SIGNATURE BANK®
Looking Forward. Giving Back.

Public File 2022

PART: 2

FDIC CRA PERFORMANCE EVALUATION AS OF MARCH 21, 2022

In accordance with the Community Reinvestment Act (CRA) Regulation (Regulation BB, 12 CFR 25), Signature Bank is required to maintain and, upon request, make available for public inspection a complete Community Reinvestment Act Public File. By providing the CRA Public File online, Signature Bank is better able to keep this data up to date. The information provided is the most current as of April 1st of each year. To view any specific section of our CRA Public File, please click on the desired section title as displayed within the Table of Contents.

Rev. 2/23

PUBLIC DISCLOSURE

March 21, 2022

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Signature Bank
Certificate Number: 57053

565 Fifth Avenue
New York, New York 10017

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
New York Regional Office

350 Fifth Avenue, Suite 1200
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory.**

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	**PERFORMANCE TESTS**		
	Lending Test*	**Investment Test**	**Service Test**
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			
* *The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*			

The Lending Test is rated Low Satisfactory.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- The bank made an adequate percentage of its loans in its assessment areas.
- The geographic distribution of loans reflects an adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, an adequate penetration among retail customers of different income levels and business customers of different sizes.
- The bank makes extensive use of innovative or flexible lending practices in order to serve the credit needs of its assessment areas.
- The bank made an adequate level of community development loans.

The Investment Test is rated Low Satisfactory.

- The bank has an adequate level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.

- The bank exhibits adequate responsiveness to credit and community economic development needs.

- The bank makes significant use of innovative or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the bank's assessment areas, including low- and moderate-income areas.

- To the extent changes have been made, the bank's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.

- Services and business hours do not vary in a way that inconveniences portions of the bank's assessment areas, particularly low- and moderate-income geographies and/or individuals.

- The bank provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

Signature Bank (Signature) is a $118.4 billion financial institution headquartered in New York, New York. The institution focuses on serving the needs of privately owned businesses. Signature has the following active subsidiaries:

- Signature Securities Group Corporation - A licensed broker dealer and investment adviser that offers investment, brokerage, wealth management, and insurance products and services.
- Signature Financial, LLC - A specialty finance company that provides equipment finance and leasing, transportation financing, and taxi medallion financing.
- Tandem CDE, Inc. - This entity purchases low-income housing tax credits.
- Signature Public Funding Corp. - This entity provides municipal finance and tax-exempt lending and leasing products to governmental and municipal entities.
- Signature Preferred Capital, Inc. - A Real Estate Investment Trust engaged in the investment of mortgages on real property and mortgage-backed securities.

The bank received a “Satisfactory” rating at the previous FDIC Performance Evaluation dated April 1, 2019, using the Interagency Large Institution CRA Examination Procedures.

<u>Operations</u>

Signature operates 37 offices, including its main office. Of the 37 locations, 29 are in New York, 5 are in California, 2 are in North Carolina, and 1 is in Connecticut. Automated teller machines (ATMs) are located on-site at 13 of the bank’s offices, including 12 at various New York offices and one at its San Francisco, California office. Since the prior performance evaluation, Signature opened four branch offices in California, including offices in Beverly Hills (January 21, 2021), Woodland Hills (July 31, 2020), Newport Beach (July 20, 2020), and Ontario (July 31, 2020). The bank also opened two branches in North Carolina, including offices in Durham (October 1, 2020) and Charlotte (February 10, 2020). The bank also relocated four existing branches in New York, including one each in Bronx and Kings Counties, and two in New York County. The new location for each of the relocations was nearby and within walking distance of the previous location. Signature did not close any offices, and was not involved with any merger or acquisition activity since the prior evaluation.

Signature also maintains eight loan production offices (LPOs), of which only one is within its assessment areas; specifically, the LPO in El Segundo, California, in Los Angeles County. Signature operates two other LPOs within California, in San Jose and Folsom. The other five LPOs are located in the following areas: Denver, Colorado; Atlanta, Georgia; Chicago, Illinois; Fulton, Maryland; and Houston, Texas. Signature opened each of these LPOs since the prior evaluation, with the exception of the Houston, Texas location. Examiners note that these LPOs engage solely in commercial marketing activities and act as a liaison with clients. Furthermore, while the LPOs may offer information about commercial lending activities, the offices do not conduct any core banking activities and will forward loan applications to a branch or Private Client Groups (PCG) for underwriting and funds disbursement.

Signature offers a variety of business and personal banking products and services tailored to meet the needs of its local community. The bank offers commercial real estate and non-real estate loans, multifamily loans, consumer loans, and construction loans. Deposit products include checking and money market deposit accounts. Alternative banking services include remote deposit capture for business accounts.

Signature's business focus continues to be on small business and multifamily lending, with no relevant changes since the prior evaluation.

Ability and Capacity

As of December 31, 2021, the bank reported total assets of $118.4 billion and total deposits of $106.2 billion. Loans are the bank's primary asset at $65.2 billion, while cash totals $29.8 billion and securities total $21.9 billion.

Signature's assets have grown about 149.8 percent since the prior evaluation, which is significant. Cash balances primarily fueled this growth, through new commercial deposits brought into the bank via many newly added PCGs, which is the bank's historical operations model that serve middle market private businesses and have been highly effective in securing new clients. Signature uses a client-centric point-of-contact model to serve customers, which relies solely on superior customer service, word of mouth referrals, and personal networking. Signature's digital services also drove cash balances growth, by servicing the digital asset community and operating in cryptocurrencies, stable coins, equipment providers, exchanges, and other entities in the digital currency space (largely related to institutional clients).

There has also been notable loan growth via the bank's extensive participation with the Small Business Administration's (SBA) new and temporary Paycheck Protection Program (PPP) in response to the COVID pandemic, but primarily through new loans via the bank's Fund Banking Division (FBD). The FBD primarily provides subscription credit facilities and general banking services for private equity groups (i.e., non-publicly traded hedge funds, pension funds, university endowments, wealthy individuals, etc.).

The following table provides a breakdown of the loan portfolio as of December 31, 2021.

Loan Portfolio Distribution		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	1,610,337	2.5
Secured by 1-4 Family Residential Properties	529,980	0.8
Secured by Multifamily (5 or more) Residential Properties	16,070,996	24.6
Secured by Non-farm Non-Residential Properties	12,056,835	18.4
Total Real Estate Loans	**30,268,148**	**46.3**
Commercial and Industrial Loans	32,829,436	50.2
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer	235,124	0.4
Obligations of state an political subdivisions	709,077	1.1
Loans to non-depository financial institutions	123,100	0.2
Other Loans	70,108	0.1
Leases	1,189,381	1.8
Less: Unearned Income	(174,811)	<(0.1)
Total Loans	**62,249,563**	**100.0**
Source: Report of Condition and Income 12/31/2021		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas (AAs) for which examiners will evaluate its CRA performance. Signature identified the following seven separate AAs in four states:

New York

- <u>New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area (MSA) #35620:</u> This AA includes all of Bronx, Nassau, Kings, New York, Queens, Richmond, Suffolk, and Westchester Counties, within New York State. This is Signature's primary AA, as it accounts for a majority of the bank's branches, deposits, and lending activity.

California

- <u>San Francisco-Oakland-Berkley, CA MSA #41860</u>: This AA includes all of Alameda, Contra Costa, Marin, San Francisco, and San Mateo Counties, within the state of California.

- <u>Los Angeles-Long Beach-Anaheim, CA MSA #31080</u>: This AA includes all of Los Angeles and Orange Counties within California. This is a new AA since the prior evaluation.

- <u>Riverside-San Bernardino-Ontario, CA MSA #40140</u>: This AA includes all of San Bernardino and Riverside Counties in California. This is a new AA since the prior evaluation.

Connecticut

- Bridgeport-Stamford-Norwalk, CT MSA #14860: This AA includes all of Fairfield County. This area is contiguous to the bank's New York State AA, which is immediately to its west.

North Carolina

- Durham-Chapel Hill, NC MSA #20500: This AA includes all of Durham County within the state of North Carolina. This is a new AA since the prior evaluation.

- Charlotte-Concord-Gastonia, NC-SC MSA #16740: This AA includes all of Mecklenberg County in North Carolina. This is a new AA since the prior evaluation.

Refer to the separate AA sections of this evaluation for a detailed description of each AAs demographic data and performance context.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Large Institution CRA Examination Procedures to evaluate Signature's performance since the previous evaluation dated April 1, 2019, to the current evaluation date of March 21, 2022. The procedures consist of the Lending, Investment, and Service Tests (see Appendices).

Examiners used full-scope procedures to assess Signature's performance in its New York-Newark-Jersey City, NY-NJ-PA MSA (New York), San Francisco-Oakland-Berkley, CA MSA (San Francisco), Los Angeles-Long Beach-Anaheim, CA MSA (Los Angeles), Charlotte-Concord-Gastonia, NC MSA (Charlotte), and Bridgeport-Stamford-Norwalk, CT MSA (Connecticut) AAs, as the bank maintains higher market shares and a higher concentration of its activities in these areas. Examiners used limited-scope procedures for the bank's Riverside-San Bernardino-Ontario, CA MSA (Riverside) and Durham-Chapel Hill, NC MSA (Durham) AAs, as these areas account for a comparatively lower proportion of the institution's activity and operations, and the performance in these areas had minimal influence on the overall conclusions. The evaluation gave substantial weight to the bank's performance in its New York AA when determining the overall rating, as this area accounts for most of the bank's branch office network and deposits, and a substantial majority of its small business and multifamily loans.

Activities Reviewed

Examiners analyzed Signature's CRA performance using small business and multifamily loan data, as these loan types represent the bank's major product lines based on a review of bank records, business strategy, loan portfolio composition, and discussions with bank management. Signature did not originate any small farm loans during the evaluation period. Additionally, the bank had an insufficient volume of 1-4 family loans to draw any meaningful conclusions. Consequently, the evaluation did not consider these loan types in its analysis and conclusions.

Examiners reviewed the bank's small business loans for 2019, 2020, and 2021, using the small business loan registers maintained pursuant to CRA. Small business loans include commercial real estate or commercial and industrial loans and lines of credit in amounts of $1 million or less. In addition, the bank elected to include the small business loans originated or purchased by its affiliate, Signature Financial, LLC. In total, the bank and its affiliate reported 11,207 small business loans totaling $2.3 billion during the three-year review period within its AAs. Although the CRA examination procedures prohibit the consideration of affiliate lending in the Assessment Area Concentration criterion, the evaluation includes the affiliate loans in the Geographic Distribution and Borrower Profile performance criteria. Examiners compared the bank's record of small business lending to Dun & Bradstreet (D&B) demographic data for 2019, 2020, and 2021, and to the aggregate small business loan data for 2019 and 2020, which is the most recently available data.

Examiners reviewed the bank's home mortgage loans for 2019, 2020, and 2021, which included loans recorded in the loan application registers (LARs) maintained by the bank pursuant to the Home Mortgage Disclosure Act's (HMDA) data reporting requirements. The HMDA-reportable loans include home purchase and home improvement loans, including refinancing, on 1-4 family and multifamily (five or more unit) properties. The bank's HMDA activity during the review period primarily included multifamily mortgage loans, with 784 loans totaling $5.5 billion inside its AAs, almost exclusively in the New York AA. Examiners compared the bank's multifamily lending to 2015 American Community Survey (ACS) data, and to the aggregate HMDA data for 2019 and 2020. The LARs also included 78 1-4 family loans totaling $137 million; however, this volume was low relative to the bank's total HMDA and overall lending, and was insufficient to draw meaningful conclusions. As a result, this evaluation presents the bank's 1-4 family lending within the Assessment Area Concentration criterion only, since it did not affect the bank's overall performance and rating. Examiners note that the bank does not make owner-occupied residential 1-4 family loans, as all of its 1-4 family loans involve non-owner occupied investor properties.

Under the Lending Test, examiners placed the most weight on the small business loans, with a secondary emphasis on the multifamily loans based on the number of loans originated and discussions with bank management. The lending review included originations and purchases. In addition, while the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

The CRA evaluation also reviewed the bank's community development loans, investments, and services for the period since the previous CRA evaluation. Qualified investments included new investments and grants, as well as outstanding qualified investments from prior evaluation periods.

Under the Service Test, in addition to the bank's branch network, examiners reviewed its alternative delivery systems, as well as any impact of branch openings or closings since the prior evaluation, as applicable. Examiners also reviewed retail banking products or services targeted to low- and moderate-income individuals or small businesses.

Other Information

The FDIC received comment letters from two New York City-based affordable housing organizations regarding Signature's CRA performance. Examiners considered the information provided by the organizations in the analysis and performance conclusions. For additional information, please refer to the comment letters maintained in Signature's CRA Public File.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated "Low Satisfactory." Signature's adequate performance in the Assessment Area Concentration, Geographic Distribution, Borrowers' Profile, and Community Development Loans criteria primarily supports this rating. The bank's overall performance was consistent with the conclusions for each rated area, with each AA rated "Low Satisfactory" for the Lending Test. The bank's performance in the New York rated area contributed the most weight in the overall conclusion and in the conclusions under each performance criteria in the Lending Test.

This section presents Signature's Lending Test performance at the institution level. Refer to the separate assessment area sections for details regarding the bank's performance in those specific areas.

Lending Activity

Lending levels reflect excellent responsiveness to the credit needs of Signature's AAs on a combined basis, based primarily upon the bank's market rank among all lenders reporting small business and multifamily loans. The bank's lending activity in its New York AA primarily supports this conclusion given the area's higher concentration of branches, deposits, and loans.

The bank's assets are primarily in loans. As of December 31, 2021, loans totaled $65.2 billion and composed 55.1 percent of total assets. The loan portfolio grew 76.7 percent since the prior evaluation, with a continued focus on small business lending throughout its AAs, as well as multifamily lending within the New York AA. As stated previously, Signature makes most of its multifamily loans in its New York AA, and focuses primarily on small business credit needs in its other assessment areas.

Signature is an active lender in its New York AA, and had an excellent market ranking in 2020 for its HMDA-reportable multifamily loans and its CRA-reportable small business loans. Signature's lending activity within its other AAs in the states of California, Connecticut, and North Carolina are significantly lower than in New York; however, the bank has a much smaller deposit base and branch presence in each of those states. Additionally, Signature has operated for a comparatively shorter time in the states outside of New York, as it established its branch presence in Connecticut in 2015, in California in 2018, and in North Carolina in 2020.

Assessment Area Concentration

Signature made an adequate percentage of its loans inside its AAs. In accordance with the CRA examination procedures, this performance criterion considered only the bank's loans, and did not include the loans originated or purchased by its affiliate, Signature Financial, LLC. The evaluation presents conclusions for this performance factor on a combined basis for all the AAs.

As shown in the following table, the bank originated and purchased 61.1 percent of its total loans by number and 72.6 percent by dollar volume inside its AAs, which is adequate. As stated previously, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

Lending Inside and Outside of the AAs										
	Number of Loans					**Dollar Amount of Loans $(000s)**				
Loan Category	**Inside**		**Outside**		**Total**	**Inside**		**Outside**		**Total**
	#	**%**	**#**	**%**	**#**	**$**	**%**	**$**	**%**	**$(000s)**
Small Business										
2019	599	20.9	2,268	79.1	2,867	199,169	22.2	697,223	77.8	896,392
2020	4,968	68.2	2,321	31.8	7,289	976,134	55.3	789,679	44.7	1,765,813
2021	4,248	66.5	2,140	33.5	6,388	832,834	50.5	815,070	49.5	1,647,904
Subtotal	**9,815**	**59.3**	**6,729**	**40.7**	**16,544**	**2,008,137**	**46.6**	**2,301,972**	**53.4**	**4,310,109**
Multifamily										
2019	276	90.5	29	9.5	305	1,651,749	92.6	131,860	7.1	1,783,609
2020	246	94.6	14	5.4	260	1,643,372	95.3	80,327	4.7	1,723,699
2021	262	93.9	17	6.1	279	2,200,440	86.2	352,663	13.8	2,553,103
Subtotal	**784**	**92.9**	**60**	**7.1**	**844**	**5,495,561**	**90.7**	**564,850**	**9.3**	**6,060,411**
1-4 Family										
2019	30	93.8	2	6.2	32	54,805	93.7	3,710	6.3	58,515
2020	24	88.9	3	11.1	27	40,894	95.6	1,874	4.4	42,768
2021	18	94.7	1	5.3	19	34,915	97.7	816	2.3	35,731
Subtotal	**72**	**92.3**	**6**	**7.7**	**78**	**130,614**	**95.3**	**6,400**	**4.7**	**137,014**
Total	**10,671**	**61.1**	**6,795**	**38.9**	**17,466**	**7,634,312**	**72.6**	**2,873,222**	**27.4**	**10,507,534**
Source: 2019, 2020, and 2021 HMDA data;2019, 2020, and 2021 CRA data										

As shown in the table above, Signature maintains a high percentage of its multifamily and 1-4 family loans inside its AAs, by both number and dollar volume. The percentage of small business loans inside the AA is comparatively low, particularly in 2019, due mainly to the bank's small business loan purchase strategy. Specifically, the bank purchases portions of small business loans guaranteed by the SBA from around the country, which it then securitizes for sale in the secondary market. The bank's small business loan purchases from outside the AAs included 2,233 loans in 2019, 1,824 loans in 2020, and 1,766 loans in 2021. This practice historically skews the percentage of small business lending outside its AA higher, as shown in 2019. However, the bank's extensive participation in the SBA's PPP within its AAs helped offset this skewing effect in 2020 and 2021, resulting in a majority of small business loans being made or purchased within its AAs during those years.

Examiners note that the bank's purchase and securitization of the SBA loans has an overall positive impact on the provision of credit to small businesses in general, as it allows for the re-injection of hundreds of millions in financing liquidity annually into the national small business lending market, which fosters additional small business lending on a national level.

Geographic Distribution

Signature's geographic distribution of loans reflects adequate penetration throughout its AAs. The bank's performance differed among its rated areas, as it achieved an adequate penetration in New York and Connecticut, but a good penetration in California and North Carolina. Examiners placed the most weight on Signature's adequate performance in its New York AA when arriving at the overall conclusion, given the bank's higher concentration of branches and loans in that rated area.

Borrowers' Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among business customers of different size. The bank's performance was consistent among the rated areas, as it achieved an adequate penetration overall in each state. For this performance criterion, the evaluation focused on the distribution of small business loans by business revenue, as income data was not available for the bank's multifamily lending activity. Examiners placed the most weight on Signature's adequate performance in its New York AA when arriving at the overall conclusion, given the bank's higher concentration of branches and loans in that rated area.

Innovative or Flexible Lending Practices

Signature makes extensive use of innovative or flexible lending practices in order to serve AA credit needs. This evaluation presents the bank's performance under this criterion on a combined AA basis only, as the bank offered each loan program throughout its AAs with the same terms and conditions. The bank's performance under this criterion increased significantly by number from the prior evaluation, which reported just one innovative or flexible lending program. Examiners attributed this significant improvement to the bank's extensive participation with the PPP in response to the COVID pandemic. The following table shows the loan activity attributed to the bank's innovative or flexible programs.

Innovative or Flexible Lending Programs

Type of Program	2019		2020		2021		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
SBA – 504	---	---	---	---	5	11,612	5	11,612
SBA – 7(a)	---	---	---	---	0	0	0	0
SBA – PPP	---	---	5,457	1,901,561	4,023	1,091,312	9,480	2,992,873
Totals	---	---	**5,457**	**1,901,561**	**4,028**	**1,102,924**	**9,485**	**3,004,485**

Source: Bank Records

The following discusses the lending programs and products in detail:

- SBA PPP: Signature actively participated in the SBA's PPP, which is an emergency loan program to provide financial relief and assistance to small businesses experiencing financial hardship and duress due to the pandemic. The PPP financing features a 100.0 percent SBA loan guarantee on loans up to $10 million. Additionally, businesses pay a below-market fixed interest rate of 1.0 percent over a two-year term, which can be fully forgiven if the business retains the required minimum percentage of workers on the payroll. The federal government launched the PPP on April 3, 2020.

- SBA Program 504: Launched in late 2021, the bank's participation in this program is new since the prior evaluation. The SBA's Certified Development Company (CDC)/504 Loan Program provides businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. Funding for a 504 project typically includes a loan from a private sector lender for half the project cost and a loan from a CDC for 40.0 percent of the project cost. The remaining 10.0 percent of the project cost must be borrower equity.

- SBA 7(a) Program: Launched in late 2021, Signature's participation in this program is new since the prior evaluation. Loans made under this program helps start-up and existing small businesses, with financing guaranteed for a variety of general business purposes, as well as with reduced loan fees and less documentation requirements. This program allows borrowers to obtain commercial financing with a 5 to 10 percent minimum down payment versus the 20 to 25 percent required for conventional commercial credit, as well as longer loan repayment terms. In general, businesses seeking out financing through this program may have not have qualified for conventional financing.

Signature also implemented other lending-related practices that offer flexibility to consumers experiencing financial hardship or duress due to the pandemic, including:

- Suspending foreclosures on residential properties;
- Eliminating late fees on all consumer lending products;
- Working on a case-by-case basis for any payment due on a commercial mortgage in forbearance;
- Refraining from reporting delinquencies for consumer loans in deferment;
- Allowing a 90-day deferment for Personal and Ready Reserve lines of credit;
- Allowing 180-day deferment for Home Equity Lines of Credit and any consumer first-mortgage loans held in portfolio.

Community Development Loans

Signature made an adequate level of community development loans. The bank's performance differed slightly among its rated areas, as it had an adequate level of community development loans in New York, California, and Connecticut, but no community development loans in North Carolina. Examiners placed the most weight on Signature's adequate performance in its New York AA when arriving at the overall conclusion, given the bank's higher concentration of branches and loans in that rated area.

During the evaluation period, the bank originated 604 community development loans totaling approximately $2.4 billion throughout its AAs. The bank's community development loans primarily focused on affordable housing and the revitalization or stabilization of low- and moderate-income areas. A small portion of the bank's community development lending occurred outside of its AAs, but within a broader regional and/or statewide area. Although outside the AAs, examiners gave Signature credit for these loans since the bank has been responsive to its AA's community development needs in general. Of note, examiners did not give community development credit for any multifamily loans secured by distressed or deteriorated properties, which includes loans secured by buildings with excessive code violations that do not provide quality affordable housing. For this evaluation, examiners identified and disallowed four such loans totaling $11.2 million.

Signature's community development lending decreased by approximately 40.0 percent compared to the prior evaluation, which reported community development loans of $4 billion. This decline occurred even as the bank's total assets and total loans increased by 149.8 percent and 76.7 percent, respectively. The overall decrease in activity from the prior evaluation largely occurred within the bank's New York AA. The current level of activity represents 2.0 percent of total assets of $118.4 billion and 3.7 percent of total loans of $65.2 billion, as of December 31, 2021, which is also lower than the prior evaluation.

The following table illustrates the bank's community development activity by AA and purpose.

Community Development Loans										
Assessment Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
New York	340	1,492,647	4	21,600	0	0	205	739,375	**549**	**2,253,622**
San Francisco	0	0	3	8,000	0	0	16	31,519	**19**	**39,519**
Los Angeles	0	0	1	7,000	0	0	3	5,112	**4**	**12,112**
Riverside	0	0	0	0	0	0	3	7,226	**3**	**7,226**
Connecticut	1	8,500	0	0	0	0	1	5,500	**2**	**14,000**
Charlotte	0	0	0	0	0	0	0	0	**0**	**0**
Durham	0	0	0	0	0	0	0	0	**0**	**0**
Regional/Statewide	0	0	0	0	2	24,000	25	44,716	**27**	**68,716**
Total	**341**	**1,501,147**	**8**	**36,600**	**2**	**24,000**	**253**	**833,448**	**604**	**2,395,195**
Source: Bank Records.										

As shown in the table above, Signature had $68.7 million in community development loans that were in the Regional/Statewide area. These loans were mainly PPP loans made during 2020 and 2021 within low- and moderate-income geographies in areas outside the bank's delineated AAs, but within the broader regional areas of its AAs. The extension of these loans helped to support the ongoing operations of businesses in low- and moderate-income areas and/or sustain payroll expenses for employees in cases where the businesses temporarily ceased operation, which helped to revitalize and stabilize those areas.

INVESTMENT TEST

The Investment Test is rated "Low Satisfactory." Signature's adequate level of investments and grants primarily supports this rating. The bank's overall performance was consistent with the conclusions for the New York and California rated areas; however, the institution's overall performance exceeded its performance in the Connecticut and North Carolina rated areas, both of which were rated as "Needs to Improve." The bank's performance in the New York rated area contributed the most weight in the overall conclusion and in the conclusions under each performance criteria in the Investment Test.

Low-Income Housing Tax Credit (LIHTC) investments have historically represented a primary focus of Signature's qualified investment strategy for CRA purposes. However, the COVID pandemic and government mitigation actions have adversely affected the availability of LIHTC projects in the bank's AAs since the prior evaluation. Specifically, significant disruptions in the supply chains have resulted in substantial delays and cancellations of scheduled LIHTC-eligible projects due to difficulties in securing the necessary building materials, builders, and skilled workers to construct the multifamily affordable housing facilities that collateralize the LIHTC projects. Furthermore, with less LIHTC projects available, more intense competition resulted among investors seeking to bid and purchase the existing investment opportunities. These factors have affected Signature's ability to obtain LIHTC investments in its AAs.

This section presents Signature's Investment Test performance at the institution level. Refer to the separate assessment area sections for details regarding the bank's performance in those specific areas.

<u>Investment and Grant Activity</u>

Signature has an adequate level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The bank's qualified investments and grants are concentrated in the New York AA and largely support affordable housing.

During the evaluation period, Signature had qualified community development investments and grants of approximately $363.4 million. This total represents 0.3 percent of total assets ($118.4 billion) and 1.7 percent of total securities ($21.9 billion), as of December 31, 2021. Although the total dollar amount of Signature's qualified community development investments and grants increased by 18.5 percent since the previous CRA evaluation, the investments and grants as a percentage of total assets and securities declined significantly since the prior evaluation. These declines occurred because the growth in qualified investments paled in comparison to the significant growth in total assets and total securities, which increased by 149.8 percent and 143.3 percent, respectively. Although the availability of LIHTC investment opportunities declined during the evaluation period, Signature, with its large increase in total assets and securities, could have pursued other qualified investment opportunities, including those that are not LIHTC-related, to maintain a higher performance level under this rating criteria.

The following table summarizes the bank's qualified investments, donations, and grants by AA and purpose.

Community Development Investments and Grants										
Assessment Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
New York	78	238,704	184	1,198	71	2,775	1	10,000	**334**	**252,677**
San Francisco	5	9,461	9	36	10	1,719	0	0	**24**	**11,216**
Los Angeles	6	58,295	3	10	1	3	0	0	**10**	**58,308**
Riverside	0	0	0	0	0	0	0	0	**0**	**0**
Connecticut	6	177	5	16	0	0	0	0	**11**	**193**
Charlotte	0	0	0	0	0	0	0	0	**0**	**0**
Durham	1	8,822	0	0	0	0	0	0	**1**	**8,822**
Regional/Statewide	0	0	0	0	1	468	0	0	**1**	**468**
Nationwide	6	31,730	0	0	0	0	0	0	**6**	**31,730**
Total	**102**	**347,189**	**201**	**1,260**	**83**	**4,965**	**1**	**10,000**	**387**	**363,414**
Source: Bank Records.										

As shown in the table above, Signature made investments with a regional or nationwide scope. Described below are examples of those investments.

- Signature made two investments totaling $15.9 million with the Community Capital Management CRA Fund. This fund has a nationwide focus, including the bank's AAs, although it works to apply bank investments to properties and businesses within its delineated AAs. The fund promotes affordable housing and economic development by providing financing to owners of multifamily buildings and by purchasing eligible 1-4 family mortgage and small business loan portfolios. The fund's purchase of loan portfolios has a positive impact on the provision of credit in general, as it allows for the re-injection of millions in financing liquidity annually into the national 1-4 family and small business lending markets.

- During 2020, Signature invested $468,000 in a SBIC Investment fund, which helps support economic development. While the fund supports projects on a nationwide basis, this investment benefitted an area in California just outside of the bank's Los Angeles AA. Although outside the bank's AA, the evaluation gave Signature credit for the investment, as the investment was in the Regional/Statewide area and the bank has been responsive to the community development needs of its assessment areas.

<u>Responsiveness to Credit and Community Development Needs</u>

Signature exhibits adequate responsiveness to credit and community economic needs, based primarily upon its performance and activities within its New York AA. The bank's qualified investments primarily supported affordable housing.

Community Development Initiatives

Signature makes significant use of complex investments to support community development initiatives, based primarily upon the bank's activities within its New York AA. The bank is an active participant with LIHTCs, which helps support affordable housing needs.

SERVICE TEST

The Service Test is rated "High Satisfactory." Signature's relatively high level of performance in the Community Development Services criteria primarily supports this rating. The bank's overall performance was consistent with the conclusions for the New York rated area; however, the institution's overall performance exceeded its performance in the Connecticut and California rated areas, both of which were rated as "Low Satisfactory," and its performance in the North Carolina rated area, which was rated "Needs to Improve." The bank's performance in the New York rated area contributed the most weight in the overall conclusion and in the conclusions under each performance criteria in the Service Test.

This section presents Signature's Service Test performance at the institution level. Refer to the separate assessment area sections for details regarding the bank's performance in those specific areas.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the AA. Examiners focused primarily on accessibility within low- and moderate-income census tracts for this performance criterion.

This evaluation describes Signature's branch and ATM availability and distribution separately within each AA. In total, Signature operates 37 branch offices, including 29 offices in New York, 5 offices in California, 2 offices in North Carolina, and 1 office in Connecticut. Automated teller machines (ATMs) are located on-site at 13 of the bank's offices, including 12 of the offices in New York and the San Francisco office in California. Most of the offices are located in middle- and upper-income areas, although 3 offices are within low- and moderate-income census tracts. Examiners determined that the delivery systems were reasonably accessible in each rated area. Refer to the Accessibility of Delivery Systems sections of each assessment area for details.

This evaluation describes Signature's alternative delivery systems at the institution level only, as the bank offers these systems bank-wide throughout all of its AAs. In addition to the ATMs, the bank's alternative delivery systems include free access to banking services through online and mobile banking. Additionally, the bank offers digital banking through its Signet product, which is a payments system for commercial clients that provides practically instant or real-time transaction settlements via blockchain technology 24 hours a day, 365 days a year. These delivery systems lessen the need for direct physical access to a branch to carry out banking transactions. The bank markets each of these alternative delivery systems to customers via lobby notices, mailers, general advertising, periodic statement inserts and messaging, and its internet website. In addition, the bank provides each of these alternative delivery systems free to its customers. Examiners note that there is reliable broadband and internet service throughout the bank's AAs, allowing bank customers effective access to bank services virtually, in addition to in-person. Lastly, the bank offers remote deposit capture that allows qualified commercial customers to scan checks and deposit tickets into their accounts.

Examiners were not able to determine the extent to which Signature's alternative delivery systems specifically benefitted small businesses and low- and moderate-income individuals or geographies, as the bank does not maintain such information. However, these additional services allow customers to conduct banking transactions without physically accessing an office, enhancing the accessibility of financial services for all community segments, including low- and moderate-income individuals and small businesses.

<u>Changes in Branch Locations</u>

To the extent changes have been made, the bank's opening and closing of branches has generally not adversely affected the accessibility of delivery systems, particularly in low- and moderate-income geographies.

During the evaluation period, the bank opened six branch offices. The branch openings included two offices in North Carolina, with one each in the Charlotte and Durham AAs; and four offices in California, including three offices in the Los Angeles AA and one office in the Riverside AA. Each of these branches are located in upper-income census tracts, except for the new branch in the Riverside AA, which is located within a middle-income tract. Signature also relocated four existing branches within the New York AA, including one office that moved to a location within a low-income census tract. Signature did not close any branches during the evaluation period,

<u>Reasonableness of Business Hours and Services</u>

Services do not vary in a way that inconveniences portions of the AAs, particularly low- and moderate-income census tracts or individuals. Signature's service hours and its loan and deposit products are substantially similar throughout the individual assessment areas. Refer to the Reasonableness of Business Hours and Services section of the individual assessment areas for a discussion of any notable differences.

Signature offers the following low-cost deposit accounts, which are particularly helpful to low- and moderate-income families and/or small businesses:

- Signature Basic Checking – A non-interest bearing account with no minimum balance requirements, no ATM fees, and a $3 monthly maintenance charge. The account permits 12 free withdrawals per month, with a $1.50 charge per withdrawal thereafter.

- Signature Flat Fee Business Checking – A non-interest bearing account with no minimum balance requirements and a $20 monthly maintenance fee. The account permits 75 free transactions monthly; thereafter, a $0.50 charge per transaction applies.

In response to the COVID-19 pandemic, Signature offered several deposit-related practices to assist bank customers experiencing financial hardship due to the pandemic in 2020. These included eliminating overdraft fees for personal accounts and instituting protective status of a customer's Economic Impact Payment (stimulus check) from garnishment. The bank also eliminated all ATM fees at its ATMs for non-customers.

<u>Community Development Services</u>

Signature provided a relatively high level of community development services during the evaluation period. The bank provided 102 community development services in its AAs during the evaluation period, which were concentrated in its New York AA and largely focused on supporting community services and economic development. While this represents a decline in services compared to the prior evaluation that reported 124 qualified services, examiners considered the effect COVID pandemic-related closures had on the ability to provide community development services.

The following table shows the number of community development services by AA and purpose:

Community Development Services					
Assessment Area	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	**#**	**#**	**#**	**#**
New York	0	62	18	4	**84**
San Francisco	3	0	3	0	**6**
Los Angeles	0	6	0	0	**6**
Riverside	1	0	1	0	**2**
Connecticut	0	4	0	0	**4**
Charlotte	0	0	0	0	**0**
Durham	0	0	0	0	**0**
Total	**4**	**72**	**22**	**4**	**102**
Source: Bank Records.					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

NEW YORK

CRA RATING FOR NEW YORK: SATISFACTORY

The Lending Test is rated: Low Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW YORK

This AA is situated entirely within New York State and includes all of Bronx, Kings, New York, Queens, Richmond, and Westchester Counties, which are in the New York-Jersey City-White Plains, NY-NJ Metropolitan Division (MD) #35614; and Nassau and Suffolk Counties, which make up the Nassau County-Suffolk County, NY MD #35004. These counties compose a substantial part of the New York-Newark-Jersey City, NY-NJ-PA MSA #35620 (New York).

The bank maintains 29 of its branch offices in this AA, representing 78.4 percent of its total branches. According to the June 30, 2021 FDIC Summary of Deposits data, 86.1 percent of Signature's total deposits are located in this area. The bank also extended a substantial majority of its total lending in the New York AA, including 99.9 percent of its multifamily loans by number and 85.5 percent of its small business loans by number.

Economic and Demographic Data

The AA is composed of 2,997 census tracts, including 309 low-, 692 moderate-, 1,033 middle-, and 882 upper-income tracts, as well as 81 tracts with no income designation (NA-income). The following table notes the demographic information for this AA.

Demographic Information Assessment Area: New York						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	2,997	10.3	23.1	34.5	29.4	2.7
Population by Geography	12,250,043	12.3	25.2	32.9	29.3	0.3
Multifamily Units by Geography	2,288,645	18.6	26.6	19.4	35.0	0.4
Businesses by Geography	1,617,869	6.8	18.8	30.1	42.7	1.6
Median Family Income: MD 35614 New York-Jersey City-White Plains, NY-NJ MD Median Family Income: MD 35004 Nassau County-Suffolk County, NY MD		$67,560 $108,193	Median Housing Value Median Gross Rent Families Below Poverty Level			$518,692 $1,362 13.3%
Source: 2015 ACS and 2021 D&B Data; (*) the NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.						

The analysis of small business loans under the Borrowers' Profile criterion analyzes the distribution of the bank's small business loans by the gross annual revenue (GAR) of the business for each year. According to 2021 D&B data, there were 1,617,869 business establishments in the AA. Listed below are the GARs for these businesses:

- 91.3 percent have GARs of $1 million or less;
- 3.4 percent have GARs more than $1 million; and
- 5.3 percent have unknown revenues.

According to Moody's Analytics, this AA is the financial capital of the world. As a result, financial market volatility remains a major economic vulnerability. Although high technology industries surpassed the securities industry in total number of jobs, the securities industry nonetheless remains a formidable driver of jobs and income within the local economy. This area has a high per capita income and limited exposure to manufacturing, as well as strong immigration trends. However, the AA also suffers from high costs, including taxes, housing, office rents, and energy. In addition, the area's infrastructure is rapidly aging, particularly its mass transit system, which is a key to the local economy by helping workers commute to and from work.

The COVID-19 pandemic and resulting containment measures hit this metro area's economy hard, with a weak recovery to date, particularly in the leisure, hospitality, retail, and tourism-related industries. A full recovery to pre-pandemic employment levels remains far off, as a sizable amount of workers remained remote on a part-time basis, business travel was substantially limited, and international travel remained paused. The pandemic also helped to accelerate a notable population outmigration, which further acts to impede economic growth and recovery.

Residential real estate experienced varying fortunes across the New York metro area. Manhattan is struggling dramatically, as condominium prices and rents continue to fall, while the outer boroughs are struggling less, helped by residents moving into Brooklyn and Queens. At the same time, suburban markets to the north and west of New York City have seen prices rise, with bidding wars for single-family homes becoming the standard.

The COVID pandemic also had an adverse effect on multifamily lending demand within this AA since the prior evaluation. The local, state, and federal governments implemented various tenant protection legislation, policies, and/or practices that particularly impacted New York City in light of its large composition of multifamily housing. Landlords were adversely affected financially, and potential real estate investors refrained from entering the market, which acted to mute loan demand. The government measures also eliminated rent increases, which slowed the sale and purchase market. In addition, refinance loan demand for multifamily properties was adversely impacted by declining property values due to the capped rents and inability to evict tenants.

The unemployment rate for the New York-Newark-Jersey City, NY-NJ-PA MSA stood at 5.5 percent as of December 31, 2021, which is slightly lower than the state level of 6.2 percent, but much higher than the national level of 3.9 percent, and reflects the ongoing local economic challenges relative to the nation in general.

The top employers in the AA are Montefiore Health System, Mount Sinai Health System, JP Morgan Chase & Co., Bank of America, New York-Presbyterian Healthcare System, NYU Langone Medical Center, Macy's Inc., Verizon Communications, and Columbia University.

Competition

There is strong competition for small business loans within the New York AA. In 2020, 414 lenders reported 448,443 total small business loans. The top ten lenders, which are predominantly large national credit card banks, accounted for 77.9 percent of total loans. Signature is not a credit card lender.

There is a high level of competition for multifamily home mortgage loans among the area's banks, credit unions, and non-depository mortgage lenders. In 2020, 106 lenders reported 3,516 multifamily mortgage loan originations and purchases. Signature ranked third out of this group of lenders, with a market share of 7.1 percent. The ten most prominent multifamily home mortgage lenders accounted for 65.3 percent of total market share.

The AA is also a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2021, 126 financial institutions operated 2,225 offices within this AA. Of these institutions, Signature ranked eighth with a 3.3 percent deposit market share. The five institutions with the highest deposit market shares accounted for 71.7 percent of total market share. These entities are mainly large, multi-billion dollar depository institutions that serve a much larger multi-regional or multi-state area in addition to this AA.

Community Contact

Examiners contacted two local non-profit community development organizations to identify the area's credit and community development needs. The first organization addresses economic development and small business concerns in the Bronx. The second organization promotes economic development in East Brooklyn by assisting small business with job creation and by providing residents with entrepreneurial services and programs. The contact from the Bronx identified the need for banks to have language and cultural competency, which would help the organization in meeting its mission. The contact from Brooklyn discussed the need for physical bank branches, which would allow community members access to checking and savings accounts. In addition, both contacts stated the need for area banks to provide financing to small business owners who may not qualify for traditional financing.

Examiners also reviewed public comment letters submitted by two affordable housing-related organizations that serve New York City. These organizations cited housing affordability as the biggest concern in the area, as housing stock values are among the very highest in the nation. Low- and moderate-income residents are stretched to their financial limits with respect to housing costs, with many paying greater than 50.0 percent of their total income towards rent, which continues to rise. In addition, the organizations cited the ongoing trend of landlords increasing rents within the legal limits as leases expire. Although many landlords currently charge 'preferential rents,' which are rents below the legal limits for the property per municipal law, there is concern that landlords, including new landlords due to the sale of a building, will increase the rents to legal limits. These increases often make rents unaffordable for many area residents, particularly low- and moderate-income families.

Lastly, the organizations cited the ongoing problem of bad landlords who continue to own and operate multifamily buildings that are deteriorating, and noted that such individuals are continually able to secure financing from area lenders and private entities to purchase additional multifamily buildings. The organizations cited several tenant concerns raised in recent years, in which certain landlords have been slow to address, if at all. In addition, such bad landlords also appear to engage in various forms of harassment tactics to encourage current tenants paying lower rent levels to move out, in order to move the properties to full market rate rents. These organizations noted that regulated banks should be more responsive in trying to address such tenant concerns in situations where these bad landlords arise and are not acting in good faith. In addition, the organizations stated that regulated banks should improve their internal monitoring efforts to identify and follow up on these bad landlords and not provide new financing to these borrowers until all identified multifamily buildings in distress have been appropriately remediated.

Credit and Community Development Needs and Opportunities

Based on information from the community contacts, bank management, and the demographic and economic data, there are ongoing credit needs in the AA for lines of credit under $100,000 and low dollar loans. Community development needs include financial and business planning for smaller business owners, specifically in the Bronx. Additionally, there is a need for financial education for the youth to teach money management. Lastly, affordable housing remains an urgent credit need within this area, which remains a challenge in light of the high cost of housing and rents in general.

SCOPE OF EVALUATION – NEW YORK

Examiners conducted a full-scope review of Signature's performance in its New York AA. Refer to the overall Scope of Evaluation section for the institution for additional detail.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW YORK

LENDING TEST

Signature demonstrated adequate performance under the Lending Test within this AA. The bank's adequate performance in the Geographic Distribution, Borrowers' Profile, and Community Development Lending criteria primarily supports this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to the AA credit needs, based primarily upon Signature's market rank among all lenders reporting small business loans. According to the 2020 aggregate CRA data, the bank ranked fourteenth by number of small business loans out of 414 reporting lenders inside this AA. As for multifamily lending, the 2020 aggregate HMDA data shows that Signature ranked third by number of loans out of 106 reporting lenders inside this AA.

During the evaluation period, Signature, including its affiliates, originated and purchased 10,360 loans totaling $7.3 billion within this AA. In addition, Signature extended over $2.2 billion in community development loans in this area, which primarily supported affordable housing.

Geographic Distribution

The geographic distribution of Signature's lending activity reflects adequate penetration throughout this AA. Examiners based this conclusion primarily on the bank's small business lending performance in the low- and moderate-income census tracts.

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout this AA based primarily on its performance in the low- and moderate-income tracts. The following table details the distribution of small business loans by tract income level.

Geographic Distribution of Small Business Loans Assessment Area: New York						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2019	6.1	6.5	65	7.2	19,297	9.5
2020	6.2	6.0	316	6.7	59,111	6.8
2021	6.8	--	218	5.5	42,052	5.9
Moderate						
2019	17.8	17.6	190	21.2	44,589	22.0
2020	17.8	17.1	496	10.6	105,718	12.1
2021	18.8	--	476	12.0	94,441	13.2
Middle						
2019	30.5	29.8	200	22.3	58,526	28.9
2020	29.6	30.1	1,169	24.9	215,544	24.7
2021	30.2	--	991	24.9	185,195	25.8
Upper						
2019	43.8	44.4	428	47.7	75,494	37.3
2020	44.6	45.0	2,527	53.8	449,132	51.4
2021	42.7	--	2,166	54.4	370,096	51.6
Not Available						
2019	1.8	1.7	14	1.6	4,526	2.2
2020	1.8	1.8	193	4.1	43,826	5.0
2021	1.6	--	128	3.2	24,989	3.5
Totals						
2019	**100.0**	**100.0**	**897**	**100.0**	**202,432**	**100.0**
2020	**100.0**	**100.0**	**4,701**	**100.0**	**873,331**	**100.0**
2021	**100.0**	**--**	**3,979**	**100.0**	**716,773**	**100.0**
Source: 2015 ACS Census; 2019, 2020, and 2021 Bank Data, 2019 and 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.						

According to the table above, the bank's percentage of small business loans within the low-income census tracts in 2019 and 2020 exceeded both the demographic data and the aggregate level. In 2021, the bank's lending in the low-income tracts decreased by number and as a percentage of total loans, and was below the demographic comparison. Overall, Signature's distribution of small business loans in the low-income tracts is adequate.

The bank's percentage of small business loans within the moderate-income census tracts in 2019 exceeded both the demographic data and aggregate level. In 2020, Signature increased its number of loans in the moderate-income tracts; however, the lending in those tracts decreased as a percentage of total loans and was lower than both the demographic comparison and aggregate performance. In 2021, Signature's number of loans in the moderate-income tracts decreased compared to the prior year; however, the lending as a percentage of total loans nonetheless increased, although the percentage remained below the demographic comparison. Overall, the bank's distribution of small business loans in the moderate-income tracts is adequate.

Multifamily Loans

The geographic distribution of multifamily loans reflects excellent penetration throughout the AA. The following table details the geographic distribution of multifamily loans by tract income level.

Geographic Distribution of Multifamily Loans
Assessment Area: New York

Tract Income Level	% of Multifamily Housing Units	Aggregate Performance % of #	#	%	$(000s)	%
Low						
2019	18.6	9.3	83	30.2	389,635	23.7
2020	18.6	8.2	43	17.5	212,919	13.0
2021	18.6	--	52	19.8	438,628	19.9
Moderate						
2019	26.6	29.6	107	38.9	553,470	33.7
2020	26.6	28.7	90	36.6	446,124	27.1
2021	26.6	--	87	33.2	668,363	30.4
Middle						
2019	19.4	36.0	42	15.3	367,305	22.4
2020	19.4	37.2	46	18.7	229,297	14.0
2021	19.4	--	57	21.8	671,894	30.5
Upper						
2019	35.0	25.1	43	15.6	332,839	20.3
2020	35.0	25.7	67	27.2	755,032	45.9
2021	35.0	--	64	24.4	407,242	18.5
Not Available						
2019	0.4	0.1	0	0.0	0	0.0
2020	0.4	0.1	0	0.0	0	0.0
2021	0.4	--	2	0.8	14,313	0.7
Totals						
2019	**100.0**	**100.0**	**275**	**100.0**	**1,643,249**	**100.0**
2020	**100.0**	**100.0**	**246**	**100.0**	**1,643,372**	**100.0**
2021	**100.0**	**--**	**262**	**100.0**	**2,200,440**	**100.0**

Source: 2015 ACS Census; 2019, 2020, and 2021 Bank Data, 2019 and 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.

According to the table, the bank's percentage of multifamily loans within the low-income census tracts in 2019 substantially exceeded both the demographic comparison and the aggregate performance, and was excellent. In 2020, the bank's percentage of loans in the low-income tracts decreased to a level slightly below the demographic data, but remained well above the aggregate performance level. Since the aggregate data is generally a better indicator of demand, the evaluation gave more weight to this comparison; as a result, the bank's performance in 2020 remained excellent. In 2021, the bank's percentage of lending in the low-income tracts increased and exceeded the demographic data. As a result, the bank's distribution of multifamily loans in the low-income tracts is excellent.

The bank's percentage of multifamily loans within the moderate-income census tracts in 2019 and 2020 significantly exceeded both the demographic data and the aggregate level, and was excellent. Although the bank's lending performance decreased in 2021, the percentage of loans in the moderate-income tracts continued to exceed the demographic comparison. As a result, Signature's distribution of multifamily loans in the moderate-income tracts is excellent.

Borrowers' Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among business customers of different sizes. Examiners focused on the bank's small business lending for this performance criterion, as borrower income data was not available for the multifamily loans.

Small Business Loans

The distribution of borrowers reflects adequate penetration of small business loans among business customers of different sizes. Examiners focused on the percentage of small business loans made to businesses with GARs of $1 million or less by the number of loans, as detailed in the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: New York						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2019	88.1	44.0	138	15.4	35,448	17.5
2020	90.7	34.6	48	1.0	9,686	1.1
2021	91.3	--	104	2.6	26,400	3.7
>$1,000,000						
2019	5.7	--	633	70.6	129,292	63.9
2020	4.4	--	241	5.1	80,422	9.2
2021	3.4	--	254	6.4	66,790	9.3
Revenue Not Available						
2019	6.1	--	126	14.0	37,692	18.6
2020	4.9	--	4,412	93.9	783,223	89.7
2021	5.2	--	3,621	91.0	623,523	87.0
Totals						
2019	**100.0**	**100.0**	**897**	**100.0**	**202,432**	**100.0**
2020	**100.0**	**100.0**	**4,701**	**100.0**	**873,331**	**100.0**
2021	**100.0**	**--**	**3,979**	**100.0**	**716,773**	**100.0**
Source: 2019, 2020, and 2021 D&B Data; 2019, 2020, and 2021 Bank Data; 2019 and 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.						

As shown in the table above, the bank's 2019 small business lending level to businesses with GARs of $1 million or less is lower than both the demographics and the aggregate performance, which is poor. During 2020 and 2021, the bank's lending to businesses with GARs of $1 million or less decreased significantly as a percentage of total loans. However, this decrease related mainly to the skewing effect that Signature's active participation in the SBA's PPP had on the percentages. Specifically, PPP loans composed 92.3 percent of the small business loans during 2020 and 80.2 percent during 2021, none of which had revenue information reported given the program's requirements. This PPP lending skewed the percentage of loans in the Revenue Not Available category significantly higher, and drove down the percentages in the other revenue categories. Due to the limited available revenue data and the skewing effect in 2020 and 2021, examiners could not conduct a meaningful analysis of the distribution of small business loans by gross annual revenue for those two years.

Given the limited available revenue data, examiners evaluated the PPP loans using loan size as a proxy for business size in 2020 and 2021. As an example, the following table reflects the bank's PPP loan distribution for the most recent calendar year of 2021.

Distribution of Reportable PPP Loans by Loan Size (2021) Assessment Area: New York				
Loan Size	**#**	**%**	**$**	**%**
< $100,000	1,721	54.0	72,627	14.0
$100,000 - $249,999	805	25.2	126,640	24.3
$250,000 - $1,000,000	664	20.8	320,745	61.7
Total	**3,190**	**100.0**	**520,012**	**100.0**
Source: Bank Data				

As shown in the table above, the majority of PPP loans were made in amounts of $100,000 or less, indicating that the bank is helping to serve the needs of smaller businesses in the AA. Although not presented, the distribution of the bank's PPP lending by loan size for 2020 was similar to 2021.

Overall, Signature's performance under this factor is adequate given the unique performance context regarding PPP loans and the greater emphasis placed upon the bank's lending activity during the more recent years of 2020 and 2021.

Community Development Loans

Signature made an adequate level of community development loans in its New York AA. The bank originated 552 community development loans totaling approximately $2.3 billion in the AA. This represents 91.4 percent by number and 93.9 percent by dollar volume of Signature's total bank-wide community development lending activity. The bank made three community development loans totaling $10.7 million outside its New York AA, but nearby within New York State. Examiners gave the bank credit for these loans in the New York AA since Signature has been responsive to the area's community development needs. The bank's community development lending primarily focused on addressing the affordable housing needs of the AA, as well as helping to revitalize and stabilize low- and moderate- income neighborhoods by providing financing for commercial and retail buildings within those areas.

Since the prior CRA evaluation, the total dollar amount of community development loans decreased by 42.5 percent in this AA. Management attributed the decrease in lending to more tenant-friendly legislations in New York, which it claims negatively influenced investor interest for multifamily properties. Historically, multifamily lending is the primary vehicle through which Signature addresses affordable housing needs in the AA. Nonetheless, given Signature's substantial increase in total assets and total loans since the prior evaluation, at 149.8 percent and 76.7 percent, respectively, it had the financial resources available to pursue additional community development lending opportunities.

The following table illustrates the bank's community development activity by year and purpose.

Community Development Loans Assessment Area: New York										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2019	19	63,558	0	0	0	0	9	33,275	**28**	**96,833**
2020	141	557,222	1	7,500	0	0	117	360,528	**259**	**925,250**
2021	151	632,787	3	14,100	0	0	76	339,065	**230**	**985,952**
2022 year to date	29	239,080	0	0	0	0	6	17,197	**35**	**256,277**
Total	**340**	**1,492,647**	**4**	**21,600**	**0**	**0**	**208**	**750,065**	**552**	**2,264,312**
Source: Bank Records										

The following are examples of Signature's community development loans in this AA.

- In 2020 and 2021, the bank made 155 PPP loans totaling $308.8 million that qualified as community development loans. These loans were not reportable as small business loans and were not presented in the Lending Test analyses. These PPP loans helped to revitalize or stabilize primarily low- and moderate-income areas by retaining jobs, businesses, and residents during the COVID pandemic.

- In 2021, the bank originated a $6.7 million loan to finance a commercial building in a low-income census tract in Bronx County, New York. This commercial building is used as a shopping mall with three retail spaces. This loan helps revitalize and stabilize the area by providing a source of low- and moderate-income jobs, which in turn attracts and retains residents.

- From 2019 to 2022, the bank originated 340 loans secured by multifamily properties totaling approximately $1.5 billion throughout the New York AA. These bank loans helped support affordable housing, as a majority of the unit rents are below HUD's fair market rent levels.

INVESTMENT TEST

Signature demonstrated adequate performance under the Investment Test within this AA. The bank's adequate performance in the Investment and Grant Activity criterion primarily supports this conclusion.

Investment and Grant Activity

Signature has an adequate level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors in the New York AA.

During the evaluation period, Signature had 26 qualified community development investments totaling $250.4 million in the New York AA. This represents 63.4 percent of the bank's total qualified community development investments by number and 69.4 percent by dollar amount. The bank's performance by dollar volume increased by $16.8 million, or 7.2 percent, in this AA compared to the prior evaluation. However, this represents a modest increase in investment activity given the substantial increase in the bank's total assets of 149.8 percent and its total securities of 143.3 percent. Notably, Signature's level of qualified investments and grants as a percentage of total assets and securities within its New York AA declined compared to the prior evaluation, despite the increased qualified investment dollars in this area. Although the pandemic affected the availability of LIHTC investments in this area, Signature, with its significant increases in total assets and securities, could have pursued other qualified investment opportunities, including those that are not LIHTC-related, to maintain a higher performance level under this rating criteria.

Signature also made grants and donations totaling $2.3 million to local community groups and organizations that support community development initiatives throughout the AA and the broader statewide area.

The following table illustrates the bank's qualified investments.

Qualified Investments, Donations, and Grants Assessment Area: New York										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	14	79,357	0	0	0	0	0	0	**14**	**79,357**
2019	2	45,638	0	0	0	0	1	10,000	**3**	**55,638**
2020	2	19,657	0	0	2	1,685	0	0	**4**	**21,342**
2021	3	67,367	0	0	1	150	0	0	**4**	**67,517**
2022 year to date	1	26,516	0	0	0	0	0	0	**1**	**26,516**
Subtotal	**22**	**238,535**	**0**	**0**	**3**	**1,835**	**1**	**10,000**	**26**	**250,370**
Qualified Grants & Donations	56	169	184	1,198	68	940	0	0	**308**	**2,307**
Total	**78**	**238,704**	**184**	**1,198**	**71**	**2,775**	**1**	**10,000**	**334**	**252,677**
Source: Bank Records										

The following are examples of the bank's qualified investments within the New York AA.

- Signature maintains 14 LIHTCs from the prior evaluation period totaling $79.4 million, which continue to support low-income housing in the New York AA.

- In 2021, the bank made a $45.3 million investment in a LIHTC to rehabilitate an apartment complex located within a moderate-income census tract in Nassau County. This investment funded the rehabilitation of a 204-unit property that provides affordable housing. All residents are Section 8 individuals and families making from 40.0 percent to 80.0 percent of the area's median family income. Notably, the bank made seven additional LIHTC investments during the evaluation period totaling $113.8 million for other similar housing facilities that supported affordable housing.

- In 2019, the bank made a $10 million investment in a Community Development Financial Institution (CDFI) Real Estate Investment Trust (REIT), which invests in properties within this AA. The REIT holds interests in properties that provide affordable housing in low- and moderate-income areas in Bronx, Kings, and Westchester Counties.

- In 2020, the bank renewed a Certificate of Deposit (CD) with Savoy Bank totaling $245,000. Savoy Bank is a certified CDFI located in New York, New York, that serves the bank's AA. In 2021, the bank also renewed a CD with Spring Bank totaling $150,000. Spring Bank is a certified CDFI located in Bronx, New York, that serves the bank's AA. The Treasury Department certified the CDFIs as having a primary mission of addressing economic development needs.

The following are examples of the bank's grants and donations within the New York AA.

- In 2019, Signature provided $193,000 in grants to Public Heath Solutions, a non-profit organization that addresses the social service needs of primarily low- and moderate-income individuals and families.

- In 2019, Signature provided a $10,000 grant to the New York State Association for Affordable Housing, a non-profit organization whose mission is to provide affordable housing to low- and moderate-income New Yorkers.

- In 2020, the bank made a $750,000 grant to the NYC Small Business Emergency Grant Program. These grants support economic development in this AA.

Responsiveness to Credit and Community Development Needs

Signature exhibits adequate responsiveness to credit and community economic needs in this AA. A significant majority of the qualified investments related to LIHTCs. LIHTC investments are responsive to the affordable housing needs of the low-income areas within the New York AA, as they provide incentives for using private equity in developing affordable housing aimed at low-income households.

Community Development Initiatives

Signature makes significant use of complex investments to support community development initiatives. The majority of Signature's qualified investments consist of LIHTCs, which are complex investments.

SERVICE TEST

Signature demonstrated good performance under the Service Test within this AA. The bank's performance in the Community Development Services criterion primarily supports this conclusion.

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to essentially all portions of its New York AA. Examiners focused on accessibility within low- and moderate-income census tracts for this performance criterion.

The following table illustrates the distribution of the bank's branches and ATMs by geography income level.

Branch and ATM Distribution by Geography Income Level Assessment Area: New York								
Tract Income Level	**Census Tracts**		**Population**		**Branches**		**ATMs**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	309	10.3	1,506,755	12.3	2	6.9	1	8.3
Moderate	692	23.1	3,087,011	25.2	1	3.5	0	0.0
Middle	1,033	34.5	4,030,264	32.9	4	13.8	4	33.3
Upper	882	29.4	3,589,263	29.3	19	65.5	7	58.4
NA	81	2.7	36,750	0.3	3	10.3	0	0.0
Total	**2,997**	**100.0**	**12,250,043**	**100.0**	**29**	**100.0**	**12**	**100.0**

Source: 2015 ACS Data; Bank Data

Signature operates at least one full-service branch within each county of this AA. As shown in the table above, the bank maintains two branches in low-income census tracts and one branch in a moderate-income census tract. This distribution compares unfavorably to the demographic data; however, Signature maintains several branches within middle- and upper-income census tracts that are readily accessible to bank customers residing in numerous other low- and moderate-income census tracts. Specifically, seven branches, or 30.4 percent of Signature's total branches in this AA, are located in middle- or upper-income census tracts that are immediately adjacent to low- and moderate-income tracts. Furthermore, the majority of branches throughout this AA are accessible via low-cost public transportation, which increases accessibility to all residents and businesses in the New York AA, including low- and moderate-income residents and smaller businesses. Given this information, the bank's branches reasonably serve the AA's low- and moderate-income census tracts.

Signature operates 12 ATMs, all onsite at various branches. As shown in the table above, one ATM is located within a low-income census tract and none are located within moderate-income census tracts. This compares unfavorably to the demographic data. However, Signature maintains several ATMs within middle- and upper-income census tracts that are readily accessible to bank customers residing in numerous other low- and moderate-income census tracts. Specifically, four ATMs, or 36.3 percent of Signature's total ATMs in this AA, are located in middle- or upper-income census tracts that are immediately adjacent to low- and moderate-income tracts. Overall, the accessibility of ATMs is similar to that noted for the branches.

In addition to ATMs, the bank offers other alternative delivery systems to enhance customer access to its services. Refer to the Service Test section for the overall institution for details regarding the alternative systems that Signature offers on a bank-wide basis for all of its AAs.

Changes in Branch Locations

To the extent changes have been made, the bank's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

Since the prior evaluation, the bank did not open or close any branches. However, Signature relocated four branches in this AA. The relocation of a branch office in Brooklyn, Kings County, improved access to services in a low income area, as the bank relocated the branch from an upper-income census tract to a low-income tract. The other three branch office relocations did not have any material effect on the accessibility of delivery systems.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences portions of the New York AA, particularly low- and moderate-income geographies and/or individuals. Signature's branches are generally open from 8:00 am to 4:00 pm, Monday through Friday, with the exception of one branch located in a low-income census tract in Bronx County, which is open until 3:00 pm. However, the primary clients of this branch are wholesale food service firms that conduct their business transactions in the early morning hours. Furthermore, this branch is located in a primarily industrial area with very few non-commercial clients. Given these performance context factors, the shorter business hours for this low-income branch are reasonable.

Additional virtual services are also available in this AA, including online banking, mobile banking, and digital banking via Signet. Remote deposit capture is also available for commercial customers to carry out banking transactions remotely. Overall, branch services are convenient and consistent with other financial institutions in the AA.

Community Development Services

Signature provided a relatively high level of community development services in this AA. During the evaluation period, bank employees engaged in 84 instances of community service activities in this AA, with most focused on community service and economic development. This represents a decrease from the 110 instances provided during the prior evaluation period. However, examiners noted that the COVID pandemic adversely affected community development service opportunities due to the cancellations necessitated by the government's lockdown as well as other mitigation measures in response to the pandemic. For example, the pandemic led to the cancellation of three First Time Investor Program (FTIP) classes. The FTIP is a bank-developed program that provides training to low- and moderate-income persons related to investment topics such as stocks, bonds, mutual funds, IRAs, and insurance. Each FTIP class consists of seven weekly sessions that are taught by employees from various departments of the bank.

The following table summarizes the bank's community development services by year and purpose.

Community Development Services Assessment Area: New York					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	**#**	**#**	**#**	**#**
2019	0	15	5	1	21
2020	0	18	6	1	25
2021	0	26	5	1	32
2022 year to date	0	3	2	1	6
Total	**0**	**62**	**18**	**4**	**84**
Source: Bank Records					

The following illustrates some examples of the bank's community development services:

- Bank employees conducted eight classes of the FTIP. This financial literacy course provides training to low- and moderate-income participants related to investment topics.

- In ten instances, a bank employee provided financial literacy presentations to middle school and high school students in Bronx, New York. The presentations covered various topics such as banking, budgeting, credit and debt management, taxes, and savings. The students are primarily low- and moderate-income individuals, as a majority of the students at each school qualify for free or reduced-price meals under the U.S. Department of Agriculture's National School Lunch Program.

- A bank officer serves as vice president of a health care center servicing Bronx, Kings, and New York Counties. The health care center provides medical services for free or at a reduced rate to low- and moderate-income patients not covered by health insurance.

- A bank employee served on the Board for an economic development corporation in Westchester County. The organization encourages economic growth and the creation of new jobs and economic opportunities within the area.

CALIFORNIA

CRA RATING FOR CALIFORNIA: SATISFACTORY

The Lending Test is rated: Low Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CALIFORNIA

Signature maintains the following three AAs in the state of California:

- San Francisco-Oakland-Berkeley MSA (San Francisco) - this AA includes all of Alameda, Contra Costa, Marin, San Francisco, and San Mateo Counties. These counties entirely compose the San Francisco-Oakland-Hayward, CA MSA #41860.

- Los Angeles-Long Beach-Anaheim MSA (Los Angeles) - this AA includes all of Los Angeles and Orange Counties. These counties compose a significant portion of the Los Angeles-Long Beach-Anaheim, CA MSA #31080. This AA is new since the prior evaluation.

- Riverside-San Bernardino-Ontario MSA (Riverside) - this AA includes all of Riverside and San Bernardino Counties. These counties entirely compose the Riverside-San Bernardino-Ontario, CA MSA #40140. This AA is new since the prior evaluation.

The bank maintains five of its branch offices in California, representing 13.5 percent of its total branches. Four of the branch offices are new since the prior evaluation, including the Newport Beach (Los Angeles AA), Ontario (Riverside AA), and Woodland Hills (Los Angeles AA) offices, which the bank opened in 2020, and the Beverly Hills office, which it opened in 2021 (Los Angeles AA). According to the June 30, 2021 FDIC Summary of Deposits data, about 10.0 percent of Signature's total deposits are located in California, which include 9.7 percent in the San Francisco AA, 0.2 percent in the Los Angeles AA, and 0.03 percent in the Riverside AA. The bank also extended a material volume of its total small business lending in California, particularly within the Los Angeles and San Francisco AAs, at 6.8 percent and 4.0 percent, respectively.

SCOPE OF EVALUATION – CALIFORNIA

Examiners conducted a full-scope review of Signature's performance in its San Francisco and Los Angeles AAs, and a limited-scope review of its Riverside AA. In addition, based upon Signature's branching, deposits, and lending activity, examiners placed more emphasis on the bank's performance within the San Francisco and Los Angeles AAs. For the San Francisco AA, examiners reviewed small business loan data for 2019, 2020, and 2021. For the Los Angeles and Riverside AAs, examiners reviewed only the 2020 and 2021 small business loan data, as the bank did maintain these AAs in 2019. Refer to the overall Scope of Evaluation section for the institution for additional detail.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CALIFORNIA

LENDING TEST

Signature demonstrated adequate performance under the Lending Test within the state of California. The bank's adequate performance in the Lending Activity, Borrowers' Profile, and Community Development Lending criteria primarily supports this conclusion. Signature's performance was consistent for the assessment areas within the rated area.

Refer to the Lending Test section for each of Signature's AAs within the state of California for a detailed analysis within each area.

Lending Activity

Lending levels reflect an adequate responsiveness to assessment area credit needs. Examiners based this conclusion on the bank's market rank among all lenders reporting small business loans.

Geographic Distribution

Signature's geographic distribution of loans reflects a good penetration throughout the assessment areas. The bank's performance was consistent for the AAs in the rated area. Examiners assigned the rating based upon the bank's small business lending performance within its San Francisco and Los Angeles AAs, given its higher concentration of loans.

Borrowers' Profile

The distribution of borrowers reflects, given the product lines offered by the institution, an adequate penetration among business customers of different size. The bank's performance was consistent for the AAs in the rated area. Examiners assigned the rating based upon the bank's small business lending performance within its San Francisco and Los Angeles AAs, given its higher concentration of loans.

Community Development Loans

Signature made an adequate level of community development loans in the state of California. The bank had 26 community development loans totaling $58.8 million throughout the AAs. The bank's community development performance differed in the AAs in the rated area. Specifically, the bank performance was stronger in its San Francisco AA compared to its Los Angeles and Riverside AAs.

INVESTMENT TEST

The Investment Test performance is adequate in California. Signature's adequate level in the Investment and Grant Activity criterion primarily supports this rating. The bank's performance differed for the AAs with the rated area. Specifically, the bank had adequate performance in its San

Francisco and Los Angeles AAs, while its performance in its Riverside AA was below the performance in the full-scope AAs in California.

Refer to the Investment Test section for each of Signature's AAs within the state of California for a detailed analysis within each area.

Investment and Grant Activity

Signature has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The bank had 34 qualified investments totaling $69.5 million throughout the AAs. The bank's qualified investments and grants largely support affordable housing.

Responsiveness to Credit and Community Development Needs

Signature exhibits adequate responsiveness to credit and community economic needs in California. Most of the new investments involved expenditures for LIHTC funds. LIHTC investments are responsive to the affordable housing needs of the low-income areas within California. LIHTCs provide incentives for using private equity in developing affordable housing aimed at low-income households.

Community Development Initiatives

Signature makes significant use of complex investments to support community development initiatives. The majority of Signature's qualified investments consist of LIHTCs, which are complex investments.

SERVICE TEST

The Service Test performance is adequate in California. Signature's adequate performance under the Community Development Services criterion primarily supports this rating. Signature's performance was consistent for the AAs within the rated area.

Refer to the Service Test section for each of Signature's AAs within the state of California for a detailed analysis within each area.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the bank's AAs, including low- and moderate-income areas. The conclusions regarding the branch distribution and alternative delivery systems for the California rated area are consistent with the institution overall. However, some differences exist in the accessibility of delivery systems between the AAs in the rated area, which are noted at the assessment area level. Examiners placed the greatest weight on Signature's performance in its San Francisco AA, since the bank has been in operation in this area since 2018. Examiners gave less weight to the Los Angeles AA, as the bank newly entered that market since the prior evaluation and has a limited historical presence comparatively. The Riverside AA performance also received little weight in the conclusions given the bank's new and limited operational presence in that area.

Changes in Branch Locations

To the extent changes have been made, the bank's opening and closing of branches has generally not adversely affected the accessibility of delivery systems, particularly in low- and moderate-income census tracts within the state of California.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the AAs, particularly low- and moderate-income census tracts or individuals.

Community Development Services

Signature provided an adequate level of community development services. The bank provided 14 community development services in the California rated area during the evaluation period.

SAN FRANCISCO-OAKLAND-BERKLEY, CA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SAN FRANCISCO-OAKLAND-BERKLEY, CA MSA ASSESSMENT AREA

This AA is situated entirely within California and includes Alameda and Contra Costa Counties in the Oakland-Berkley-Livermore, CA MD #36084; San Francisco and San Mateo Counties in the San Francisco-San Mateo-Redwood City, CA MD #41884; and Marin County in the San Rafael, CA MD #42034. These counties compose the entirety of the San Francisco-Oakland-Berkeley, CA MSA #41860 (San Francisco).

The bank maintains one branch office in this AA, representing 2.7 percent of its total branches. According to the June 30, 2021 FDIC Summary of Deposits data, 9.7 percent of Signature’s total deposits are located in this area. The bank also extended 4.0 percent of its total small business loans by number in the San Francisco AA.

<u>Economic and Demographic Data</u>

The AA is composed of 980 census tracts, including 116 low-, 208 moderate-, 300 middle-, and 339 upper-income census tracts, as well as 17 tracts with no income designation (NA-income). The following table notes the demographic information for this AA.

Demographic Information Assessment Area: San Francisco						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	980	11.8	21.2	30.6	34.6	1.7
Population by Geography	4,528,894	11.2	21.6	33.1	33.6	0.5
Businesses by Geography	493,756	11.4	17.2	29.1	41.5	0.8
Median Family Income: MD 36084 Oakland-Berkley-Livermore, CA MD		$93,822	Median Housing Value Median Gross Rent Families Below Poverty Level			$648,815 $1,526 7.4%
Median Family Income: MD 41884 San Francisco-San Mateo-Redwood City, CA MD		$103,742				
Median Family Income: MD 42034 San Rafael, CA MD		$121,130				
Source: 2015 ACS and 2021 D&B Data; (*) the NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.						

The analysis of small business loans under the Borrowers’ Profile criterion analyzes the distribution of the bank’s small business loans by the gross annual revenue (GAR) of the business for each year. According to 2021 D&B data, there were 493,756 business establishments in the AA. Listed below are the GARs for these businesses:

- 88.7 percent have GARs of $1 million or less;
- 4.3 percent have GARs more than $1 million; and
- 7.0 percent have unknown revenues.

According to Moody's Analytics, the AA's unparalleled technology industry continues to drive the overall economy of the San Francisco Bay and surrounding areas. Employment in high-wage professional, scientific, and technical services are a significant component to the local economies. The high quality of the workforce and a culture for entrepreneurship have attracted technology start-ups and continued expansions that make the San Francisco metropolitan area a global leader as a technology hub. This has historically resulted in ongoing demand for business infrastructure and office space that drives increasing rents, as well as a need to build new office space. Developers have historically constructed new office buildings as allowed per local municipal permit approvals, which faces ongoing challenges due to land constraints and regulatory limits. Despite the COVID pandemic, the tech industry suffered little to no job losses, as most employees telecommuted. Nonetheless, the area's overall economy still maintains less than half of the jobs lost in 2020 due to the pandemic, particularly within the leisure, hospitality, tourism, and retail industries that adversely impacted the local economy. Despite a loosening of the pandemic controls over the summer, the uptick in leisure and hospitality jobs has been weak, and the public sector continues to shed jobs. In addition, business travel remains largely muted, as a full return to office space has been limited to date in light of the ongoing pandemic concerns and governmental controls.

Overall, the high business costs, which include the rising office rents and the highest wages in the nation, also work to drive up housing costs to the highest in the nation. In addition, home sales have been soaring at record highs as low interest rates have stoked demand, which further spikes home values and reduces housing affordability. As a result, these very high living and business costs pose ongoing challenges for the local economy, particularly the non-tech industries, which contributes to net population losses, as primarily non-tech employees and businesses seek out lower cost areas to live and relocate businesses. In addition, as population losses continue, it acts to hamper consumer spending within the local economies.

The unemployment rate for the San Francisco-Oakland-Berkeley, CA MSA is at 4.5 percent as of December 2021, which is much lower than the state level of 6.5 percent, but higher than the national level of 3.9 percent. This reflects growing economic strength relative to the state in general, particularly within San Francisco and the surrounding areas that remain the world's tech capital. However, as described above, significantly rising business costs and wages has acted to slow job growth in general throughout this metro area. This led to a net overall out-migration of population, as employers and their jobs seek to relocate to lower cost areas. As a result, the low unemployment rate masks some weakness in the local economies.

The top employers in the AA include: University of California, San Francisco; University of California; Western Digital; Chevron Corp.; Saleforce.com Inc.; Wells Fargo; Kaiser Permanente; Lawrence Livermore National Laboratory; and Lawrence Berkeley National Laboratory. The largest employers are located in the counties of San Francisco, San Mateo, Alameda, and Contra Costa. These counties also compose the more densely populated areas of the AA, with much larger local economies than Marin County.

Competition

There is strong competition for small business loans within the bank's San Francisco AA. In 2020, 301 lenders reported 169,165 total small business loans. The top ten lenders, which are predominantly large national credit card banks, accounted for 75.1 percent of small business loans.

The AA is also a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2021, 68 financial institutions operated 949 offices within the bank's AA. Of these institutions, Signature ranked eleventh with a 1.5 percent deposit market share. The five most prominent institutions with the highest deposit market shares accounted for 75.6 percent of total market share. These entities are mainly large, multi-billion dollar depository institutions that serve a much larger multi-regional or multi-state area in addition to this AA.

Community Contact

Examiners contacted a local economic development organization to identify the area's credit and community development needs. The contact identified the need for access to capital to keep ethnic and very small businesses operating in a sustainable way. These business owners need lower dollar amount lines of credit, such as amounts under $100,000. In addition, housing is an essential and urgent community need; however, very high housing costs acts as an impediment to affordable housing, with an average home price of over $1 million. As a result, there is a need for finding ways to remove barriers to first-time home ownership and improving the affordability of housing in the area. Furthermore, the documentation for eligibility for first-time homebuyers is daunting, and finding ways to streamline and facilitate the process and requirements is a need in this AA.

Credit and Community Development Needs and Opportunities

Based on information from the community contact, bank management, and the demographic and economic data, there are ongoing credit needs in the AA for small business financing and affordable housing.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SAN FRANCISCO-OAKLAND-BERKLEY, CA MSA ASSESSMENT AREA

LENDING TEST

Signature demonstrated adequate performance under the Lending Test within this AA. The bank's adequate performance in the Lending Activity, Borrowers' Profile, and Community Development Lending criteria primarily supports this conclusion.

Lending Activity

Lending levels reflect an adequate responsiveness to the AA credit needs, based primarily upon Signature's market rank among all lenders reporting small business loans. According to the 2020 aggregate CRA data, the bank ranked 53rd by number of small business loans out of 301 reporting lenders inside this AA.

Geographic Distribution

The geographic distribution of loans reflects a good penetration throughout this AA. Examiners based this conclusion primarily on the bank's performance in the low- and moderate-income census tracts.

Small Business Loans

The following table details the distribution of small business loans by tract income level.

Geographic Distribution of Small Business Loans Assessment Area: San Francisco						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2019	11.1	10.0	12	14.6	2,819	9.7
2020	11.4	10.7	33	17.2	11,590	18.8
2021	11.4	--	25	14.5	9,345	16.3
Moderate						
2019	16.9	17.9	9	11.0	3,342	11.5
2020	17.0	17.3	32	16.7	12,943	21.0
2021	17.2	--	34	19.7	14,261	24.9
Middle						
2019	29.2	30.9	27	32.9	13,003	44.9
2020	29.1	30.4	33	17.2	13,167	21.4
2021	29.1	--	34	19.7	14,248	24.9
Upper						
2019	41.9	40.6	34	41.5	9,794	33.8
2020	41.7	40.9	94	49.0	23,817	38.7
2021	41.5	--	78	45.1	18,968	33.2
Not Available						
2019	0.8	0.7	0	0.0	0	0.0
2020	0.8	0.6	0	0.0	0	0.0
2021	0.8	--	2	1.2	380	0.7
Totals						
2019	**100.0**	**100.0**	**82**	**100.0**	**28,958**	**100.0**
2020	**100.0**	**100.0**	**192**	**100.0**	**61,517**	**100.0**
2021	**100.0**	**--**	**173**	**100.0**	**57,202**	**100.0**
Source: 2015 ACS Census; 2019, 2020, and 2021 Bank Data, 2019 and 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.						

According to the table, the bank's percentage of small business loans within the low-income census tracts in 2019 and 2020 exceeded the demographic data and the aggregate level, which is good. In 2021, the bank's lending level decreased slightly, but still exceeded the demographic comparison. As a result, Signature's distribution of small business loans in the low-income tracts is good.

The bank's percentage of small business loans within the moderate-income census tracts in 2019 was lower than both the demographic data and the aggregate level. However, in 2020, Signature's lending level increased notably and nearly equaled the demographics and aggregate level. In addition, in 2021, the bank's lending level further increased and exceeded the demographic comparison. As a result, the bank's distribution of small business loans in the moderate-income tracts is good.

Borrowers' Profile

The distribution of borrowers reflects, given the product lines offered by the institution, an adequate penetration among business customers of different sizes.

Small Business Loans

Examiners focused on the percentage of small business loans made to businesses with GARs of $1 million or less by the number of loans, as detailed in the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: San Francisco						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2019	87.3	52.0	2	2.4	130	0.4
2020	87.5	42.8	1	0.5	50	0.1
2021	88.7	--	2	1.2	210	0.4
>$1,000,000						
2019	5.2	--	30	36.6	11,322	39.1
2020	5.0	--	32	16.7	11,934	19.4
2021	4.3	--	37	15.6	10,054	17.6
Revenue Not Available						
2019	7.4	--	50	61.0	17,506	60.5
2020	7.5	--	159	82.8	49,533	80.5
2021	7.0	--	144	83.2	46,938	82.1
Totals						
2019	**100.0**	**100.0**	**82**	**100.0**	**28,958**	**100.0**
2020	**100.0**	**100.0**	**192**	**100.0**	**61,517**	**100.0**
2021	**100.0**	--	**173**	**100.0**	**57,202**	**100.0**
Source: 2019, 2020, and 2021 D&B Data; 2019, 2020, and 2021 Bank Data; 2019 and 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.						

As shown in the table above, the bank's percentage of small business loans to businesses with GARs of $1 million or less is significantly lower than both the demographics and the aggregate performance during 2019, which is poor. The bank's lending to businesses with GARs of $1 million or less decreased as a percentage of total loans in 2020, and remained very low in 2021. However, this decrease related mainly to the skewing effect that Signature's active participation in the SBA's PPP had on the percentages. Specifically, PPP loans composed 59.4 percent of the small business loans during 2020 and 51.4 percent during 2021, none of which had revenue information reported given the program's requirements. This PPP lending skewed the percentage of loans in the Revenue Not Available category significantly higher, and drove down the percentages in the other revenue categories. Due to the limited available revenue data and the skewing effect in 2020 and 2021, examiners could not conduct a meaningful analysis of the distribution of small business loans by gross annual revenue for those two years.

Given the limited available revenue data for the PPP loans, examiners evaluated these loans using loan size as a proxy for business size in 2020 and 2021. As an example, the following table reflects the bank's PPP loan distribution for the most recent calendar year of 2021.

Distribution of Reportable PPP Loans by Loan Size (2021) **Assessment Area: San Francisco**				
Loan Size	**#**	**%**	**$**	**%**
< $100,000	27	30.3	1,167	5.2
$100,000 - $249,999	27	30.3	4,783	21.4
$250,000 - $1,000,000	35	39.4	16,354	73.4
Total	**89**	**100.0**	**22,304**	**100.0**
Source: Bank Data				

As shown in the table above, Signature extended 30.3 percent of its PPP loans in amounts of $100,000 or less, indicating that the bank is helping to serve the needs of small businesses in the AA. Although not presented, the distribution of the bank's PPP lending by loan size for 2020 was similar to 2021.

In addition to the PPP loans, a notable portion of the bank's small business loans included purchases of the SBA guaranteed portions of SBA loans. For example, in 2021, SBA purchases composed 25.4 percent of total small business loans in this AA. Similar to the PPP loans, these purchased loans do not include revenue data, which further skews the percentage of loans in the Revenue Not Available category higher. Unlike the PPP loans, examiners could not analyze these purchased loans using loan size as a proxy for business size, as the loan amounts represent only a portion of the overall loan amount. Furthermore, although the purchased loans represent financing to businesses that must meet the SBA's small business size standards based on annual receipts or number of employees, examiners could not draw any conclusions about the loan distribution based on business size due to the lack of revenue data.

Overall, Signature's performance under this factor is adequate given the unique performance context regarding PPP loans and the purchased SBA loans.

<u>Community Development Loans</u>

Signature made a relatively high level of community development loans in this AA. The bank originated 19 community development loans totaling $39.5 million in the AA. The bank's community development loans focused on supporting community services and the revitalization and stabilization of low- and moderate-income areas.

The following table illustrates the bank's community development activity by year and purpose.

Community Development Loans Assessment Area: San Francisco										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2020	0	0	0	0	0	0	11	24,531	**11**	**24,531**
2021	0	0	2	6,500	0	0	5	6,988	**7**	**13,488**
2022 year to date	0	0	1	1,500	0	0	0	0	**1**	**1,500**
Total	**0**	**0**	**3**	**8,000**	**0**	**0**	**16**	**31,519**	**19**	**39,519**
Source: Bank Records										

The following are examples of Signature's community development loans in this AA.

- In 2020 and 2021, the bank made 16 PPP loans totaling $31.5 million that qualified as community development loans. These loans were not reportable as small business loans and were not considered under the Geographic Distribution or Borrowers' Profile analyses. These PPP loans helped to revitalize or stabilize primarily low- and moderate-income areas by retaining jobs, businesses, and residents during the COVID pandemic.

- In 2021 and 2022, the bank renewed a working capital line of credit for $1.5 million each year to a non-profit organization. This non-profit is located in a low-income census tract and focuses on providing services for homeless and low-income individuals. These credit lines helped support community services within the area.

INVESTMENT TEST

Signature demonstrated adequate performance under the Investment Test within this AA. The bank's adequate performance in the Investment and Grant Activity criterion primarily supports this conclusion.

Investment and Grant Activity

Signature has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

During the evaluation period, Signature had two qualified community development investments totaling $10.8 million in the San Francisco AA. This represents 4.9 percent of total qualified community development investments by number and 3.0 percent by dollar amount. The bank also extended grants and donations totaling $380,000 to local community groups and organizations that support community development initiatives throughout the AA. Given the bank's more limited branch presence and lending activity in this area relative to Signature's total activity and its primary New York AA in particular, its level of investment activity in this AA is adequate.

The following table illustrates the bank's qualified investments.

Qualified Investments, Donations, and Grants Assessment Area: San Francisco										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	0	0	0	0	0	0	0	0	**0**	**0**
2019	1	9,441	0	0	0	0	0	0	**1**	**9,441**
2020	0	0	0	0	1	1,395	0	0	**1**	**1,395**
2021	0	0	0	0	0	0	0	0	**0**	**0**
Subtotal	**1**	**9,441**	**0**	**0**	**1**	**1,395**	**0**	**0**	**2**	**10,836**
Qualified Grants & Donations	4	20	9	36	9	324	0	0	**22**	**380**
Total	**5**	**9,461**	**9**	**36**	**10**	**1,719**	**0**	**0**	**24**	**11,216**
Source: Bank Records										

The following are examples of the bank's qualified investments within the San Francisco AA, including grants and donations.

- Signature's most notable qualified investment within the San Francisco AA is a LIHTC, which totaled $9.4 million. This investment supports affordable housing in this AA, as it was for the rehabilitation of apartment buildings with 100.0 percent affordable housing units.

- In 2020, the bank donated $255,000 to an organization that offers online financing and entrepreneurship guidance to minority- and women-owned small businesses in the AA.

- In 2021, the bank donated $50,000 to a non-profit organization whose mission is to provide economic development opportunities for African-American, Indigenous, and People of Color businesses within this AA.

<u>Responsiveness to Credit and Community Development Needs</u>

Signature exhibits adequate responsiveness to credit and community economic development needs in the San Francisco AA. The bank supported affordable housing initiatives in the AA, which a community contact identified as a need in the area.

<u>Community Development Initiatives</u>

Signature makes occasional use of complex investments to support community development initiatives within the San Francisco AA. Specifically, the bank's LIHTC investment is complex and supports affordable housing.

SERVICE TEST

Signature demonstrated adequate performance under the Service Test within this AA. The bank's adequate performance in the Community Development Services criterion primarily supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the San Francisco AA.

The bank maintains one branch office in an upper-income census tract, with no branches in low- or moderate-income census tracts. However, the branch is in close proximity to seven low-income census tracts located nearby in downtown San Francisco, which are all within a 0.1 mile distance or less and within walking distance. Furthermore, there is also low cost public bus and metro rail service available that serve the entire city of San Francisco and surrounding areas.

The bank has one ATM in this AA, which is onsite at its branch. Notably, bank customers are refunded any ATM fees assessed at all foreign ATMs, which helps to provide access to their funds at no cost at any ATM within the AA. There are also no fees for bank customers at the bank-owned ATM. According to bank management, the branch serves primarily commercial clients and has minimal consumer activity in this area. If commercial customers require cash, they obtain it during business hours via an appointment with bank staff. As a result, there is limited need for ATM and after-hours access to cash.

In addition to the ATM, the bank offers other alternative delivery systems to enhance customer access to its services. Refer to the Service Test section for the overall institution for details regarding the alternative systems that Signature offers on a bank-wide basis for all of its AAs.

Changes in Branch Locations

Signature did not open or close any offices in this AA since the prior evaluation.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences portions of the AA, particularly low- and moderate-income geographies and/or individuals. The bank's sole branch in this AA is open from 8:30 am to 4:30 pm Monday through Friday. Additional virtual services are available within this AA, including online banking, mobile banking, and digital banking via Signet. Remote deposit capture is also available for commercial customers to carry out banking transactions remotely. Overall, branch services are convenient and consistent with other financial institutions in the AA.

Community Development Services

Signature provides an adequate level of community development services within its San Francisco AA. During the review period, the bank provided six community development services within this

AA. This represents an increase from the one instance provided during the prior evaluation period. Listed below are the bank's community development services for the evaluation period.

- Starting in 2020, an officer of the bank served annually on the Board of a Community Development Financial Institution that promotes economic development and job creation for small businesses in San Francisco.

- Beginning in 2020, an officer of the bank served annually on the Board and Loan Committee of a homeless shelter in San Francisco. The homeless shelter provides temporary and permanent housing for low- and moderate-income individuals within the assessment area.

LOS ANGELES-LONG BEACH-ANAHEIM, CA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN LOS ANGELES-LONG BEACH-ANAHEIM, CA MSA ASSESSMENT AREA

This AA is situated entirely within California and includes Los Angeles County, which composes the Los Angeles-Long Beach-Glendale, CA MD #31084, and Orange County, which composes the Anaheim-Santa Ana-Irvine, CA MD #11244. These areas form the Los Angeles-Long Beach-Anaheim, CA MSA #31080.

Signature operates three branch offices in this AA, representing 8.1 percent of its total branches. The bank opened each of the branches since the prior evaluation, including Beverly Hills (January 2021), Newport Beach (July 2020), and Woodland Hills (July 2020). According to the June 30, 2021 FDIC Summary of Deposits data, 0.2 percent of Signature's total deposits are located in this area. The bank also extended 6.8 percent of its total small business lending by number in the Los Angeles AA.

Economic and Demographic Data

The AA is composed of 2,929 census tracts, including 266 low-, 821 moderate-, 760 middle-, and 1,028 upper-income census tracts, as well as 54 tracts with no income designation (NA-income). The following table notes the demographic information for this AA.

Demographic Information Assessment Area: Los Angeles						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	2,929	9.1	28.0	26.0	35.1	1.8
Population by Geography	13,154,457	8.6	28.9	26.9	35.0	0.6
Businesses by Geography	1,535,471	4.9	19.3	24.7	49.3	1.8
Median Family Income: MD 11244 Anaheim-Santa Ana-Irvine, CA MD Median Family Income: MD 31084 Los Angeles-Long Beach-Glendale, CA MD		$86,003 $62,703	Median Housing Value Median Gross Rent Families Below Poverty Level			$515,607 $1,353 13.0%
Source: 2015 ACS Census and 2021 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.						

The analysis of small business loans under the Borrowers' Profile criterion analyzes the distribution of the bank's small business loans by the gross annual revenue (GAR) of the business for each year. According to 2021 D&B data, there were 1,535,471 business establishments in the AA. Listed below are the GARs for these businesses:

- 90.6 percent have GARs of $1 million or less;
- 3.8 percent have GARs more than $1 million; and
- 5.6 percent have unknown revenues.

According to Moody's Analytics, the overall metro area's economy has shown some improvement since the onset of the COVID pandemic, though there remain many challenges, particularly within Los Angeles County despite its global links to entertainment, tourism, and fashion. Though job growth within Los Angeles County has increased throughout 2021, more than half of the job losses due to the pandemic remain unrecovered, with the unemployment rate still about twice its pre-pandemic level. The leisure, hospitality, and healthcare industries have largely driven the job growth to date. Los Angeles also continues to be a major healthcare hub, which helps to stabilize the overall economy, as healthcare payrolls are near pre-pandemic levels. Home sales also continue to soar, further driving up home values, which makes housing in Los Angeles even less affordable and one of the least affordable markets in the nation, which has contributed to ongoing population outmigration to lower cost areas. The rise in telecommuting in response to the pandemic has also contributed to population loss. Overall, the high business costs and weak population trends act to impede the economic recovery within the Los Angeles County portion of the AA.

Within the Orange County portion of the AA in Southern California, the economy is much stronger, largely due to a notable uptick in a return of tourism and reopening of businesses as COVID policies have loosened more in this area over the summer. However, business travel remains weak and well below pre-pandemic levels, which provides some economic headwinds. In general, Orange County retains a highly trained, well-educated workforce, as the area maintains an outsized high-wage tech industry that helps to stabilize the local economy. High-tech employment suffered only minor losses at the start of the pandemic and has already expanded beyond it previous peak. The strength of the high-tech industry is driven by an abundant supply of venture capital and the general entrepreneurial culture in Southern California. Many research and development clusters also underpin healthy demand for office space. Nonetheless, there is an abundance of low-wage jobs in this area, within the leisure, tourism, and retail sectors, which further exacerbate the low housing affordability in the area in light of the very high housing costs relative to the nation. The ongoing and growing lack of housing affordability, particularly for low- and moderate-income residents, remains an economic challenge, and does lead to some outmigration to lower cost areas elsewhere, which adversely impacts the local economy.

The unemployment rate for the Los Angeles-Long Beach-Anaheim, CA MSA is at 5.6 percent as of December 2021, which is lower than the state level of 6.5 percent, though much higher than the national level of 3.9 percent, and reflects the ongoing local economic challenges relative to the nation in general, particularly within the Los Angeles County portion of the AA.

The top employers in the AA include: Disney Resorts; University of California, Irvine; St. Joseph Health; Cedars-Sinai Medical Center; Los Angeles International Airport; VXI Global Solutions; The Walt Disney Co.; Northrop Grumman Corp.; and Kaiser Permanente.

Competition

There is strong competition for small business loans within the bank's Los Angeles AA. In 2020, 380 lenders reported 527,164 small business loans. The top ten lenders accounted for 77.3 percent of total loans. Most all of the top lenders are large national credit card banks or very large multi-billion dollar regional banks.

The AA is also a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2021, 116 financial institutions operated 2,225 offices within the bank's AA. Of these institutions, Signature ranked 89th with a 0.03 percent deposit market share. The five most prominent institutions with the highest deposit market shares accounted for 59.0 percent of total market share. These entities are mainly large, multi-billion dollar depository institutions that serve a much larger multi-regional or multi-state area in addition to this AA.

Community Contact

Examiners contacted a local economic development organization to identify the area's credit and community development needs. This organization seeks to attract and retain businesses, and provide workforce development and housing. It also works to help immigrant families navigate the school system and works to provide education to the unbanked members of the community.

The contact identified the high cost of housing and the limited availability of affordable housing as urgent community needs. In addition, the contact stated that retaining the workforce is a challenge facing this AA, as college graduates tend to leave the area due to housing shortages, high median housing prices of over $1 million, and childcare shortages. The contact noted a need for technical assistance and financial planning for smaller businesses. The contact also indicted that access to lower dollar lines of credit would help to retain small businesses and keep them in operation, especially in the times of the COVID pandemic.

Credit and Community Development Needs and Opportunities

Based on information from bank management, the community contact, and demographic and economic data, there are ongoing credit needs in the AA for small business financing and affordable housing.

CONCLUSIONS ON PERFORMANCE CRITERIA IN LOS ANGELES-LONG BEACH-ANAHEIM, CA MSA ASSESSMENT AREA

LENDING TEST

Signature demonstrated adequate performance under the Lending Test within this AA. The bank's adequate performance in the Lending Activity, Borrowers' Profile, and Community Development Lending criteria primarily supports this conclusion.

Lending Activity

Lending levels reflect adequate responsiveness to the AA credit needs, based primarily upon Signature's market rank among all lenders reporting small business loans. According to the 2020 aggregate CRA data, the bank ranked eightieth by number of small business loans out of 380 reporting lenders inside this AA. Signature had adequate market rankings for its small business loans in this AA considering the short time in which the bank has maintained operations in this area.

Geographic Distribution

The geographic distribution of Signature's small business lending activity reflects a good penetration throughout this AA. Examiners based this conclusion primarily on the bank's performance in the low- and moderate-income census tracts.

Small Business Loans

The following table details the distribution of small business loans by tract income level.

Geographic Distribution of Small Business Loans Assessment Area: Los Angeles						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2020	4.8	5.2	11	4.8	5,319	7.0
2021	4.9	--	30	9.6	12,067	12.9
Moderate						
2020	19.1	19.4	42	18.3	15,570	20.6
2021	19.3	--	67	21.5	24,505	26.2
Middle						
2020	24.8	25.2	83	36.1	30,898	40.8
2021	24.7	--	83	26.7	26,381	28.2
Upper						
2020	49.3	48.6	83	36.1	19,856	26.2
2021	49.3	--	125	40.2	29,715	31.8
Not Available						
2020	1.9	1.7	11	4.8	4,089	5.4
2021	1.9	--	6	1.9	889	1.0
Totals						
2020	**100.0**	**100.0**	**230**	**100.0**	**75,732**	**100.0**
2021	**100.0**	**--**	**311**	**100.0**	**93,557**	**100.0**
Source: 2015 ACS Census; 2020 and 2021 Bank Data, 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.						

According to the table, the bank's percentage of small business loans within the low-income census tracts in 2020 was generally consistent with the demographic data and the aggregate level. In 2021, the bank's lending performance increased and exceeded the demographic comparison. As a result, Signature's distribution of small business loans in the low-income tracts is good.

In 2020, the bank's percentage of lending in the moderate-income tracts was similar to both the demographics and the aggregate level. In 2021, the bank's lending level increased and exceeded the demographic comparison. As a result, Signature's distribution of small business loans in the moderate-income tracts is good.

Borrowers' Profile

The distribution of borrowers reflects, given the product lines offered by the institution, an adequate penetration among business customers of different sizes.

Small Business Loans

Examiners focused on the percentage of small business loans made to businesses with GARs of $1 million or less by the number of loans, as detailed in the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category
Assessment Area: Los Angeles

Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	$(000s)	%
<=$1,000,000						
2020	89.3	41.7	1	0.4	1,000	1.3
2021	90.6	--	15	4.8	1,945	2.1
>$1,000,000						
2020	4.6	--	28	12.2	11,642	15.4
2021	3.8	--	45	14.5	14,037	15.0
Revenue Not Available						
2020	6.1	--	201	87.4	63,090	83.3
2021	5.6	--	251	80.7	77,575	82.9
Totals						
2020	**100.0**	**100.0**	**230**	**100.0**	**75,732**	**100.0**
2021	**100.0**	--	**311**	**100.0**	**93,557**	**100.0**

Source: 2020 and 2021 D&B Data; 2020 and 2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.

As shown in the table above, the bank's percentage of lending to businesses with GARs of $1 million or less was well below demographics and the aggregate performance in 2020. Although the bank's lending to businesses with GARs of $1 million or less increased in 2021, the percentage of loans to businesses in this revenue category remained low compared to demographics. However, the bank's low percentage of lending in the GARs of $1 million or less category is due, in part, to the skewing effect that Signature's active participation in the SBA's PPP had on the percentages. Specifically, PPP loans composed 17.0 percent of the small business loans during 2020 and 28.3 percent during 2021, none of which had revenue information reported given the program's requirements. This PPP lending skewed the percentage of loans in the Revenue Not Available category higher, and drove down the percentages in the other revenue categories. Due to the limited available revenue data and the skewing effect in 2020 and 2021, examiners could not conduct a meaningful analysis of the distribution of small business loans by gross annual revenue for those two years.

Given the limited available revenue data for the PPP loans, examiners evaluated these loans using loan size as a proxy for business size in 2020 and 2021. As an example, the following table reflects the bank's PPP loan distribution for the most recent calendar year of 2021.

Distribution of Reportable PPP Loans by Loan Size (2021) Assessment Area: Los Angeles				
Loan Size	**#**	**%**	**$**	**%**
< $100,000	58	65.9	1,884	14.1
$100,000 - $249,999	10	11.3	1,724	12.9
$250,000 - $1,000,000	20	22.8	9,777	73.0
Total	**88**	**100.0**	**13,385**	**100.0**
Source: Bank Data				

As shown in the table above, Signature extended 65.9 percent of its PPP loans in amounts of $100,000 or less, indicating that the bank is helping to serve the needs of small businesses in the AA. Although not presented, the distribution of the bank's PPP lending by loan size for 2020 was similar to 2021.

In addition to the PPP loans, a notable portion of the bank's small business loans included purchases of the SBA guaranteed portions of SBA loans. For example, in 2021, SBA purchases composed 40.5 percent of total small business loans in this AA. Similar to the PPP loans, these purchased loans do not include revenue data, which further skews the percentage of loans in the Revenue Not Available category higher. Unlike the PPP loans, examiners could not analyze these purchased loans using loan size as a proxy for business size, as the loan amounts represent only a portion of the overall loan amount. Furthermore, although the purchased loans represent financing to businesses that must meet the SBA's small business size standards based on annual receipts or number of employees, examiners could not draw any conclusions about the loan distribution based on business size due to the lack of revenue data.

Overall, Signature's performance under this factor is adequate given the unique performance context regarding PPP loans and the purchased SBA loans.

<u>Community Development Loans</u>

Signature made an adequate level of community development loans in this AA considering its recent entry to this area since the prior evaluation. The bank originated four community development loans totaling $12.1 million in the AA.

Signature's community development loans in this AA include the following:

- In 2021, the bank made three PPP loans totaling $5.1 million that qualified as community development loans. These loans were not reportable as small business loans and were not presented in the Lending Test analyses. These PPP loans helped to revitalize or stabilize primarily low- and moderate-income areas by retaining jobs, businesses, and residents during the COVID pandemic.

- In 2021, the bank originated a $7 million loan to a non-profit organization located in a low-income census tract. The organization focuses on providing social services and permanent housing for low-income individuals. With this loan, the bank helped support community services to low- or moderate-income individuals.

INVESTMENT TEST

Signature demonstrated adequate performance under the Investment Test within this AA. The bank's adequate performance in the Investment and Grant Activity criterion primarily supports this conclusion.

Investment and Grant Activity

Signature has an adequate level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors in the Los Angeles AA.

During the evaluation period, Signature had four qualified community development investments totaling $58.3 million in the Los Angeles AA. Specifically, Signature made four LIHTC investments since the prior evaluation to support affordable housing throughout the Los Angeles AA. These investments represent 9.8 percent of total qualified community development investments by number and 7.9 percent by dollar amount. The bank also made grants and donations totaling $22,884 to local community groups and organizations that support community development initiatives throughout the AA.

Responsiveness to Credit and Community Development Needs

Signature exhibits adequate responsiveness to credit and community economic needs in the Los Angeles AA. The bank's qualified investments supported affordable housing initiatives in the AA.

Community Development Initiatives

Signature makes significant use of complex investments to support community development initiatives within the Los Angeles AA. The bank's qualified investments consist of LIHTCs, which are complex investments that support affordable housing.

SERVICE TEST

Signature demonstrated adequate performance under the Service Test within this AA. The bank's adequate performance in the Community Development Services criterion primarily supports this conclusion.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to limited portions of its Los Angeles AA. Examiners focused primarily on accessibility within low- and moderate-income census tracts for this performance criterion.

The following table illustrates the distribution of the bank's branches by geography income level.

Branch and ATM Distribution by Geography Income Level Assessment Area: Los Angeles								
Tract Income Level	**Census Tracts**		**Population**		**Branches**		**ATMs**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	266	9.1	1,129,265	8.6	0	0.0	0	0.0
Moderate	821	28.0	3,805,376	28.9	0	0.0	0	0.0
Middle	760	26.0	3,538,411	26.9	0	0.0	0	0.0
Upper	1,028	35.1	4,604,135	35.0	3	100.0	0	0.0
NA	54	1.8	77,271	0.6	0	0.0	0	0.0
Total	**2,929**	**100.0**	**13,154,457**	**100.0**	**3**	**100.0**	**0**	**0.0**
Source: 2015 ACS Data; Bank Data								

The bank maintains no branches within a low- and moderate-income census tract in the Los Angeles AA, which is far below the percentage of census tracts and population within low- and moderate-income census tracts throughout the AA. Additionally, none of the branches are in close proximity to any of the area's low- and moderate-income census tracts.

Regarding alternative delivery systems, the bank does not operate any ATMs within this AA. However, bank customers are refunded any ATM fees assessed at foreign ATMs, which helps to provide access to their funds at no cost at any ATM throughout the area. According to bank management, the branch serves primarily commercial clients and has minimal consumer activity. If commercial customers require cash, they obtain it during business hours from the teller line. As a result, there is limited need for ATM and after-hours access to cash.

Although Signature maintains no ATMs in this area, the bank offers other alternative delivery systems, including several virtual options, as well as remote deposit capture for commercial customers, which do help to improve accessibility to bank products and services. Refer to the Service Test section for the overall institution for details regarding the alternative systems that Signature offers on a bank-wide basis for all of its AAs.

Changes in Branch Locations

The bank's record of opening and closing branch offices has generally not adversely affected the accessibility of its delivery systems. As noted previously, the bank opened three offices in this AA since the prior evaluation, all of which are located in upper-income geographies in Newport Beach, Beverly Hills, and Woodland Hills. Signature did not close any offices in this AA.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences portions of the AA, particularly low- and moderate-income geographies, and/or individuals.

The bank's three branches in this AA are limited-service only, as traditional teller services are not available. Rather, in line with Signature's mission and business focus, it seeks to primarily serve commercial customers and provides personal one-on-one attention and customer service through meeting by appointment only via its local Private Client Groups (PCG). Full-service deposit and loan products and services are available and offered to business customers through each PCG. Additional virtual services are available within this AA, including online banking, mobile banking, and digital banking via Signet. Remote deposit capture is also available for its commercial customers to carry out its banking needs remotely. This availability model and structure, including its virtual services, is convenient for businesses in the area.

Community Development Services

Signature provides an adequate level of community development services within its Los Angeles AA, particularly in light of the bank's new and relatively limited operational presence in this AA. During the review period, the bank provided six community development services within this AA, which is indicative of its willingness to provide community development services in the newly established AA. The following are the bank's community development services for the evaluation period.

- Beginning in 2020, a bank officer served annually on the Board of a community service organization that provides legal and other social services to low-income veterans.

- Starting in 2020, a bank officer served annually on the Board of an organization that provides community services to low-income disabled individuals, including affordable housing assistance, vocational training, and financial literacy courses.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

Riverside-San Bernardino-Ontario, CA MSA Assessment Area

LENDING TEST

The institution's Lending Test performance in this AA is consistent with the performance in the full-scope AAs in California. While examiners considered this performance, it did not materially affect the overall conclusion for the state of California. For 2020 and 2021, Signature originated 168 small business loans totaling approximately $59.9 million in this AA. Signature's community development lending performance in this AA is consistent with its performance in the state of California. During the review period, the bank originated three community development loans totaling $7.2 million within this AA.

Geographic Distribution and Borrowers' Profile

The following tables summarize the bank's small business lending performance under the Geographic Distribution and Borrowers' Profile criteria of the Lending Test.

Geographic Distribution of Small Business Loans Assessment Area: Riverside						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2020	4.3	3.8	9	13.6	2,710	10.9
2021	4.2	--	8	7.8	2,501	7.1
Moderate						
2020	25.0	25.1	22	33.3	8,137	32.8
2021	24.8	--	26	25.5	11,417	32.5
Middle						
2020	34.5	34.3	27	40.9	10,110	40.8
2021	34.5	--	38	37.3	12,816	36.5
Upper						
2020	36.1	36.7	8	12.1	3,844	15.5
2021	36.4	--	29	28.4	8,324	23.7
Not Available						
2020	0.1	0.1	0	0.0	0	0.0
2021	0.1	--	1	1.0	80	0.2
Totals						
2020	**100.0**	**100.0**	**66**	**100.0**	**24,801**	**100.0**
2021	**100.0**	**--**	**102**	**100.0**	**35,138**	**100.0**

Source: 2020 and 2021 D&B Data; 2020 and 2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Riverside						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2020	87.9	39.3	4	6.1	1,145	4.6
2021	89.3	--	6	5.9	944	2.7
>$1,000,000						
2020	4.1	--	19	28.8	6,854	27.6
2021	3.5	--	21	20.6	7,033	20.0
Revenue Not Available						
2020	8.1	--	43	65.2	16,802	67.7
2021	7.3	--	75	73.5	27,161	77.3
Totals						
2020	**100.0**	**100.0**	**66**	**100.0**	**24,801**	**100.0**
2021	**100.0**	--	**102**	**100.0**	**35,138**	**100.0**
Source: 2020 and 2021 D&B Data; 2020 and 2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.						

INVESTMENT TEST

Signature’s Investment Test performance in this AA is below the bank’s performance in the full-scope AAs in California. While the performance was considered, it does not change the conclusions for the state. During the review period, there were no qualified investments or grants in this AA.

SERVICE TEST

Signature’s Service Test performance in this AA is consistent with its performance in the full-scope AAs within California. While the performance was considered, it does not change the conclusions for the state. Products, services, and business hours are similar to those offered within the full-scope AAs. Employees provided two community development services to various qualified community development organizations in this AA.

CONNECTICUT

CRA RATING FOR CONNECTICUT: <u>NEEDS TO IMPROVE</u>

The Lending Test is rated: <u>Low Satisfactory</u>
The Investment Test is rated: <u>Needs to Improve</u>
The Service Test is rated: <u>Low Satisfactory</u>

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CONNECTICUT

This AA includes all of Fairfield County, Connecticut, which entirely makes up the Bridgeport-Stamford-Norwalk, Connecticut MSA #14860. This AA is contiguous to the bank's New York AA, which is immediately to its west.

The bank maintains one branch office in this AA, representing 2.7 percent of its total branch office network. According to the June 30, 2021 FDIC Summary of Deposits report, 1.7 percent of Signature's total deposits are located in this area. The bank extended a very low volume of its total lending in the Connecticut AA, including 0.1 percent of its multifamily loans by number and 1.0 percent of its small business loans by number.

<u>Economic and Demographic Data</u>

The AA is composed of 211 census tracts, including 31 low-, 40 moderate-, 57 middle-, and 81 upper-income census tracts, as well as 2 tracts with no income designation (NA-income). The following table notes the demographic information for this AA.

Demographic Information Assessment Area: Connecticut						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	211	14.7	19.0	27.0	38.4	0.9
Population by Geography	939,983	12.6	20.6	29.9	36.8	0.1
Businesses by Geography	162,607	11.2	18.0	28.3	42.5	0.0
Median Family Income: MSA 14890 Bridgeport-Stamford-Norwalk, CT MSA		$105,628	Median Housing Value Median Gross Rent Families Below Poverty Level			$489,561 $1,414 6.4%
Source: 2015 ACS and 2021 D&B Data; (*) the NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.						

The analysis of small business loans under the Borrowers' Profile criterion analyzes the distribution of the bank's small business loans by the gross annual revenue (GAR) of the business for each year. According to 2021 D&B data, there were 162,607 business establishments in the AA. Listed below are the GARs for these businesses:

- 90.5 percent have GARs of $1 million or less;
- 3.3 percent have GARs more than $1 million; and
- 6.3 percent have unknown revenues.

According to Moody's Analytics, the area's close proximity to New York City, which is the global financial center, results in an outsized financial services sector within the local economy, particularly driven by hedge funds. As a result, this metro area maintains the largest local share of securities employment across the nation. Nonetheless, although equity markets have performed well, payroll growth has been muted within the financial services industry.

Overall, the local economy has been steadily adding payrolls, though at a slow pace, particularly in leisure and hospitality, with health services adding some support, while financial services and retail are dragging growth. Furthermore, the metro area has recovered less than two-thirds of jobs lost at the height of the COVID pandemic, placing it below the state and national averages, indicating ongoing economic struggles. The area continues to maintain very high living and business costs, as well as weak population and migration trends, which pose further economic challenges. The housing market has remained strong, with year-over-year price growth soaring more than 20.0 percent as of July 2021, though this further exacerbates the very high cost of living.

The unemployment rate for the Bridgeport-Stamford-Norwalk, CT MSA is at 4.5 percent as of December 2021, which is lower than the state level of 5.8 percent, but higher than the national level of 3.9 percent, and reflects the ongoing local economic challenges relative to the nation in general.

The top employers in the AA include: Sikorsky Aircraft Corp.; ASML US Inc.; Ceci Brothers Inc.; Deloitte; Dooney & Burke; Dorel Sports; Gartner Inc.; Greenwich Hospital; IQVIA; and Norwalk Hospital.

Competition

There is strong competition for small business loans within the bank's Connecticut AA. In 2020, 212 lenders reported 39,774 total small business loans. The top ten lenders, which are predominantly large national credit card banks, accounted for 70.0 percent of small business loans.

The AA is also a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2021, 28 financial institutions operated 333 offices within the bank's AA. Of these institutions, Signature ranked twelfth with a 2.3 percent deposit market share. The five most prominent institutions with the highest deposit market shares accounted for 70.0 percent of total market share. These entities are mainly large, multi-billion dollar depository institutions that serve a much larger multi-regional or multi-state area in addition to this AA.

Credit and Community Development Needs and Opportunities

Based on information from bank management, and demographic and economic data, examiners determined that small business financing remains an existing credit need in the area.

SCOPE OF EVALUATION – CONNECTICUT

Examiners conducted a full-scope review of Signature's performance in its Connecticut AA. To evaluate the bank's Lending Test performance, examiners considered its small business and multifamily loans for 2019, 2020, and 2021. However, because the bank made just one multifamily loan in this AA since the prior evaluation, examiners could not draw any meaningful conclusions regarding this product line. As a result, examiners did not present multifamily lending throughout the Lending Test for this AA. Refer to the overall Scope of Evaluation section for the institution for additional detail.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CONNECTICUT

LENDING TEST

Signature demonstrated adequate performance under the Lending Test within this AA. The bank's adequate performance in the Lending Activity, Borrowers' Profile, and Community Development Lending criteria primarily supports this conclusion.

Lending Activity

Lending levels reflect an adequate responsiveness to the AA credit needs, based primarily upon Signature's market rank among all lenders reporting small business loans. According to the 2020 aggregate CRA data, the bank ranked 53rd by number of small business loans out of 212 reporting lenders inside this AA.

Geographic Distribution

The geographic distribution of Signature's lending activity reflects an adequate penetration throughout this AA. Examiners based this conclusion primarily on the bank's small business lending performance in the low- and moderate-income census tracts.

Small Business Loans

The following table details the distribution of small business loans by tract income level.

Geographic Distribution of Small Business Loans Assessment Area: Connecticut						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2019	9.8	9.5	4	20.0	1,327	24.4
2020	10.8	9.7	4	8.3	2,195	17.1
2021	11.2	--	3	7.7	582	5.6
Moderate						
2019	16.9	16.4	2	10.0	1,110	20.4
2020	17.8	15.6	7	14.6	1,197	9.3
2021	18.0	--	9	23.1	2,580	24.7
Middle						
2019	29.3	30.4	7	35.0	2,061	37.9
2020	28.5	31.0	17	35.4	5,192	40.5
2021	28.3	--	8	20.5	3,863	37.0
Upper						
2019	44.0	43.8	7	35.0	937	17.2
2020	43.0	43.8	20	41.7	4,222	33.0
2021	42.5	--	19	48.7	3,410	32.7
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	--	0	0.0	0	0.0
Totals						
2019	**100.0**	**100.0**	**20**	**100.0**	**5,435**	**100.0**
2020	**100.0**	**100.0**	**48**	**100.0**	**12,806**	**100.0**
2021	**100.0**	**--**	**39**	**100.0**	**10,435**	**100.0**
Source: 2015 ACS Census; 2019, 2020, and 2021 Bank Data, 2019 and 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.						

According to the table, the bank’s percentage of small business loans within the low-income census tracts in 2019 far exceeded the demographic data and the aggregate level. In 2020, the bank’s percentage of lending in the low-income tracts decreased significantly and was lower than the demographics, but generally consistent with the aggregate level. Since the aggregate data is generally a better indicator of demand, the evaluation gave more weight to this comparison. In 2021, the bank’s lending performance decreased slightly and remained below the demographic comparison. Despite the declining percentage of loans in the low-income tracts, the bank’s overall distribution of small business loans in those tracts is adequate.

The bank's percentage of small business loans within the moderate-income census tracts in 2019 was much lower than both the demographic data and the aggregate level. In 2020, the bank's lending in the moderate-income tracts increased as a percentage of total loans, and although still below the demographic comparison, was generally consistent with the aggregate level. Since the aggregate data is generally a better indicator of demand, the evaluation gave more weight to this comparison. In 2021, the bank's lending level increased and exceeded the demographic data. Overall, the bank's distribution of small business loans in the moderate-income tracts is adequate.

<u>Borrowers' Profile</u>

The distribution of borrowers reflects, given the product lines offered by the institution, an adequate penetration among business customers of different sizes.

<u>Small Business Loans</u>

Examiners focused on the percentage of small business loans made to businesses with GARs of $1 million or less by the number of loans, as detailed in the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category
Assessment Area: Connecticut

Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	$(000s)	%
<=$1,000,000						
2019	88.8	46.9	1	5.0	89	1.6
2020	90.7	40.0	3	6.3	1,211	9.5
2021	90.5	--	3	7.7	153	1.5
>$1,000,000						
2019	4.9	--	8	40.0	2,474	45.5
2020	3.9	--	8	16.7	4,281	33.4
2021	3.3	--	5	12.8	2,604	25.0
Revenue Not Available						
2019	6.3	--	11	55.0	2,872	52.8
2020	5.4	--	37	77.1	7,314	57.1
2021	6.2	--	31	79.5	7,678	73.6
Totals						
2019	**100.0**	**100.0**	**20**	**100.0**	**5,435**	**100.0**
2020	**100.0**	**100.0**	**48**	**100.0**	**12,806**	**100.0**
2021	**100.0**	--	**39**	**100.0**	**10,435**	**100.0**

Source: 2019, 2020, and 2021 D&B Data; 2019, 2020, and 2021 Bank Data; 2019 and 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.

As shown in the table above, the bank's percentage of small business loans to businesses with GARs of $1 million or less is significantly lower than both the demographics and the aggregate performance during 2019, which is poor. The bank's lending to businesses with GARs of $1 million or less increased as a percentage of total loans in 2020 and 2021, but remained well below the demographics and aggregate performance, as applicable. Although the bank's lending in each of the years does not compare well to the demographic and aggregate data, the high percentage of loans without revenue data does not permit a meaningful conclusion based on borrower profile. Specifically, PPP loans composed 62.5 percent of the small business loans during 2020 and 56.4 percent during 2021, none of which had revenue information reported given the program's requirements. This PPP lending skewed the percentage of loans in the Revenue Not Available category significantly higher, and generally lowered the percentages in the other revenue categories. Due to the limited available revenue data and the skewing effect in 2020 and 2021, examiners could not conduct a meaningful analysis of the distribution of small business loans by gross annual revenue for those two years

Given the limited available revenue data for the PPP loans, examiners evaluated these loans using loan size as a proxy for business size in 2020 and 2021. As an example, the following table reflects the bank's PPP loan distribution for the most recent calendar year of 2021.

Distribution of Reportable PPP Loans by Loan Size (2021) Assessment Area: Connecticut				
Loan Size	**#**	**%**	**$**	**%**
< $100,000	15	68.2	592	20.1
$100,000 - $249,999	3	13.6	387	13.1
$250,000 - $1,000,000	4	18.2	1,971	66.8
Total	**22**	**100.0**	**2,950**	**100.0**
Source: Bank Data				

As shown in the table above, Signature extended 68.2 percent of its PPP loans in amounts of $100,000 or less, indicating that the bank is helping to serve the needs of smaller businesses in the AA. Although not presented, the distribution of the bank's PPP lending by loan size for 2020 was similar to 2021.

Overall, Signature's performance under this factor is adequate given the unique performance context regarding PPP loans.

<u>Community Development Loans</u>

The bank made an adequate level of community development loans in the Connecticut AA. Signature made two community development loans totaling $14 million in this AA. One loan was for $5.5 million and was secured by a commercial building containing a warehouse and office space. This loan helped revitalize and stabilize the low-income tract where the building is located by providing a source of jobs, which helps attract and retain residents in the area. The other loan was for $8.5 million and was secured by multifamily properties located in a low-income tract. This loan helped support affordable housing, as a majority of the unit rents are below HUD's fair market rent levels. Given the bank's limited branch and lending presence within this area, the bank's community development lending performance is adequate.

INVESTMENT TEST

Signature demonstrated poor performance under the Investment Test within this AA. The bank's poor performance in the Investment and Grant Activity criterion primarily supports this conclusion.

Investment and Grant Activity

Signature had a poor level of qualified community development investments and grants in the Connecticut AA. During the evaluation period, the bank maintained only one prior period investment totaling $160,420, with no new qualified investments. This level of activity represents a significant decrease compared to the prior evaluation, which reported three new LIHTC investments totaling $24.7 million.

Although the bank had no new qualified investments, it made grants and donations totaling $33,000 to local community groups and organizations that support community development initiatives throughout the AA and the broader statewide area. The following are examples of the bank's grants and donations within the Connecticut AA.

- During the review period, the bank donated $13,000 to a non-profit organization that promotes affordable housing and provides financial technical assistance to community-based organizations within the Connecticut AA.

- Since the prior evaluation, the bank donated $14,000 to a non-profit organization that provides income tax assistance services primarily to low- and moderate-income individuals in Fairfield County.

Examiners noted that there were limited opportunities to participate with LIHTC projects within this AA since the prior evaluation due to the COVID pandemic and related government mitigation measures. For example, there was only one LIHTC project funded each year within this area during 2020 and 2021. The limited opportunity to participate with LIHTC investments posed a significant challenge for all entities seeking LIHTC investments, including Signature. In addition, bank management indicated another notable and large LIHTC project in this area continues to be delayed into 2022 due to a shortage of building materials and availability issues with builders and skilled workers. Although the availability of LIHTC investment opportunities declined during the evaluation period, Signature, with its large increase in total assets and securities, could have pursued other qualified investment opportunities, including those that are not LIHTC-related, to maintain a higher performance level under this rating criteria.

Considering the overall lack of new qualified investments made by Signature in this AA since the prior evaluation, its performance under this criteria is poor.

Responsiveness to Credit and Community Development Needs

Signature exhibits poor responsiveness to credit and community economic development needs in the Connecticut AA, as it did not make any new qualified investments and had a limited volume of qualified donations since the prior evaluation.

Community Development Initiatives

Signature did not use innovative and/or complex investments to support community development initiatives within the Connecticut AA.

SERVICE TEST

Signature demonstrated adequate performance under the Service Test within this AA. The bank's adequate performance in the Community Development Services criterion primarily supports this conclusion.

Accessibility of Delivery Systems

Given Signature's single office location and the relatively large geographic area served, delivery systems are accessible to limited portions of the assessment area.

The bank maintains one branch in a middle-income census tract, with no branches located in a low- or moderate-income census tract. Additionally, the census tract where the branch office is located is not nearby any low- and moderate-income tracts inside the assessment area, with the nearest such tracts located about nine miles away in the city of Stamford, Connecticut.

The bank does not have an ATM in this AA; however, bank customers are refunded any ATM fees assessed at foreign ATMs, which helps to provide access to their funds at no cost. According to bank management, the branch serves primarily commercial clients and has minimal consumer activity in this area. If commercial customers require cash, they obtain it during business hours from the teller line. As a result, there is limited need for ATM and after-hours access to cash.

Although Signature has no ATM in this AA, the bank offers other alternative delivery systems. Refer to the Service Test section for the overall institution for details regarding the alternative systems that Signature offers on a bank-wide basis for all of its AAs.

Changes in Branch Locations

Signature did not open or close any branches within the Connecticut AA since the previous evaluation.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences portions of the AA, particularly low- and moderate-income geographies, and/or individuals. The bank's sole branch in this AA is open from 8:30 am to 4:00 pm Monday through Friday. Additional virtual services are available within this AA, including online banking, mobile banking, and digital banking via Signet. Remote deposit capture is also available for commercial customers to carry out banking transactions remotely. Overall, branch services are convenient and consistent with other financial institutions in the AA.

Community Development Services

Signature provides an adequate level of community development services within its Connecticut AA. During the review period, the bank provided 4 community development services in this AA, which represents a decrease from the 13 instances provided during the prior evaluation period. However, examiners considered the adverse effect of the COVID pandemic closures, which reduced opportunities. In light of this performance context issue, Signature's performance in this area is adequate despite the drop from the previous evaluation.

Described below are the bank's community development services for the review period:

- A bank officer served annually on the Board of an organization that promotes economic development and job growth in primarily low- and moderate-income areas of Connecticut.

NORTH CAROLINA

CRA RATING FOR NORTH CAROLINA: <u>NEEDS TO IMPROVE</u>

The Lending Test is rated: <u>Low Satisfactory</u>
The Investment Test is rated: <u>Needs to Improve</u>
The Service Test is rated: <u>Needs to Improve</u>

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NORTH CAROLINA

Signature maintains two assessment areas within the state of North Carolina. Both AAs are new since the prior evaluation, and were established upon the bank's opening of branches in Charlotte and Durham in 2020. Listed below are details regarding the AAs:

- Charlotte-Concord-Gastonia, MSA (Charlotte) - This AA includes all of Mecklenberg County, which composes a portion of the Charlotte-Concord-Gastonia, NC-SC MSA #16740.

- Durham-Chapel Hill MSA (Durham) - This AA includes all of Durham County, which composes a portion of the Durham-Chapel Hill, NC MSA #20500.

The bank maintains two of its branch offices in North Carolina, representing 5.4 percent of its total branches. Both offices are new since the prior evaluation, having opened for business in 2020. According to the June 30, 2021 FDIC Summary of Deposits data, about 0.2 percent of Signature's total deposits are located in North Carolina, which is entirely within the Durham AA. Much of the deposit base in this AA is received from throughout the country and is maintained as part of the bank's servicing of various national business operations. Although the deposits were largely from out-of-state clients, Signature reported these deposits in North Carolina, as they were brought into the bank via newly hired staff from other area lenders that still operate in North Carolina. Overall, the bank extended a low percentage of its total small business lending in North Carolina, with 0.5 percent in its Charlotte AA and 0.1 percent in its Durham AA.

SCOPE OF EVALUATION – NORTH CAROLINA

Examiners conducted a full-scope review of Signature's performance within its Charlotte AA, and a limited-scope review within the Durham AA. Examiners placed the most emphasis on the bank's Charlotte AA in arriving at the overall performance conclusion within North Carolina. Examiners reviewed Signature's 2020 and 2021 small business loans to assess its performance, as the bank had no AA in North Carolina in 2019. Refer to the overall Scope of Evaluation section for the institution for additional detail.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NORTH CAROLINA

LENDING TEST

Signature demonstrated adequate performance under the Lending Test within the state of North Carolina. The bank's adequate performance in the Lending Activity, Borrowers' Profile, and Community Development Lending criteria primarily supports this conclusion. The bank's performance differed for the AAs with the rated area. Specifically, the bank had adequate performance in its Charlotte AA, while its performance in its Durham AA was below the performance in the full-scope AA.

Refer to the Lending Test section for each of Signature's AAs within the state of North Carolina for a detailed analysis within each area.

Lending Activity

Lending levels reflect adequate responsiveness to the credit needs of North Carolina based primarily on the bank's market rank among all lenders reporting small business loans. The bank's lending activity in its Charlotte AA primarily supports this conclusion given its higher concentration of loans.

Geographic Distribution

Signature's geographic distribution of loans reflects good penetration throughout North Carolina. Examiners assigned the rating based primarily upon the bank's small business lending performance within its Charlotte AA given its higher concentration of loans. Signature's performance differed among the AAs within the rated area, as its performance in the Durham AA was below that of the Charlotte AA.

Borrowers' Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among business customers of different size. Examiners assigned the rating based primarily upon the bank's small business lending performance within its Charlotte AA given its higher concentration of loans. Signature's performance differed among the AAs within the rated area, as its performance in the Durham AA was below that of the Charlotte AA.

Community Development Loans

Signature made no community development loans in the state of North Carolina. Signature's performance was consistent among the AAs within the rated area

INVESTMENT TEST

The Investment Test performance is poor in North Carolina. Signature's poor level in the Investment and Grant Activity criterion primarily supports this rating. The bank's performance differed for the AAs with the rated area. Specifically, the bank had poor performance in its Charlotte AA, while its performance in its Durham AA was above the performance in the full-scope AA.

Refer to the Investment Test section for each of Signature's AAs within the state of North Carolina for a detailed analysis within each area.

Investment and Grant Activity

Signature has a poor level of qualified community development investments and grants, and rarely in a leadership position, particularly those that are not routinely provided by private investors. The bank had one qualified investment totaling $8.8 million. The investment related to the Durham AA, and supported affordable housing. The bank had no qualified investments in the Charlotte AA.

Responsiveness to Credit and Community Development Needs

Signature exhibits poor responsiveness to credit and community economic development needs, based primarily upon its poor performance within its Charlotte AA.

Community Development Initiatives

Signature rarely uses innovative and/or complex investments to support community development initiatives. During the evaluation period, the bank had just one complex qualified investment: a LIHTC in the Durham AA.

SERVICE TEST

The Service Test performance is poor in North Carolina. Signature's poor performance under the Community Development Services criterion primarily supports this rating. The bank's performance was consistent for the AAs with the rated area.

Refer to the Service Test section for each of Signature's AAs within the state of North Carolina for a detailed analysis within each area.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the bank's AAs, including low- and moderate-income areas within the state of North Carolina.

Changes in Branch Locations

To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals within the state of North Carolina.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences portions of the AAs throughout the state of North Carolina, particularly low- and moderate-income geographies and/or individuals.

Community Development Services

Signature provided no community development services during the evaluation period within the state of North Carolina. Examiners noted that both AAs in North Carolina were newly established during the review period and that COVID pandemic-related closures had an adverse effect on the ability of bank employees to provide community development services. Nonetheless, given Signature's large financial size and considerable resources, its lack of any community development services activity is poor.

CHARLOTTE-CONCORD-GASTONIA, NC-SC MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHARLOTTE-CONCORD-GASTONIA, NC-SC MSA ASSESSMENT AREA

This AA includes all of Mecklenberg County, North Carolina, which composes a portion of the Charlotte-Concord-Gastonia, NC-SC MSA #16740 (Charlotte).

The bank continues to maintain one branch office in this AA, representing 2.7 percent of its total branches. According to the June 30, 2021 FDIC Summary of Deposits data, Signature reported no deposits in this area. Nonetheless, the bank extended 0.5 percent of its total small business lending by number in this AA.

Economic and Demographic Data

The AA is composed of 233 census tracts, including 29 low-, 50 moderate-, 52 middle-, and 98 upper-income census tracts, as well as 4 tracts with no income designation (NA-income). The following table notes the demographic information for this AA.

Demographic Information Assessment Area: Charlotte						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	233	12.4	21.5	22.3	42.1	1.7
Population by Geography	990,288	10.8	20.8	23.9	44.0	0.5
Businesses by Geography	141,466	8.5	15.5	23.6	51.4	1.0
Median Family Income MSA – 16740 Charlotte-Concord-Gastonia, NC-SC MSA		$64,187	Median Housing Value Median Gross Rent Families Below Poverty Level			$209,125 $963 11.6%
Source: 2015 ACS Census and 2021 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.						

The analysis of small business loans under the Borrowers' Profile criterion analyzes the distribution of the bank's small business loans by the gross annual revenue (GAR) of the business for each year. According to 2021 D&B data, there were 141,466 business establishments in the AA. Listed below are the GARs for these businesses:

- 88.7 percent have GARs of $1 million or less;
- 3.4 percent have GARs more than $1 million; and
- 7.9 percent have unknown revenues.

According to Moody's Analytics, the metro area's economy continues to accelerate, exhibiting payroll growth in general. The job gains have been driven by the construction and finance industries. In particular, the finance industry remains a stalwart to the local economy, with payrolls nearly 3.0 percent higher than their pre-pandemic peak, second among the 25 largest metro areas nationally. Expansion in traditional banking and new fintech firms have reversed consolidation trends, and have set up a more diversified and dynamic industry long term. An increasing tech presence has also helped to attract new workers and business investment. The strengthening economy is fueling house price gains that are twice as fast as at any point since 1980, with single-family permits surging that far exceeds the regional and national averages; though the significant rise in housing values does adversely affect affordability.

Overall, the low living and business costs, highly skilled workforce, and favorable demographic and migration trends help to attract investment and sustain above-average economic growth relative to the nation. The area's population also continues to grow about five times the national rate, and is the third fastest among the top 25 largest metro areas, which further helps to spur a growing local economy.

The unemployment rate for the Charlotte-Concord-Gastonia, NC-SC MSA is at 2.5 percent as of December 2021, which is lower than the state level of 3.7 percent and the national level of 3.9 percent, and reflects local economic strength relative to the nation in general.

The top employers in the AA include: Atrium Health; Wells Fargo & Co.; Walmart; Bank of America Corp.; Novant Health Inc.; American Airlines Group; Lowes Cos. Inc.; Food Lion; Harris Teeter Supermarkets Inc.; and Duke Energy Corp.

Competition

There is strong competition for small business loans within the bank's AA. In 2020, 213 lenders reported 36,407 small business loans. The top ten lenders, most of which were large national credit card banks or multi-billion dollar regional banks, accounted for 70.3 percent of total loans.

The AA is also a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2021, 32 financial institutions operated 237 offices within the bank's AA. Of these institutions, Signature ranked last with no deposits. The five most prominent institutions with the highest deposit market shares accounted for 97.4 percent of total market share, driven predominantly by Bank of America, N.A. at 65.8 percent total market share. These entities are mainly large, multi-billion dollar depository institutions that serve a much larger multi-regional or multi-state area in addition to this AA.

Credit and Community Development Needs and Opportunities

Based on information from bank management, and demographic and economic data, examiners determined that small business financing remains an existing credit need in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CHARLOTTE-CONCORD-GASTONIA, NC-SC MSA ASSESSMENT AREA

LENDING TEST

Signature demonstrated adequate performance under the Lending Test within this AA. The bank's adequate performance in the Lending Activity, Borrowers' Profile, and Community Development Lending criteria primarily supports this conclusion.

Lending Activity

Lending levels reflect an adequate responsiveness to the AA credit needs based primarily upon Signature's market rank among all lenders reporting small business loans. According to the 2020 aggregate CRA data, the bank ranked 69th by number of small business loans out of 213 reporting lenders inside this AA.

Geographic Distribution

The geographic distribution of Signature's lending activity reflects a good penetration throughout this AA. Examiners based this conclusion primarily on the bank's small business lending performance in the low- and moderate-income census tracts.

Small Business Loans

The following table details the distribution of small business loans by tract income level.

Geographic Distribution of Small Business Loans Assessment Area: Charlotte						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2020	8.6	9.1	3	16.7	1,135	21.0
2021	8.5	--	2	15.4	1,295	22.0
Moderate						
2020	15.4	15.0	3	16.7	926	17.1
2021	15.5	--	2	15.4	144	2.4
Middle						
2020	22.0	21.8	3	16.7	340	6.3
2021	23.5	--	0	0.0	0	0.0
Upper						
2020	52.9	53.1	9	50.0	3,009	55.6
2021	51.4	--	8	61.5	3,858	65.5
Not Available						
2020	1.2	1.0	0	0.0	0	0.0
2021	1.0	--	1	7.7	591	10.0
Totals						
2020	**100.0**	**100.0**	**18**	**100.0**	**5,410**	**100.0**
2021	**100.0**	**--**	**13**	**100.0**	**5,888**	**100.0**
Source: 2020 and 2021 D&B Data; 2020 and 2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.						

During 2020 and 2021, the bank's percentage of small business loans in the low-income tracts exceeded the demographic data and the aggregate performance, as applicable. As a result, Signature's distribution of small business loans in the low-income tracts is good.

During 2020, the bank's percentage of small business loans in the moderate-income tracts exceeded both the demographic comparison and aggregate performance. In 2020, the bank's percentage of lending in the moderate-income tracts decreased, but remained consistent with the demographics. As a result, the bank's distribution of small business loans in the moderate-income tracts is good.

Borrowers' Profile

The distribution of borrowers reflects, given the product lines offered by the institution, an adequate penetration among business customers of different sizes.

Small Business Loans

Examiners focused on the percentage of small business loans made to businesses with GARs of $1 million or less by the number of loans, as detailed in the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Charlotte						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2020	87.7	40.6	0	0.0	0	0.0
2021	88.8	--	0	0.0	0	0.0
>$1,000,000						
2020	4.0	--	5	27.8	1,711	31.6
2021	3.4	--	0	0.0	0	0.0
Revenue Not Available						
2020	8.3	--	13	72.2	3,699	68.4
2021	7.9	--	13	100.0	5,888	100.0
Totals						
2020	**100.0**	**100.0**	**18**	**100.0**	**5,410**	**100.0**
2021	**100.0**	**--**	**13**	**100.0**	**5,888**	**100.0**
Source: 2020 and 2021 D&B Data; 2020 and 2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.						

As shown in the table above, the bank made no loans to businesses with GARs of $1 million or less in 2020 and 2021. Although this performance compares poorly to the potential lending opportunity reflected in the demographic and aggregate data, the high percentage of loans without revenue data does not permit a meaningful conclusion. Specifically, a notable portion of the bank's small business loans were purchases of the SBA guaranteed portions of SBA loans. For example, in 2021, SBA purchases composed 69.2 percent of total small business loans in this AA. These purchased loans do not include revenue data, which skews the percentage of loans in the Revenue Not Available category higher. Notably, examiners could not analyze these purchased loans using loan size as a proxy for business size, as the loan amounts represent only a portion of the overall loan. Although the purchased loans represent financing to businesses that must meet the SBA's small business size standards based on annual receipts or number of employees, examiners could not draw any conclusions about the loan distribution based on business size due to the lack of revenue data.

Signature made only a few PPP loans in this AA, which did not provided any additional support to the bank's performance in this area.

Overall, Signature's performance under this factor is adequate given the unique performance context regarding the purchased SBA loans and its limited time in operation in the area.

Community Development Loans

Signature did not have any community development loans in this AA.

INVESTMENT TEST

Signature demonstrated poor performance under the Investment Test within this AA. The bank's poor performance in the Investment and Grant Activity criterion primarily supports this conclusion.

Investment and Grant Activity

During the evaluation period, the bank did not make any community development investments or donations within the Charlotte AA.

Examiners noted that Signature is new to this area since the prior evaluation, as its branch has been in operation since February 10, 2020. Examiners also considered the adverse effect of COVID pandemic closures on the availability of LIHTC projects in this AA since the prior evaluation. Furthermore, with fewer LIHTC projects available, more intense competition resulted among investors seeking to bid and purchase the existing investment opportunities. Nonetheless, in light of Signature's large financial size and considerable resources, its lack of qualified investment activity is poor.

Responsiveness to Credit and Community Development Needs

Signature exhibits poor responsiveness to credit and community economic needs in the Charlotte AA, as it made no qualified investments or donations in this area.

Community Development Initiatives

Signature did not use innovative and/or complex investments to support community development initiatives within the Charlotte AA.

SERVICE TEST

Signature demonstrated poor performance under the Service Test within this AA. The bank's poor performance in the Community Development Services criterion primarily supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the Charlotte AA.

The bank operates one branch office located in an upper-income census tract, with no branches within a low- or moderate-income census tract. However, the bank's branch is in close proximity to five low-income and three moderate-income census tracts located nearby in downtown Charlotte, which are all within a 0.5 mile distance or less. Furthermore, there is also low cost public bus and rail transit service available that serves all of Mecklenberg County and surrounding areas.

The bank does not have an ATM in this AA; however, bank customers are refunded any ATM fees assessed at foreign ATMs, which helps to provide access to their funds at no cost. According to bank management, the branch serves primarily commercial clients and has minimal consumer activity in this area. If commercial customers require cash, they obtain it during business hours via an appointment with bank staff. As a result, there is limited need for ATM and after-hours access to cash.

Although the bank does not operate ATMs in this area, it offers other alternative delivery systems. Refer to the Service Test section for the overall institution for details regarding the alternative systems that Signature offers on a bank-wide basis for all of its AAs.

Changes in Branch Locations

The bank's record of opening and closing branch offices has generally not adversely affected the accessibility of its delivery systems. As noted previously, the bank opened its first and only office in this AA since the prior evaluation. The bank did not close any offices in this AA.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences portions of the AA, particularly low- and moderate-income geographies, and/or individuals.

The bank's new branch in this AA is limited-service only in that traditional teller services are not available. Rather, in line with Signature's mission and business focus, it seeks to primarily serve commercial customers and provides personal one-on-one attention and customer service through meeting by appointment only, via its local PCG, in which full-service deposit and loan products and services are available and offered to business customers. Additional virtual services are also available within this AA, including online banking, mobile banking, and digital banking via Signet. Remote deposit capture is also available for its commercial customers to carry out its banking needs remotely. This availability model and structure, including its virtual services, is convenient for businesses in the area.

Community Development Services

Signature provided no community development services within its Charlotte AA, which is poor.

Examiners noted that although the bank is new to this area since the prior evaluation, its branch has been in operation in this AA since February 10, 2020, and that there are existing opportunities throughout the AA. Examiners also considered the adverse effect of COVID pandemic-related closures on the ability of bank employees to provide community development services. Nonetheless, in light of Signature's financial size and resources, its lack of community development services activity is poor.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

Durham-Chapel Hill, NC MSA Assessment Area

LENDING TEST

The institution's Lending Test performance in this AA is below the performance in the full-scope AA in North Carolina. While examiners considered this performance, it did not change the overall conclusion for the state of North Carolina. Examiners also noted that the low volume of total loans in this AA makes it difficult to arrive at meaningful conclusions.

During 2020 and 2021, Signature originated 15 small business loans totaling approximately $5.1 million in this AA. Signature's community development lending performance in this AA is consistent with its performance in the full-scope Charlotte AA, as it did not originate any community development loans within this AA.

Geographic Distribution and Borrowers' Profile

The following tables summarize the bank's small business lending geographic and borrower distribution performance under the Lending Test.

Geographic Distribution of Small Business Loans Assessment Area: Durham						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2020	9.4	8.9	2	33.3	480	29.5
2021	9.5	--	2	22.2	1,225	35.7
Moderate						
2020	21.1	21.4	1	16.7	92	5.6
2021	21.4	--	5	55.6	1,201	35.0
Middle						
2020	25.0	24.3	0	0.0	0	0.0
2021	25.4	--	1	11.1	850	24.8
Upper						
2020	41.8	43.5	3	50.0	1,057	64.9
2021	41.3	--	1	11.1	158	4.6
Not Available						
2020	2.7	1.8	0	0.0	0	0.0
2021	2.4	--	0	0.0	0	0.0
Totals						
2020	**100.0**	**100.0**	**6**	**100.0**	**1,629**	**100.0**
2021	**100.0**	**--**	**9**	**100.0**	**3,434**	**100.0**

Source: 2020 and 2021 D&B Data; 2020 and 2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Durham						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2020	87.4	42.5	0	0.0	0	0.0
2021	88.3	--	0	0.0	0	0.0
>$1,000,000						
2020	3.9	--	3	50.0	699	42.9
2021	3.5	--	3	33.3	1,383	40.3
Revenue Not Available						
2020	8.6	--	3	50.0	930	57.1
2021	8.1	--	6	66.7	2,051	59.7
Totals						
2020	**100.0**	**100.0**	**6**	**100.0**	**1,629**	**100.0**
2021	**100.0**	--	**9**	**100.0**	**3,434**	**100.0**
Source: 2020 and 2021 D&B Data; 2020 and 2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.						

INVESTMENT TEST

Signature’s Investment Test performance in this AA is above the bank’s performance in the full-scope Charlotte AA in North Carolina. While the performance was considered, it does not change the conclusions for the state. During the review period, Signature purchased one LIHTC totaling $8.8 million in the Durham AA that supported affordable housing needs.

SERVICE TEST

Signature’s Service Test performance in this AA is consistent with its performance in the full-scope AA within North Carolina. While the performance was considered, it does not change the conclusions for the state. Products, services, and business hours are similar to those offered within the full-scope Charlotte AA. Signature did not provide any community development services in this AA.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
    i. The proportion of the bank's lending in the bank's assessment area(s);
    ii. The dispersion of lending in the bank's assessment areas(s); and
    iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
    i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
    ii. Small business and small farm loans to businesses and farms with gross annual revenues of $1 million or less;
    iii. Small business and small farm loans by loan amount at origination; and
    iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

1) The dollar amount of qualified investments;
2) The innovativeness or complexity of qualified investments;
3) The responsiveness of qualified investments to available opportunities; and
4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

1) The extent to which the bank provides community development services; and
2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

Signature Bank	
Scope of Examination: Full scope reviews were performed on the following assessment areas within the noted rated areas: New York-Newark-Jersey City, NY-NJ-PA MSA Assessment Area; San Francisco-Oakland-Berkley, CA MSA Assessment Area; Los Angeles-Long Beach-Anaheim, CA MSA Assessment Area; Charlotte-Concord-Gastonia, NC-SC MSA Assessment area; and Bridgeport-Stamford-Norwalk, CT MSA Assessment Area.	
Time Period Reviewed:	04/01/2019-03/21/2022
Products Reviewed: HMDA - Multifamily: 2019, 2020, and 2021 (New York AA only) Small Business: 2019, 2020, and 2021 Community Development Loans, Investments, and Services: 04/01/2019-03/21/2022	

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	**Type of Evaluation**	**Branches Visited**	**Other Information**
New York	Full-scope	None	None
San Francisco-Oakland-Berkeley, CA MSA	Full-scope	None	None
Los Angeles-Long Beach-Anaheim, CA MSA	Full-scope	None	None
Riverside-San Bernardino-Ontario, CA MSA	Limited-scope	None	None
Connecticut	Full-scope	None	None
Durham-Chapel Hill, NC MSA	Limited-scope	None	None
Charlotte-Concord-Gastonia, NC-SC MSA	Full-scope	None	None

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
New York	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
California	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
Connecticut	Low Satisfactory	Needs to Improve	Low Satisfactory	Needs to Improve
North Carolina	Low Satisfactory	Needs to Improve	Needs to Improve	Needs to Improve

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

California

Riverside-San Bernardino-Ontario, CA MSA Assessment Area

Signature operates one branch office in this AA, which is located in the city of Ontario, California. This AA includes the entire counties of San Bernardino and Riverside within the state of California.

At the time of this evaluation, this AA accounted for only 2.7 percent of the bank's total branches, less than 0.1 percent of its total deposits, and 1.9 percent of the total small business loans the bank made within its combined AAs. As a result, examiners placed substantially less emphasis on the bank's performance in this AA in arriving at the overall rating.

Examiners reviewed the data recorded in the bank's CRA small business loan registers to analyze the institution's small business loans. Examiners utilized aggregate CRA data, 2015 ACS data, and 2021 D&B data for comparison purposes.

The AA is composed of 822 census tracts, including 43 low-, 246 moderate-, 301 middle-, and 226 upper-income census tracts, as well as 6 tracts with no income designation (NA-income). The following table notes the demographic information for this AA.

Demographic Information
Assessment Area: Riverside

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	822	5.2	29.9	36.6	27.5	0.7
Population by Geography	4,392,801	5.4	27.6	35.4	31.2	0.4
Businesses by Geography	323,761	4.2	24.8	34.5	36.4	0.1
Median Family Income MSA – 40140 Riverside-San Bernardino-Ontario, CA MSA		$61,507	Median Housing Value Median Gross Rent Families Below Poverty Level			$246,946 $1,192 14.3%

Source: 2015 ACS and 2021 D&B Data; (*) the NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.

There is also strong competition for small business loans within the bank's AA. In 2020, 212 lenders reported 39,774 small business loans. The top ten lenders accounted for 72.9 percent of total loans. Most all of the top lenders are large national credit card banks or very large multi-billion dollar regional banks.

The AA is also a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2021, 41 financial institutions operated 498 offices within the bank's AA. Of these institutions, Signature ranked 36th with a 0.04 percent deposit market share. The five most prominent institutions with the highest deposit market shares accounted for 72.7 percent of total market share. These entities are mainly large, multi-billion dollar depository institutions that serve a much larger multi-regional or multi-state area in addition to this AA.

North Carolina

Durham-Chapel Hill, NC AA

Signature operates one branch office in this AA, which is located in the city of Charlotte. This AA includes the entire county of Mecklenberg within the state of North Carolina.

At the time of this evaluation, this AA accounted for only 2.7 percent of the bank's total branches, 2.1 percent of its total deposits, and 0.1 percent of the total small business loans the bank made within its combined AAs. As a result, examiners placed substantially less emphasis on the bank's performance in this AA in arriving at the overall rating.

Examiners reviewed the data recorded in the bank's CRA small business loan registers to analyze the institution's small business lending. Examiners utilized aggregate CRA data, 2015 ACS data, and 2021 D&B data for comparison purposes.

The AA is composed of 60 census tracts, including 10 low-, 15 moderate-, 12 middle-, and 20 upper-income census tracts, as well as 3 tracts with no income designation (NA-income). The following table notes the demographic information for this AA.

Demographic Information Assessment Area: Durham						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	60	16.7	25.0	20.0	33.3	5.0
Population by Geography	288,817	13.2	24.4	24.7	36.2	1.5
Businesses by Geography	32,802	9.5	21.4	25.4	41.3	2.4
Median Family Income: MSA 20500 Durham-Chapel Hill, NC MSA		$68,020	Median Housing Value Median Gross Rent Families Below Poverty Level			$189,371 $897 12.7%
Source: 2015 ACS and 2021 D&B Data; (*) the NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.						

There is strong competition for small business loans within this AA. In 2020, 127 lenders reported 7,890 total small business loans. The top ten lenders, which are predominantly large national credit card banks, accounted for 68.6 percent of small business loans.

The AA is also a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2021, 15 financial institutions operated 55 offices within the bank's AA. Of these institutions, Signature ranked fourth with a 7.4 percent deposit market share. The five most prominent institutions with the highest deposit market shares accounted for 91.2 percent of total market share, driven predominantly by Pacific Western Bank at 60.0 percent total market share.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

(1) Support affordable housing for low- and moderate-income individuals;
(2) Target community services toward low- and moderate-income individuals;
(3) Promote economic development by financing small businesses or farms; or
(4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

(1) Has as its primary purpose community development; and

(2) Except in the case of a wholesale or limited purpose bank:

(i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and

(ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

(1) Has as its primary purpose community development;

(2) Is related to the provision of <u>financial</u> services; and

(3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

(1) An unemployment rate of at least 1.5 times the national average;
(2) A poverty rate of 20 percent or more; or
(3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the SBA. SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.