

Conditional Approval #1302
April 2023

March 19, 2023

R. Patrick Quinn
Flagstar Bank, National Association
102 Duffy Avenue
Hicksville, New York 11801

Subject: Application by Flagstar Bank, National Association, Hicksville, New York, to purchase certain assets and assume certain liabilities of Signature Bridge Bank, National Association, New York, New York

Dear Mr. Quinn:

The Office of the Comptroller of the Currency (“OCC”) hereby conditionally approves the application by Flagstar Bank, National Association, Hicksville, New York (“Acquirer”) to purchase certain assets of and assume certain liabilities of Signature Bridge Bank, National Association, New York, New York (“Failed Entity”) for the reasons and subject to the conditions set forth below. The transaction (“Transaction”) may be consummated immediately upon this approval by the OCC and execution of the purchase and assumption agreement. 12 U.S.C. § 1828(c)(6).

Signature Bank, New York, New York, a state non-member bank with deposits insured by the Federal Deposit Insurance Corporation (“FDIC”), was placed into receivership on March 12, 2023, by the Superintendent, New York State Department of Financial Services, who appointed the FDIC as receiver. After its appointment as receiver, the FDIC filed an application with the OCC to establish Failed Entity pursuant to 12 U.S.C. § 1821(n), which was approved by the OCC on March 12, 2023. The FDIC then transferred substantially all of the assets and liabilities of Signature Bank to Failed Entity, a bridge bank operated by the FDIC, as it marketed such assets and deposits to potential bidders. At the close of business on December 31, 2022, Signature Bank had total assets of approximately \$110.4 billion. As a prerequisite for the Transaction, the FDIC has requested that the OCC place Failed Entity into receivership and appoint the FDIC as receiver pursuant to 12 U.S.C. § 1821(n)(12). The OCC has now been asked to grant written approval of the proposed agreement between the FDIC, in its capacity as receiver for Failed Entity, the FDIC, in its corporate capacity, and Acquirer, by which the latter would purchase certain assets and assume certain liabilities of Failed Entity.

This approval is granted based upon the information contained in the Acquirer’s application and other information and representations made to the OCC during its processing of the application.

The Purchase and Assumption

Acquirer seeks to purchase certain loan portfolios from Failed Entity that total \$12.9 billion and to assume \$34.0 billion in deposits of Failed Entity. Acquirer also seeks to acquire all cash and the wealth management and broker-dealer business, including subsidiaries essential to that business, and all branches of Failed Entity.

Acquirer applied to the OCC for approval to purchase these assets and assume these liabilities of Failed Entity under 12 U.S.C. §§ 24(Seventh) and 1828(c). The Acquirer and Failed Entity are located in New York. Failed Entity's main office and branches are located in New York, California, Connecticut, North Carolina, and Nevada. A national bank may acquire all or part of a depository institution through a purchase and assumption transaction under 12 U.S.C. § 24(Seventh). Thus, the Transaction is legally authorized, and the OCC approves the Transaction.

The OCC also grants Acquirer full fiduciary powers pursuant to 12 USC 92a and 12 C.F.R. § 5.26(e)(4) as requested in your application.

Acquirer also requested OCC approval to retain the branches and main office of Failed Entity upon consummation of the Transaction as branches of the Acquirer. As authorized under 12 U.S.C. §36(c) and (g), the OCC approves the Acquirer's retention of Failed Entity branches and main office as branches of Acquirer.

Acquirer also seeks to acquire and retain several subsidiaries some of which engage in wealth management and broker-dealer activities. To the extent that any subsidiary acquired by Acquirer holds nonconforming assets or engages in nonconforming activities, Acquirer has up to two years from the date of the purchase and assumption Transaction to divest or conform the asset or discontinue or conform the activity of the subsidiary.

Bank Merger Act

The OCC reviewed the proposed Transaction under the criteria of the Bank Merger Act, 12 U.S.C § 1828(c), and applicable OCC regulations and policies. The OCC considered the risk of this Transaction to the stability of the U.S. banking or financial system, financial and managerial resources of the banks, their future prospects, and the convenience and needs of the communities to be served. In addition, the Bank Merger Act requires the OCC to consider "the effectiveness of any insured depository institution involved in the proposed merger transaction in combatting money laundering activities, including overseas branches." 12 U.S.C. § 1828(c)(11). The OCC considered these factors and found them consistent with approval under the statutory provisions.

In addition, the OCC also finds, under the standards set forth in the Bank Merger Act, that it must act on the application immediately. 12 U.S.C. § 1828(c)(3), (4)(C)(i), and (6). Consequently, under the foregoing provisions, there is no requirement for publication of notice of the Transaction, for a request by the OCC of a competitive factors report from the Attorney General, or for a post-approval waiting period prior to consummation of the Transaction.

Community Reinvestment Act

The Community Reinvestment Act (“CRA”) requires the OCC to take into account the applicant’s record of helping to meet the credit needs of the community, including low-and-moderate-income (“LMI”) neighborhoods, when evaluating certain applications, including transactions that are subject to the Bank Merger Act. 12 U.S.C. § 2903; 12 C.F.R. § 25.29(a)(3). *See also* 12 C.F.R. § 5.33(e)(1)(iii). The OCC considers the CRA performance evaluation of the filer of a banker merger transaction. A review of the record of the applicant, the Transaction, and other information available to the OCC revealed no evidence that the applicant’s record of helping to meet the credit needs of their communities, including LMI neighborhoods, is less than satisfactory.

This approval is subject to the following conditions:

1. To ensure Acquirer has sufficiently allocated resources to address any supervisory issues that arise post-acquisition, for a period of two years from the purchase and assumption consummation date, Acquirer shall not declare or pay any dividend without receiving a prior written determination of no supervisory objection from the OCC. Any request submitted pursuant to this condition shall occur at least 30 days prior to the declaration date and certify that the proposed dividend complies with applicable capital distribution requirements.
2. Acquirer shall comply with the representations contained in the letters from R. Patrick Quinn, General Counsel and Corporate Secretary, to Associate Deputy Comptroller Matthew White dated March 19, 2023.

The conditions of this approval are conditions “imposed in writing by a Federal banking agency in connection with any action, on any application, notice, or request” within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

Consummation Guidance

This approval is granted based on our understanding that other applicable regulatory approvals, non-objections, or waivers with respect to the proposed Transaction will have been received prior to the consummation of the Transaction.

Within seven days of consummation of the Transaction, please provide the Director for OCC Licensing as noted below with copies of the following documents:

- A Secretary’s Certificate, as applicable, certifying that a majority of the board of directors approved the purchase and assumption Transaction.
- An executed purchase and assumption agreement.
- Documentation that all other conditions that the OCC imposed have been met.

Flagstar Bank, National Association
New York, New York

This conditional approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

The OCC's approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the Transaction to which this decision pertains.

If you have questions regarding this letter, please contact Director for Licensing Carolina M. Ledesma at (312) 360-8867 or carolina.ledesma@occ.treas.gov.

Sincerely,

/s/

Stephen A. Lybarger
Deputy Comptroller for Licensing