



## PUBLIC DISCLOSURE

February 23, 2015

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Signature Bank, National Association  
Charter Number 24264  
4607 West Sylvania Avenue Toledo, OH 43623

Office of the Comptroller of the Currency  
200 Public Square Suite 1610 Cleveland, OH 44114-2301

**NOTE:** 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.

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The major factors supporting the bank's rating include:

- The loan-to-deposit ratio (LTD) is more than reasonable and exceeds the standards for satisfactory performance.
- A substantial majority of the lending activity occurred inside the assessment area and exceeds the standard for satisfactory performance.
- The distribution of business loans to businesses of different sizes reflects reasonable penetration and meets the standard for satisfactory performance.
- The geographic distribution of business loans reflects reasonable dispersion and meets the standards for satisfactory performance.
- The bank's community development (CD) activity over the evaluation period demonstrates satisfactory responsiveness to CD needs in the assessment area.

## **Scope of Examination**

We evaluated Signature Bank's (SB or bank) performance within its delineated assessment area (AA) relative to the Community Reinvestment Act (CRA) using CRA Intermediate Small Bank (ISB) procedures. The ISB procedures include a lending test and a CD test. The lending test evaluates a bank's record of meeting the credit needs of its AA through its lending activity. The CD test evaluates the bank's responsiveness to needs in the AA through qualified CD loans, investments and services.

The evaluation period for our assessment was December 7, 2011 through February 23, 2015. The evaluation period for assessing SB's lending activities covered January 1, 2012 through December 31, 2013. However, the evaluation period for the bank's CD activities covered December 7, 2011 through February 23, 2015.

The bank's primary loan product is business loans, which is representative of its current business strategy. We did not consider consumer or farm loans in evaluating SB's lending since these are not primary loan products of the bank. Additionally, the bank reports home mortgage data under the requirements of the Home Mortgage Disclosure Act (HMDA). However, we did not use HMDA data to evaluate the bank's lending performance since home mortgage loans are not a primary loan product.

We relied on internal bank reports to assist in this CRA evaluation. In order to ensure the reliability of the information, we performed a data integrity review of business loans

prior to the evaluation. Our review found the information presented in the bank's reports to be reliable.

We also considered information derived from members of the community through contacts with local organizations, other institution's performance evaluations, and bank management in our analysis. We contacted two organizations involved in affordable housing and economic development initiatives to determine the community's credit and CD needs. See **Description of Assessment Area** for additional details.

## **Description of Institution**

SB is a full service intrastate community bank headquartered in Toledo, OH. As of December 31, 2013, the bank reported total assets of \$646 million. The bank is a wholly owned subsidiary of Signature Bancorp Inc., a one-bank holding company also located in Toledo, OH. SB operates a single office within its AA. This full-service branch does not offer drive-through or automated teller machine (ATM) services. SB has not opened or closed any branch offices since the previous CRA examination.

SB offers traditional banking products and services. Deposit products include personal and business checking, savings, and certificates of deposits, as well as online banking and business courier services. Business loans are the bank's primary loan product as reflected in its business strategy, with home mortgage and consumer loans offered as an accommodation to its business customers. As of December 31, 2013, the bank's loan portfolio was comprised of real estate loans (66 percent), commercial loans (27 percent), consumer loans (2 percent) and all other loans (5 percent). The real estate portfolio is comprised of commercial real estate loans (65 percent) and residential real estate loans (35 percent). The bank's loan portfolio totaled \$497 million or 77 percent of total assets.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the communities it serves. The previous CRA examination dated December 7, 2011, resulted in a rating of "Satisfactory."

## Description of AA

| Demographic Characteristics                               | #                     | Low Income                  | Moderate Income | Middle Income        | Upper Income |
|---|-----------------------|-----------------------------|-----------------|----------------------|--------------|
| Geographies (Census Tracts)                               | 139                   | 19.42%                      | 21.58%          | 36.69%               | 22.30%       |
| Population by Income Level of Geography                   | 501,934               | 11.46%                      | 19.03%          | 40.09%               | 29.42%       |
| Distribution of Families by Income Level Throughout AA    | 127,172               | 23.25%                      | 17.21%          | 20.05%               | 39.49%       |
| Owner-Occupied Housing Units by Income Level of Geography | 134,629               | 7.00%                       | 15.94%          | 42.94%               | 34.12%       |
| Businesses by Income Level of Geography                   | 36,274                | 7.91%                       | 16.02%          | 40.03%               | 36.03%       |
| Farms by Income Level of Geography                        | 903                   | 2.99%                       | 10.74%          | 46.07%               | 40.20%       |
| Businesses by Revenue Level                               | Revenue <= 1 Million  | Revenue > 1 Million         |                 | Revenue not Reported |              |
| Farm  | 96.23%                | 2.77%                       |                 | 1.00%                |              |
| Non-Farm  | 69.40%                | 5.51%                       |                 | 25.10%               |              |
| FFIEC Adjusted Median (ADM) Family Income 2013            | = \$57,100            | Unemployment Rate: Dec 2013 |                 |                      |              |
| Low Income (below 50% of ADM)                             | = \$0 - \$28,549      | Ohio                        |                 | = 7.4%               |              |
| Moderate Income (50 to 79.99% of ADM)                     | = \$28,550 - \$45,679 | Lucas County                |                 | = 8.5%               |              |
| Middle Income (80% to 119.99% of ADM)                     | = \$45,680 - \$68,519 | Wood County                 |                 | = 7.2%               |              |
| Upper Income (120% and above ADM)                         | = \$68,520 - Above    |                             |                 |                      |              |
| Households Below the Poverty Level                        | = 16.49%              |                             |                 |                      |              |

**Sources:** 2010 U.S. Census; US Department of Labor; 2013 FFIEC updated ADM; 2013 U.S. Bureau of Labor Statistics. Some percentages may be greater than 100% due to rounding.

SB's primary AA is comprised of 139 census tracts (CT) in Lucas County and northeastern Wood County. This is an expansion of 11 additional CTs since the previous evaluation. Lucas and Wood Counties are within the Toledo, OH Metropolitan Statistical Area (MSA). This AA is consistent with the requirements of the regulation and does not arbitrarily exclude low-or moderate-income geographies.

Competition within the AA is high. There are 17 financial institutions operating 116 offices within the AA according to the June 30, 2013, Federal Deposit Insurance Corporation (FDIC) deposit market share report. These include community banks, regional and national companies. SB ranked sixth, with approximately seven percent of the insured deposit market.

Based on 2013 Lucas and Wood Ohio County profiles, the composition of businesses in this AA support primarily retail trade, transportation, utilities, education, health care, professional and businesses services, and local government. Major employers in the area include Chrysler Group LLC, ProMedica Health Systems, Mercy Health Partners, University of Toledo, Bowling Green State University, and Lucas County government.

According to 2013 Federal Reserve Board Cleveland Toledo Metro Mix data, local economic conditions are slowly returning to pre-recession levels. Strong growth in the auto industry, manufacturing and professional services output since 2011 was offset by continued population loss and rising housing costs. The unadjusted 2013 annual unemployment rate was 8.5 percent for Lucas County, which is above the State of Ohio unadjusted annual employment rate of 7.4 percent. In contrast, the unadjusted 2013 annual unemployment rate in Wood County was 7.2 percent, comparable to the State of Ohio annual unemployment rate of 7.4 percent.

We determined the community's credit and CD needs by contacting representatives from affordable housing and economic development organizations, reviewing other institution's public evaluations, and discussions with bank management. Credit and CD needs of the community include providing funding to small businesses for expansion, loans to low- and moderate-income borrowers, funding for the foreclosure prevention program, homeownership counselors for first-time homebuyers, and funding to affordable housing organizations for construction financing and emergency repairs.

## **Conclusions with Respect to Performance Tests**

SB's lending performance is Satisfactory. SB is rated Satisfactory under the Community Development (CD) Test.

### **LENDING TEST**

SB's Lending performance is Satisfactory. Our conclusion is based on internal loan reports of business loans originated within the AA during the evaluation period. The bank originated a majority of its loans within the AA, and the bank's loan-to-deposit ratio is more than reasonable. The bank's distribution of business loans to businesses of different sizes reflects reasonable penetration to small businesses within the AA. Similarly, the geographic distribution of business loans reflects reasonable dispersion in low- and moderate-income geographies.

### **Loan-to-Deposit Ratio**

The bank's net loan-to-deposit ratio is more than reasonable and exceeds the standard for satisfactory performance given the bank's size, financial condition, and the credit needs of the bank's AA. The bank's average quarterly loan-to-deposit ratio over the 12 quarters beginning June 30, 2011 through December 31, 2013, was 91.34 percent. This was well above the 82.80 percent experienced by its peer group of banks during the same period.

## Lending in AA

SB originated a substantial majority of its business loans within its AA and exceeds the standard for satisfactory performance. As shown in Table 2, the bank originated 80 percent of the loans by number and 82 percent by dollar amount inside the AA.

| <b>Table 2 – Business Lending in AA</b> |       |            |       |         |                         |       |            |       |          |
|---|-------|------------|-------|---------|-------------------------|-------|------------|-------|----------|
| Number of Loans                         |       |            |       |         | Dollars of Loans (000s) |       |            |       |          |
| Inside AA                               |       | Outside AA |       | Total # | Inside AA               |       | Outside AA |       | Total \$ |
| #                                       | %     | #          | %     |         | \$                      | %     | \$         | %     |          |
| 615                                     | 80.40 | 150        | 19.60 | 765     | 288,977                 | 82.00 | 63,414     | 18.00 | 352,391  |

*Source: Internal loan reports of business loans originated in the AA from January 2012 through December 2013.*

## Lending to Businesses of Different Sizes

The overall distribution of loans reflects reasonable penetration to businesses of different sizes. In determining the level of penetration among businesses of different sizes, we considered several factors including the bank's size, its single office serving the entire AA, the bank's business strategy, and the level of competition in the market.

| <b>Table 3 - Borrower Distribution of Loans to Businesses in the AA</b> |              |              |                         |        |
|---|--------------|--------------|-------------------------|--------|
| Business Revenues (or Sales)  | ≤\$1,000,000 | >\$1,000,000 | Unavailable/<br>Unknown | Total  |
| % of AA Businesses  | 69.40        | 5.51         | 25.10                   | 100.00 |
| % of Bank Loans in AA by #  | 38.37        | 51.87        | 9.76                    | 100.00 |
| % of Bank Loans in AA by \$   | 28.43        | 67.44        | 4.13                    | 100.00 |

*Source: Internal loan reports of business loans originated in the AA from January 2012 through December 2013; Business Geodemographic Data.*

Although the percentage of loans originated by number and dollar amount to small businesses is below the demographic information, performance is reasonable given the level of competition within the AA. Additionally, the performance is mitigated by the active role the bank takes in the Ohio Grow Now Program.

The Ohio Grow Now Program offers below market interest rates to allow existing businesses to create or retain jobs and expand their business. The bank originated 11 loans under this program for a total of \$3.4 million.

## Geographic Distribution of Loans

The geographic distribution of business loans reflects reasonable dispersion among most geographies within the AA. As shown in Table 4, the percentage of business loans made in both low- and moderate-income census tracts is comparable to the percentage of businesses in each of those tracts.

| <b>Table 4 - Geographic Distribution of Loans to Businesses in the AA</b> |                      |                    |                      |                    |                      |                    |                      |
|---|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Low-Income  |                      | Moderate-Income    |                      | Middle-Income      |                      | Upper-Income       |                      |
| % of AA Businesses  | % of Number of Loans | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans |
| 7.91  | 5.37                 | 16.02              | 13.98                | 40.03              | 35.61                | 36.03              | 45.04                |

Source: Internal loan reports of business loans originated in the AA from January 2012 through June 2013; Business Geodemographic Data

**Responses to Complaints**

During the review period, SB received no known written complaints pertaining to its performance in helping meet the credit needs within its AA.

**COMMUNITY DEVELOPMENT TEST**

SB’s CD performance reflects satisfactory responsiveness in meeting the CD needs of the AA.

**CD Loans**

The bank’s performance for CD loan activity reflects excellent responsiveness to its community. The bank granted 38 CD loans for \$7,819,611 and 4 letters of credit for \$241,303 during the evaluation period, which equated to 12.24 percent of the bank’s tier-one capital as of December 31, 2014.

The bank provided CD loans to organizations involved in affordable housing and assisting low- and moderate-income individuals and families with a variety of services. Letters of credit originated to a local builder provided funding to rehab homes in conjunction with United North Corporation to perform repairs at various Lucas County Metropolitan Housing Authority properties.

**CD Qualified Investments**

The bank’s performance for CD Qualified Investment reflects adequate responsiveness to the community.

The bank made cash donations of \$201,650 to 38 different organizations. This is an increase over last exam totals of \$121,350 to 42 organizations. The bank donated to organizations involved in affordable housing, economic development, and services to low- and moderate-income individuals and families. Additionally, the bank has an unfunded commitment of \$20,000, which is part of a five-year plan with the Regional Growth Partnership to promote economic development in Lucas County. The bank made its initial pledge of \$20,000 in 2011 and subsequent pledges in 2012 through 2014.

In January 2012, SB provided a \$100 thousand certificate of deposit to the Toledo Urban Federal Credit Union, a minority-owned financial institution, as capital for their operations and renewed the certificate of deposit annually since its inception. In January 2008, the bank bought an economic development bond in the bank's assessment area of \$3.12 million. The outstanding balance of this investment in the current evaluation period is approximately \$1.1 million.

### **CD Services**

The level of CD services reflects adequate responsiveness to CD service needs.

Bank officers have served in leadership positions on organizations that provide affordable housing and community services to low- and moderate-income families. Bank officers also serve in leadership positions on organizations participating in economic and small business development activities. For example, bank officers serve in leadership roles in the following organizations: Maumee Valley Habitat for Humanity, Harbor Behavioral Healthcare, Compass Corp for Recovery Services, Regional Growth Partnership, and Sylvania Community Improvement Corporation. The bank also offered in-kind services to five qualifying CD organizations allowing them the use of their facilities for board and leadership meetings, recognition events, and use of its office space and currency counting machines.

### **Responsiveness to CD Needs**

SB's CD activities are considered satisfactory with adequate responsiveness to the CD needs of its AA through its CD lending, investments and services.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.