, a year when Signature collected a significantly higher percentage of revenue information, Signature’s penetration ratio increased to 26.4%, which was more in line with the aggregate banks’ 31.2%. In 2008, Signature’s lending continued to improve, with 27.9%, by number and 30.6%, by dollar volume of small business loans extended to businesses with revenues of \$1 million or less.

The following table illustrates the distribution of small business loans by revenue size for 2006, 2007, and 2008.

Distribution of Small Business Loans by Business Revenue Size									
2006									
Business Revenue Level	Bank				Aggregate				Bus. Demographics
	#	%	\$(000's)	%	#	%	\$(000's)	%	
\$1million or less	228	18.8	15,238	6.1	192,820	29.5	4,637,865	40.5	66.9%
Over \$1 million	149	12.3	13,693	5.5	-	-	-	-	6.4%
No Revenue Info	836	68.9	221,091	88.4	-	-	-	-	26.7%
<b>Total</b>	1,213	100.0	250,022	100.0	652,738	100.0	11,448,040	100.0	
2007									
Business Revenue Level	Bank				Aggregate				Bus. Demographics
	#	%	\$(000's)	%	#	%	\$(000's)	%	
\$1million or less	245	26.4	31,173	15.2	212,984	31.2	5,039,816	38.7	69.2%
Over \$1 million	337	36.3	90,376	44.0	-	-	-	-	6.3%
No Revenue Info	346	37.3	83,728	40.8	-	-	-	-	24.5%
<b>Total</b>	928	100.0	205,277	100.0	681,964	100.0	13,007,467	100.0	
2008									
Business Revenue Level	Bank				Aggregate				Bus. Demographics
	#	%	\$(000's)	%	#	%	\$(000's)	%	
\$1million or less	338	27.9	98,037	30.6	not available				67.9%
Over \$1 million	235	19.4	58,068	18.1					5.7%
No Revenue Info	640	52.8	164,096	51.2					26.4%
<b>Total</b>	1,213	100.0	320,201	100.0					

*HMDA-Reportable Loans: "High Satisfactory"*

The distribution of HMDA-loans based on borrower characteristics reflected good penetration among individuals of different income levels.

In 2006, Signature's LMI borrower penetration ratio was 21.3% by number and 8.2% by dollar volume, well above the aggregate's penetration ratio of 8.7% and 4.4%, respectively. In 2007, Signature's LMI borrower penetration ratio decreased to 6.1% by number, and fell below the aggregate's penetration ratio of 9.4%. While the bank's penetration ratio decreased to 4.8% based on dollar volume, it remained slightly above the aggregate's penetration ratio of 4.6%. In 2008, the bank's LMI borrower penetration ratio increased to 6.3% by number of loans but fell to 1.2% by dollar volume. Signature did not originate or purchase any HMDA-reportable 1-4 family mortgage loans from low-income borrowers in 2007 and 2008. However, this is a very difficult market for HMDA-reportable loans to low-income borrowers, as the median cost of housing is very high in comparison to the median household income.

The following table illustrates the distribution of HMDA-reportable loans (1-4 family only) by borrowers' income level for 2006, 2007 and 2008:

<b>^Distribution of HMDA-reportable 1-4 Family Mortgage Loans by Borrower Income Level</b>									
<b>2006</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Family Demographics</b>
<b>Income Level</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	8	5.2	2,002	3.0	4,397	1.6	555,027	0.6	26.0
Moderate	25	16.1	3,465	5.2	20,263	7.1	3,374,386	3.8	16.6
Middle	23	14.8	4,386	6.6	56,957	20.1	12,384,688	13.8	18.6
Upper	97	62.6	56,071	83.8	185,065	65.3	67,473,457	75.4	38.7
N/A	2	1.3	1,000	1.5	16,883	6.0	5,669,073	6.3	
<b>Total</b>	<b>155</b>	<b>100.0</b>	<b>66,924</b>	<b>100.0</b>	<b>283,565</b>	<b>100.0</b>	<b>89,456,631</b>	<b>100.0</b>	<b>100.0</b>
<b>2007</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				
<b>Income Level</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	0	0.0	0	0.0	3,184	1.5	381,838	0.6	26.0
Moderate	5	6.1	2,193	4.8	16,726	7.9	2,885,195	4.0	16.6
Middle	5	6.1	1,507	3.3	40,106	18.9	9,068,933	12.1	18.6
Upper	71	86.6	40,893	89.7	136,704	64.5	55,313,466	67.6	38.7
N/A	1	1.2	980	2.2	15,203	7.2	12,556,467	15.7	
<b>Total</b>	<b>82</b>	<b>100.0</b>	<b>45,573</b>	<b>100.0</b>	<b>211,923</b>	<b>100.0</b>	<b>80,205,899</b>	<b>100.0</b>	<b>100.0</b>
<b>2008</b>									
<b>Borrower</b>	<b>Bank</b>				<b>Aggregate</b>				
<b>Income Level</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	0	0.0	0	0.0	Not Available				26.0
Moderate	2	6.3	270	1.2					16.6
Middle	3	9.4	510	2.4					18.6
Upper	27	84.4	20,951	96.4					38.7
N/A	0	0.0	0	0.0					
<b>Total</b>	<b>32</b>	<b>100.0</b>	<b>21,731</b>	<b>100.0</b>					<b>100.0</b>

**^ Chart does not include multi-family lending, which is included in HMDA chart for income of geography.**

### **Geographic Distribution of Loans: "High Satisfactory"**

The bank's distribution of small business and HMDA-reportable loans reflected a good penetration across different geography income levels within the assessment area.

### Small Business Loans: "High Satisfactory"

The geographic distribution of small business loans reflected a good LMI penetration among census tracts of different income levels. Based on the number of loans, in 2006, Signature's penetration ratio was slightly above the aggregate's penetration ratio, and in 2007, Signature's LMI penetration ratio was below the aggregate's penetration ratio. In 2008, for which aggregate data are not available, Signature's LMI penetration ratio was the highest of the three years, and was higher than the 2006 and 2007 LMI aggregate penetration rates.

In 2006, Signature made 19.3% of its small business loans to businesses in LMI geographies – a slightly better penetration ratio than the aggregate’s penetration ratio of 19.1%. In 2007, Signature originated 18.7% of its small business loans within LMI geographies, lower than the aggregate banks’ penetration ratio of 20.2%. The dollar volume of small business loans originated in LMI tracts was 17.9% of the entire assessment area originations, again, less than the aggregate’s penetration ratio of 19.8%. In 2008, Signature’s LMI-geography lending increased – to 23.1% by number and 27.3% by dollar volume of small business loans originated in the assessment area. The 2008 aggregate data were not available at the time of this evaluation.

The following table illustrates the distribution of small business loans by geography income level for 2006, 2007, and 2008.

<b>Distribution of Small Business Loans by Geographic Income Level</b>									
<b>2006</b>									
<b>Geography Income Level</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Business Demographics</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	63	5.2	13,252	5.3	24,562	3.8	497,197	4.3	5.8
Moderate	171	14.1	35,074	14.0	99,953	15.3	1,814,802	15.9	17.8
Middle	282	23.2	49,934	20.0	230,493	35.3	3,865,833	33.8	33.2
Upper	660	54.4	143,564	57.4	293,902	45.0	5,152,485	45.0	42.5
NA	37	3.1	8,199	3.3	3,828	0.6	117,723	1.0	0.8
<b>Total</b>	<b>1,213</b>	<b>100.0</b>	<b>250,023</b>	<b>100.0</b>	<b>652,738</b>	<b>100.0</b>	<b>11,448,040</b>	<b>100.0</b>	<b>100.0</b>
<b>2007</b>									
<b>Geography Income Level</b>	<b>Bank</b>				<b>Aggregate</b>				
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	61	6.6	12,868	6.3	27,644	4.1	528,944	4.1	5.9
Moderate	112	12.1	23,884	11.6	109,983	16.1	2,038,487	15.7	17.9
Middle	223	24.0	49,024	23.9	241,929	35.5	4,342,533	33.4	33.1
Upper	511	55.1	114,712	55.9	298,634	43.8	5,953,083	45.8	42.4
NA	21	2.3	4,789	2.3	3,774	0.6	144,420	1.1	0.8
<b>Total</b>	<b>928</b>	<b>100.0</b>	<b>205,277</b>	<b>100.0</b>	<b>681,964</b>	<b>100.0</b>	<b>13,007,467</b>	<b>100.0</b>	<b>100.0</b>
<b>2008</b>									
<b>Geography Income Level</b>	<b>Bank</b>				<b>Aggregate</b>				
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	52	4.3	17,198	5.4	<i>Not available</i>				6.1
Moderate	228	18.8	70,165	21.9					18.2
Middle	486	40.1	120,270	37.6					32.9
Upper	427	35.2	106,995	33.4					42.0
NA	20	1.6	5,573	1.7					0.8
<b>Total</b>	<b>1,213</b>	<b>100.0</b>	<b>320,201</b>	<b>100.0</b>					<b>100.0</b>

***HMDA-Reportable Loans: “High Satisfactory”***

During the evaluation period, of the HMDA-reportable loans originated within the assessment area, Signature made, by number, 32.7% in LMI geographies, which is significantly more than the bank’s penetration ratio of 13.6% for the prior evaluation period. By dollar value, the LMI portion of the bank’s loan purchases and originations within the assessment area was 41%, again far better than the prior period’s 5.3%.

In 2006, Signature made 36.3% of its loans to borrowers in LMI geographies – a better penetration ratio than the aggregate’s 25%. In 2007, Signature originated 18.3% of its HMDA-reportable loans within LMI geographies, less than the aggregate banks’ penetration ratio of 22%. In 2008 however, Signature’s LMI-geography lending increased again – to 44.6% by number and 63.3% by dollar volume of all HMDA-reportable loans originated in the assessment area. No aggregate data were available at the time of this evaluation. As noted in the community development section, Signature has a significant multifamily lending program focused on affordable housing. These large loans account for much of the lending in LMI geographies.

The following table illustrates the distribution of HMDA-reportable loans by geography income level for 2006, 2007, and 2008.

<b>Distribution of HMDA-reportable Loans by Geographic Income Level</b>									
<b>2006</b>									
<b>Geography Income Level</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Owner- Occupied Housing</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	10	6.4	3,482	5.1	11,253	3.9	4,198,465	4.4	1.7
Moderate	47	29.9	12,042	17.7	60,567	21.1	18,538,409	19.3	13.7
Middle	46	29.3	15,125	22.2	130,961	45.6	37,938,096	39.5	44.4
Upper	53	33.8	36,775	54.0	84,411	29.4	35,268,179	36.7	40.2
NA	1	0.6	700	1.0	102	0.0	61,627	0.1	
<b>Total</b>	<b>157</b>	<b>100.0</b>	<b>68,124</b>	<b>100.0</b>	<b>287,294</b>	<b>100.0</b>	<b>96,004,776</b>	<b>100.0</b>	<b>100.0</b>
<b>2007</b>									
<b>Geography Income Level</b>	<b>Bank</b>				<b>Aggregate</b>				
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	0	0.0	0	0.0	7,110	3.4	3,597,697	4.5	1.7
Moderate	17	18.3	13,085	19.4	39,511	18.6	14,050,235	17.5	13.7
Middle	25	26.9	21,466	31.9	92,535	43.7	28,617,191	35.7	44.4
Upper	51	54.8	32,818	48.7	72,672	34.3	33,842,195	42.2	40.2
NA	0	0.0	0	0.0	95	0.0	98,583	0.1	
<b>Total</b>	<b>93</b>	<b>100.0</b>	<b>67,369</b>	<b>100.0</b>	<b>211,923</b>	<b>100.0</b>	<b>80,205,901</b>	<b>100.0</b>	<b>100.0</b>
<b>2008</b>									
<b>Geography Income Level</b>	<b>Bank</b>				<b>Aggregate</b>				
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	
Low	16	24.6	49,140	40.7	<i>Not available</i>				1.7
Moderate	13	20.0	27,278	22.6					13.7
Middle	8	12.3	5,988	5.0					44.4
Upper	28	43.1	38,286	31.7					40.2
NA	0	0.0	0	0.0					
<b>Total</b>	<b>65</b>	<b>100.0</b>	<b>120,692</b>	<b>100.0</b>				<b>100.0</b>	

### **Community Development Lending: “Outstanding”**

Among the banks of similar profile and within its community, Signature was a leader in community development lending.

The bank’s qualified loans totaled \$374.7 million, all of which was new money. This is a significant increase in community development lending since the prior evaluation when total

commitments stood at \$39.7 million.

A substantial majority of these loans, \$335.9 million or 89.6%, were extended to fund affordable housing projects, typically for acquisition and/or renovation of multi-family dwellings. The remaining \$38.8 million were made for other community development purposes, primarily for economic development in LMI geographies.

The following are examples of the bank's community development lending:

The bank extended a \$21.7 million first mortgage loan secured by a multi-family property located in the Bronx, New York. Proceeds will be used to pay an existing mortgage held by another institution. The subject property consists of eight seven-story elevator apartment buildings containing 282 residential units, plus two superintendent units and eight street level retail stores. The property, which is 100% occupied, was built in 1932, renovated in the 1980's, operates under the HUD Section 8 program, and is qualified as affordable housing in an LMI geography.

The bank extended a \$29 million loan secured by a multi-family property located in Bronx, New York. Proceeds will be used to pay off an existing mortgage held by another institution. The property, which is 100% occupied, operates under the HUD Section 8 program, which helps to create affordable housing to LMI communities.

In 2006, Signature extended a \$3 million construction loan to build a 36-unit senior citizen apartment complex located in the Hamlet of Copiague, Town of Babylon, Suffolk County. The site is zoned as "Senior Citizen Multiple Residence District." This facility is located in an LMI geography and serves affordable housing needs.

In 2006, a construction loan of \$2.6 million was extended by the bank to develop a 12,500 square-foot site located in Brooklyn. The project will have 35 parking spaces, 8,500 square feet of retail (pre-leased to a discount store) and 4,200 square-feet of office space. This loan supports economic development in this LMI geography.

#### **Innovative or Flexible Lending Practices: "Needs to Improve"**

During the evaluation period, Signature made little use of innovative and/or flexible lending practices in serving assessment area needs. Instead, Signature made community development loans to commercial, for-profit borrowers that used Signature's standard financing products. Although rated "Needs to Improve", this factor did not have significant weight in the overall rating of the lending test, particularly because the volume of community development lending was "Outstanding" and the other lending factors were all "Satisfactory".

The bank is very active in purchasing, packaging and reselling SBA loans originated throughout the country, providing liquidity to the SBA market.

## II. Investment Test: “High Satisfactory”

*Signature’s investment performance is evaluated pursuant to the following criteria: the dollar amount of qualified investments; the innovativeness or complexity of qualified investments; the responsiveness of qualified investments to credit and community development needs; and the degree to which the qualified investments are not routinely provided by private investors.*

Signature’s level of qualified investments exhibited good responsiveness to community development credit needs. As of December 31, 2008, the bank had investments, including grants, totaling \$29.2 million, of which \$11.4 million represented new money. Total investments increased 72.8% since the prior evaluation. The following chart shows the classification of investments by community development purpose.

<b>Qualified Investments and Grants</b>			
<b>Purpose</b>	<b># of items</b>	<b>volume (\$000s)</b>	<b>%</b>
<b>Affordable Housing</b>	9	\$ 21,862.0	74.9%
<b>Economic Development</b>	4	\$ 6,973.4	23.9%
<b>Community Service</b>	2	\$ 150.0	0.5%
<b>Subtotal</b>	<b>15</b>	<b>\$ 28,985.4</b>	<b>100.0%</b>
<b>Grants (not classified)</b>	115	\$ 204.1	
<b>Total</b>		<b>\$ 29,189.5</b>	

The following are examples of the bank’s qualified investments:

*Access Capital Strategies Community Investment Fund, Inc. (“Access Capital”):* Access Capital only invests in AAA-agency credit quality debt securities targeted to support community development activities that enable single-family affordable housing, multi-family affordable housing, small business lending and job creation. Signature invested \$3 million in 2002 and subsequently reinvested all quarterly dividends. The dividend reinvestment, together with the performance of the fund resulted in an outstanding balance of \$6.4 million as of December 31, 2008. The Designated Target Region Report generated by Access Capital Strategies dated 3/31/09 shows Signature’s investments supported economic development through 75 real estate opportunities located in LMI geographies within the bank’s assessment area.

*Community Capital Management:* In 2002, Signature invested \$2 million in Community Capital Management and subsequently reinvested all quarterly dividends. The dividend reinvestment, together with the performance of the fund resulted in an outstanding balance of \$6.2 million as of December 31, 2008. The fund invests in numerous LMI multi-family properties. Community Capital Management provides fixed-income investment services to foundations, religious organizations, pension funds, not-for-profit healthcare systems, insurance companies, financial institutions, and mission-related investors.

*Restored Homes Housing Development Fund Corporation:* The bank invested \$7.5 million in this fund. There are currently 33 affordable housing restoration projects (16 one-family homes, 12 two-family homes, and five three-family homes under this program). The entity's loans range from \$195 thousand to \$700 thousand.

Grants:

During the evaluation period, the bank made 115 donations totaling \$204.1 thousand. These grants largely benefited organizations that provide community development services within Signature's assessment area. The following are some of the entities that received grants from Signature: ACCION New York, Community Capital Resources, and Enterprise Community Partners.

**III. Service Test: "High Satisfactory"**

*The service test evaluates a banking institution's record of helping to meet the credit needs of its assessment area. Analysis may include the availability and effectiveness of a banking institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.*

Signature has reasonably accessible delivery systems, including its branch network, branch hours and services, and alternative delivery systems. It is a leader in providing community development services within its assessment area.

**Retail Banking Services:** "Low Satisfactory"

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to all portions of the assessment area. The bank operates 22 retail branches and 27 ATMs in the New York metropolitan area. Signature's only moderate-income-area branch is located in Kings County. No ATMs are located outside of Signature's retail branches. The following table summarizes the distribution of Signature's retail branches across the geographies of different income levels.

Distribution of Banking Offices - 2008							
County	Low	Moderate	Middle	Upper	N/A	Total	LMI %
Bronx	0	0	1	0	0	1	0.0%
Kings	0	1	1	1	0	3	33.3%
New York	0	0	0	6	1	7	0.0%
Queens	0	0	2	0	0	2	0.0%
Richmond	0	0	0	1	0	1	0.0%
Westchester	0	0	0	2	0	2	0.0%
Nassau	0	0	2	3	0	5	0.0%
Suffolk	0	0	0	1	0	1	0.0%
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>6</b>	<b>14</b>	<b>1</b>	<b>22</b>	<b>4.5%</b>

### Changes in Branch Locations

The bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems. Since the prior evaluation, the bank has opened six new financial centers (branches). Two of the locations are in Nassau County, in the communities of Great Neck and Jericho; one is located in Brooklyn (Kings County), one in Manhattan (New York County); one in Queens County; and the sixth one is located on Staten Island (Richmond County).

### Reasonableness of Business Hours and Services

The bank's business hours and services do not vary in a way that inconveniences certain portions of the assessment area. All branches are open between 8:30 a.m. (or 9 a.m.) and 4:00 p.m., Monday through Friday; except the New Rochelle branch (Westchester) and the Bronx branch, both of which are open until 3 p.m.

### Alternative Delivery Systems

Signature's alternative delivery systems include:

- *Automated Teller Machines (ATMs)*: Signature operates a network of 27 ATMs. These machines are located at 11 of the bank's financial centers.
- *Internet and PC Banking (Dial-Up) Banking*: Signature offers online banking services that allow customers to perform a variety of account-related functions over the Internet. These services include account balance and statement inquiries, bill payments, transfers of funds between accounts and downloading account activity reports into third-party financial management software such as Quicken or Microsoft Money.

- *Telephone Banking:* Telephone banking services allow customers to transfer funds between their accounts at the bank.

### **Community Development Services: “Outstanding”**

Signature provided an excellent level of community development services. During the evaluation period, Signature organized or participated in various initiatives to provide community development services within the assessment area, the majority of which were educative in nature. The following are a few examples:

- *First Time Investor Program:* This program continues to be the anchor of Signature’s CRA Service Program. This is an innovative financial literacy program designed by Signature Bank for LMI individuals. Each participant opens an account and invests \$750 of their money; this is matched by a \$750 grant from the bank. Participants take a nine-week course and then receive two years of free assistance from a Signature Securities Group Investment Advisor to develop a portfolio in line with their personal investment goals. In addition, Signature provides free subscriptions to the Wall Street Journal.
- *Volunteer Income Tax Preparation:* In 2007, Signature Bank sponsored two weekends (four days) of free volunteer income tax preparation. Working with the non-profit organization Ariva, sites were set up at the Mosholu Preservation Corporation and Parkchester Enhancement Program for Seniors. Both sites are located in LMI communities in the Bronx. A total of 122 tax returns were prepared.
- *Credit Card & Debt Management Seminar:* Signature Bank, in conjunction with the Coalition for Debtor Education, provided an afternoon of credit card and debt management financial literacy training to over 150 graduating seniors from the David A Stein Public High School in the Bronx. This program was structured to provide them with information about their rights as a consumer as well as to train them on the pitfalls of credit card use and mismanagement. Many participating students came from either LMI families or LMI geographies.

Examples of community development services provided by Signature’s officers and employees are provided below:

The bank’s VP & Director of Community Development is a Vice Chairman of the board of directors of Community Capital Resources (“CCR”) (formerly known as Westchester Housing Fund) located in Westchester County. CCR is a not-for-profit entity offering affordable housing financing, financial literacy programs and economic development initiatives.

Signature’s Vice Chairman is on the advisory board of Neighborhood Housing Services of New York (“NHS”). NHS provides financial assistance and home ownership counseling to LMI individuals.

The EVP & Chief Lending Officer is a member of the board of trustees of the NY Institute of Technologies. He serves as an advisor to the school on financial and credit issues.

The bank's Senior Client Associate serves on the Loan Committee of Washington Heights and Inwood Development Corporation. The organization provides loans to small businesses in Upper Manhattan, an area with a lot of LMI tracts. Typical borrowers do not otherwise qualify for traditional bank loans. The Corporation also provides job training and assistance for small business owners.

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#### **IV Additional factors**

##### **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.**

The bank's Director of Community Development meets with the board of directors annually to discuss the progress of the program. The board approves the CRA policy. In addition, two members of the board from senior management sit on the bank's CRA and Fair Lending Committee, which meets on a quarterly basis. Finally, the bank's Director of Community Development speaks with senior management on a regular basis whenever any issue needs attention.

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

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

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

No evidence of prohibited discrimination or other illegal credit practices was noted.

##### **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.

The bank ascertains the credit needs of its community mainly by working with local economic development groups and non-profit organizations and receiving feedback from these entities. These contacts provide opportunities for the bank to support local economic development projects that are sponsored by private and governmental entities.

An example of cooperation is Community Capital Resources (“CCR”) (formerly Westchester Housing fund), which is a Community Development Financial Institution (“CDFI) with a multi-faceted program geared towards creating housing opportunities, small business micro loans and financial literacy programs for low- income individuals. CCR was a cosponsor of Signature’s two first-time investor programs. From CCR, Signature learns of the credit needs of start-up entrepreneurs and those engaged in the development of affordable housing.

- *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*

Signature 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 word-of-mouth. Many of the bank’s directors and officers are active with local business organizations or trade organizations. Information about the bank is circulated through networking.

**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**

NYSBD received one letter from a community group commenting on Signature’s Community Reinvestment Act performance. The comments offered were considered as part of this evaluation.

## 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.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
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.