Signature Bank Reports 2018 First Quarter Results

April 19, 2018

- ***Net Income for the 2018 First Quarter Was $34.5 Million, or $0.63 Diluted Earnings Per Share, Versus $133.9 Million, or $2.48 Diluted Earnings Per Share, Reported in the 2017 First Quarter. Excluding Write-Downs and Fair Value Adjustments for the Taxi Medallion Portfolio, Net Income Would Have Been a Record $146.8 Million, or $2.69 Diluted Earnings Per Share***
- ***The Bank Took Significant Measures to Address the New York City Taxi Medallion Portfolio By Reserving For or Writing Down Each New York City Medallion Loan or Asset To a Value of Approximately $160,000 Leaving the Bank With a Total Net Exposure of $156.5 Million, or 35 Basis Points of Assets***
- ***Total Deposits in the First Quarter Grew $1.38 Billion to $34.82 Billion; Total Deposits Have Grown $1.88 Billion, or 5.7 Percent, Since the End of the 2017 First Quarter. Average Deposits Increased $197.6 Million, or 0.6 Percent, in the 2018 First Quarter***
- ***For the 2018 First Quarter, Loans Increased $634.7 Million, or 1.9 Percent, to $33.25 Billion. Excluding Payoffs and Charge-Offs on Taxi Medallion Loans, Total Loans Would Have Grown $795.4 Million. Since the End of the 2017 First Quarter, Loans Have Increased 10.7 Percent, or $3.22 Billion***
- ***Non-Accrual Loans Were $168.7 Million, or 0.51 Percent of Total Loans, at March 31, 2018, Versus $326.9 Million, or 1.00 Percent, at the End of the 2017 Fourth Quarter and $225.9 Million, or 0.75 Percent, at the End of the 2017 First Quarter. Excluding Taxi Medallion Loans, Which Were All Placed on Non-Accrual in the 2017 Second Quarter, Non-Accrual Loans Were $19.5 Million, or Six Basis Points of Total Loans***
- ***Net Interest Margin on a Tax-Equivalent Basis was 3.01 Percent, Compared with 3.07 Percent for the 2017 Fourth Quarter and 3.14 Percent for the 2017 First Quarter. Core Net Interest Margin on a Tax-Equivalent Basis Excluding Loan Prepayment Penalty Income Decreased Three Basis Points to 2.95 Percent, Compared with 2.98 Percent for the 2017 Fourth Quarter***
- ***Tier 1 Leverage, Common Equity Tier 1 Risk-Based, Tier 1 Risk-Based, and Total Risk-Based Capital Ratios were 9.47 Percent, 12.08 Percent, 12.08 Percent, and 13.44 Percent, Respectively, at March 31, 2018. Signature Bank Remains Significantly Above FDIC "Well Capitalized" Standards. Tangible Common Equity Ratio was 8.95 Percent***
- ***In the 2018 First Quarter, the Bank Appointed Two Private Client Banking Teams and Appointed Two Veteran Bankers to Head the Bank's West Coast Operations***

NEW YORK--(BUSINESS WIRE)--Apr. 19, 2018-- Signature Bank (Nasdaq: SBNY), a New York-based full-service commercial bank, today announced results for its first quarter ended March 31, 2018.

Net income for the 2018 first quarter was $34.5 million, or $0.63 diluted earnings per share, versus $133.9 million, or $2.48 diluted earnings per share, for the 2017 first quarter. The decrease in net income for the 2018 first quarter, versus the comparable quarter last year, is due to an increase of $121.1 million in the provision for loan losses, nearly all attributable to the New York City taxi medallion portfolio. Excluding write-downs for the taxi medallion portfolio, net income would have been a record $146.8 million, or $2.69 diluted earnings per share.

Net interest income for the 2018 first quarter reached $318.1 million, up $16.4 million, or 5.4 percent, when compared with the 2017 first quarter. This increase is primarily due to growth in average interest-earning assets. Total assets reached $44.44 billion at March 31, 2018, an increase of $4.17 billion, or 10.4 percent, from $40.27 billion at March 31, 2017. Average assets for the 2018 first quarter reached $43.67 billion, an increase of $4.04 billion, or 10.2 percent, compared with the 2017 first quarter.

Deposits for the 2018 first quarter rose $1.38 billion, or 4.1 percent, to $34.82 billion at March 31, 2018. When compared with deposits at March 31, 2017, overall deposit growth for the last twelve months was 5.7 percent, or $1.88 billion. Average deposits for the 2018 first quarter reached $34.22 billion, an increase of $197.6 million, or 0.6 percent.

"Signature Bank welcomed 2018 by delivering a strong first quarter of core growth and earnings, and taking additional steps to effectively address our taxi medallion portfolio. During the quarter, we already added two new private client banking teams to our network, and appointed two leading banking veterans to head our West Coast operations. With this additional expertise, we are expanding our San Francisco accommodation location into a full-service private client banking office, located downtown in a thriving area of the city. These initiatives are paving the way for our growth and expansion on both coasts," explained Joseph J. DePaolo, Co-founder, President and Chief Executive Officer.

"We are also making headway on several fronts we previously discussed, including a revamped credit management structure that has revitalized our commercial and industrial lending while maintaining our momentum across all lending activities. Additionally, we are making further progress on the updating of the Bank's infrastructure as it relates to our loan origination systems, payments architecture platform and foreign exchange system. And, we are also cautiously optimistic with Congress's progress towards raising the Systematically Important Financial Institution (SIFI) threshold, which stands to benefit banks of our size and scope. All of these actions place Signature Bank on solid footing as we kick off 2018," DePaolo concluded.

"The banking industry is undergoing a transitional period of remarkable change across many fronts, as indicated by the level of interest rates, the shape of the yield curve, the regulatory environment, legislation possibilities and the dramatic developments in financial technologies. It is during these types of transformational periods that Signature Bank's clients rely upon our dedicated team of financial professionals to help them navigate, plan and capitalize on the right opportunities," explained Scott A. Shay, Chairman of the Board.

"In a similar vein, at Signature Bank, we also closely scrutinize this rapidly changing banking environment to seek new opportunities to best serve our clients and enable them to succeed. We recognize the safest organizations are those that are nimble and can adapt and adjust along with changing environments. With that top of mind, we ensure all our efforts align with our central mission to be that safe, sleep-at-night institution for all our clients," Shay said.

Capital

The Bank's Tier 1 leverage, common equity Tier 1 risk-based, Tier 1 risk-based, and total risk-based capital ratios were approximately 9.47 percent, 12.08 percent, 12.08 percent, and 13.44 percent, respectively, as of March 31, 2018. Each of these ratios is well in excess of regulatory requirements. The Bank's strong risk-based capital ratios reflect the relatively low risk profile of the Bank's balance sheet. The Bank's tangible common equity ratio remains strong at 8.95 percent. The Bank defines tangible common equity ratio as the ratio of tangible common equity to adjusted tangible assets and calculates this ratio by dividing total consolidated common shareholders' equity by consolidated total assets.

Net Interest Income

Net interest income for the 2018 first quarter was $318.1 million, an increase of $16.3 million, or 5.4 percent, versus the same period last year, primarily due to growth in average interest-earning assets. Average interest-earning assets of $43.01 billion for the 2018 first quarter represent an increase of $3.90 billion, or 10.0 percent, from the 2017 first quarter. Yield on interest-earning assets for the 2018 first quarter increased 11 basis points to 3.75 percent, compared to the first quarter of last year.

Average cost of deposits and average cost of funds for the first quarter of 2018 increased by 21 and 26 basis points, to 0.65 percent and 0.82 percent, respectively versus the comparable period a year ago.

Net interest margin on a tax-equivalent basis for the 2018 first quarter was 3.01 percent versus 3.14 percent reported in the 2017 first quarter and 3.07 percent in the 2017 fourth quarter. Excluding loan prepayment penalties in both quarters, linked quarter core margin on a tax-equivalent basis decreased three basis points to 2.95 percent.

Provision for Loan Losses

The Bank's provision for loan losses for the first quarter of 2018 was $140.8 million, compared with $41.7 million for the 2017 fourth quarter and $19.6 million for the 2017 first quarter. The elevated provision for the 2018 first quarter was nearly all due to the New York City taxi medallion loan portfolio.

Net charge offs for the 2018 first quarter were $128.3 million, or 1.58 percent of average loans, on an annualized basis, versus net charge offs of $38.8 million, or 0.48 percent, for the 2017 fourth quarter and $9.2 million, or 0.13 percent, for the 2017 first quarter. The 2018 first quarter net charge-offs included $128.6 million for taxi medallion loans.

Non-Interest Income and Non-Interest Expense

Non-interest income for the 2018 first quarter was $7.2 million, down $2.7 million when compared with $9.9 million reported in the 2017 first quarter. The decrease was driven by an increase in other losses from additional amortization of low income housing tax credit investments.

Non-interest expense for the first quarter of 2018 was $137.3 million, an increase of $34.1 million, or 33.1 percent, versus $103.2 million reported in the 2017 first quarter. The increase was primarily a result of write-downs of $24.0 million on repossessed New York City taxi medallions, the addition of new private client banking teams, as well as an increase in costs in our risk management and compliance related activities. The Bank also incurred additional FDIC assessment fees.

The Bank's efficiency ratio increased to 42.2 percent (or, 34.4 percent excluding write-downs on the repossessed medallions) for the 2018 first quarter versus 33.1 percent for the comparable period last year. The increase was primarily due to an increase in other general and administrative expenses of $25.0 million primarily due to the aforementioned write-down on the repossessed medallions.

Loans

Loans, excluding loans held for sale, grew $634.7 million, or 1.9 percent, during the first quarter of 2018 to $33.25 billion, compared with $32.61 billion at December 31, 2017. Excluding payoffs and charge-offs of $160.7 million on taxi medallion loans, total loans would have grown $795.4 million. At March 31, 2018, loans accounted for 74.8 percent of total assets, versus 75.6 percent at the end of the 2017 fourth quarter and 74.6 percent at the end of 2017 first quarter. Average loans, excluding loans held for sale, reached $32.94 billion in the 2018 first quarter, growing $1.16 billion, or 3.6 percent, from the 2017 fourth quarter and $3.33 billion, or 11.3 percent, from the 2017 first quarter. The increase in loans for the first quarter was primarily driven by growth in commercial real estate and multi-family loans.

At March 31, 2018, non-accrual loans were $168.7 million, representing 0.51 percent of total loans and 0.38 percent of total assets, compared with non-accrual loans of $326.9 million, or 1.00 percent of total loans, at December 31, 2017 and $225.9 million, or 0.75 percent of total loans, at March 31, 2017. Excluding non-accruing loans secured by taxi medallions of $149.2 million, non-accrual loans for the remainder of the portfolio are $19.5 million, or six basis points of total loans. The ratio of allowance for loan and lease losses to total loans at March 31, 2018 was 0.63 percent, versus 0.60 percent at December 31, 2017 and 0.75 percent at March 31, 2017. Additionally, the ratio of allowance for loan and lease losses to non-accrual loans, or the coverage ratio, was 124 percent for the 2018 first quarter versus 60 percent for the fourth quarter of 2017 and 99 percent for the 2017 first quarter.

Conference Call

Signature Bank's management will host a conference call to review results of the 2018 first quarter on Thursday, April 19, 2018, at 10:00 AM ET. All participants should dial 866-359-8135 at least ten minutes prior to the start of the call and reference conference ID #5999189. International callers should dial 901-300-3484.

To hear a live web simulcast or to listen to the archived web cast following completion of the call, please visit the Bank's web site at www.signatureny.com, click on "Investor Information," then under "Company News," select "Conference Calls," to access the link to the call. To listen to a telephone replay of the conference call, please dial 800-585-8367 or 404-537-3406 and enter conference ID #5999189. The replay will be available from approximately 1:00 PM ET on Thursday, April 19, 2018 through 11:59 PM ET on Monday, April 23, 2018.

About Signature Bank

Signature Bank, member FDIC, is a New York-based full-service commercial bank with 30 private client offices throughout the New York metropolitan area, including those in Manhattan, Brooklyn, Westchester, Long Island, Queens, the Bronx, Staten Island and Connecticut. The Bank's growing network of private client banking teams serves the needs of privately owned businesses, their owners and senior managers.

Signature Bank offers a wide variety of business and personal banking products and services. Its specialty finance subsidiary, Signature Financial, LLC, provides equipment finance and leasing. Signature Securities Group Corporation, a wholly owned Bank subsidiary, is a licensed broker-dealer, investment adviser and member FINRA/SIPC, offering investment, brokerage, asset management and insurance products and services.

Signature Bank recently earned several third-party recognitions, including: appeared on *Forbes'* Best Banks in America list for the eighth consecutive year in 2018; named Best Private Bank and Best Attorney Escrow Services provider and among the top three Best Business Banks for the eighth consecutive year by the *New York Law Journal* in the publication's annual Best of reader survey; cited in the top three of the nation's best private banking services providers in the 2017 Best of *The National Law Journal* reader rankings; earned Best Commercial Bank of the Year - U.S. award from *International Banker* in their International Banker 2017 North and South American Awards program; received two gold Stevie Awards® in The 15th Annual American Business Awards for 2017: Company of the Year in both Banking and Financial Services-Large categories.

For more information, please visit www.signatureny.com.

This press release and oral statements made from time to time by our representatives contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. You should not place undue reliance on those statements because they are subject to numerous risks and uncertainties relating to our operations and business environment, all of which are difficult to predict and may be beyond our control. Forward-looking statements include information concerning our future results, interest rates and the interest rate environment, loan and deposit growth, loan performance, operations, new private client teams and other hires, new office openings and business strategy. These statements often include words such as "may," "believe," "expect," "anticipate," "intend," "potential," "opportunity," "could," "project," "seek," "should," "will," "would," "plan," "estimate" or other similar expressions. As you consider forward-looking statements, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions that could cause actual results to differ materially from those in the forward-looking statements and can change as a result of many possible events or factors, not all of which are known to us or in our control. These factors include but are not limited to: (i) prevailing economic conditions; (ii) changes in interest rates, loan demand, real estate values and competition, any of which can materially affect origination levels and gain on sale results in our business, as well as other aspects of our financial performance, including earnings on interest-bearing assets; (iii) the level of defaults, losses and prepayments on loans made by us, whether held in portfolio or sold in the whole loan secondary markets, which can materially affect charge-off levels and required credit loss reserve levels; (iv) changes in monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Board of Governors of the Federal Reserve System; (v) changes in the banking and other financial services regulatory environment and (vi) competition for qualified personnel and desirable office locations. Although we believe that these forward-looking statements are based on reasonable assumptions, beliefs and expectations, if a change occurs or our beliefs, assumptions and expectations were incorrect, our business, financial condition, liquidity or results of operations may vary materially from those expressed in our forward-looking statements. Additional risks are described in our quarterly and annual reports filed with the FDIC. You should keep in mind that any forward-looking statements made by Signature Bank speak only as of the date on which they were made. New risks and uncertainties come up from time to time, and we cannot predict these events or how they may affect the Bank. Signature Bank has no duty to, and does not intend to, update or revise the forward-looking statements after the date on which they are made. In light of these risks and uncertainties, you should keep in mind that any forward-looking statement made in this release or elsewhere might not reflect actual results.

SIGNATURE BANK
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Three months ended March 31,	
(dollars in thousands, except per share amounts)	**2018**	**2017**
INTEREST AND DIVIDEND INCOME		
Loans held for sale	$ 2,264	1,384
Loans and leases, net	322,438	281,575
Securities available-for-sale	52,264	49,818
Securities held-to-maturity	14,533	15,013
Other investments	5,573	2,816
Total interest income	397,072	350,606
INTEREST EXPENSE		
Deposits	54,863	34,802
Federal funds purchased and securities sold under agreements to repurchase	2,388	3,391
Federal Home Loan Bank borrowings	18,034	7,016
Subordinated debt	3,641	3,641
Total interest expense	78,926	48,850

Net interest income before provision for loan and lease losses	318,146	301,756
Provision for loan and lease losses	140,762	19,630
Net interest income after provision for loan and lease losses	177,384	282,126
NON-INTEREST INCOME		
Commissions	3,175	3,007
Fees and service charges	6,642	5,948
Net gains on sales of securities	441	849
Net gains on sales of loans	2,018	2,497
Other-than-temporary impairment losses on securities:		
Total impairment losses on securities	(2)	(192)
Portion recognized in other comprehensive income (before taxes)	(14)	32
Net impairment losses on securities recognized in earnings	(16)	(160)
Other losses	(5,058)	(2,266)
Total non-interest income	7,202	9,875
NON-INTEREST EXPENSE		
Salaries and benefits	73,163	66,386
Occupancy and equipment	8,199	8,085
Information technology	6,287	5,309
FDIC assessment fees	6,988	6,142
Professional fees	3,276	3,374
Other general and administrative	39,419	13,903
Total non-interest expense	137,332	103,199
Income before income taxes	47,254	188,802
Income tax expense	12,782	54,886
Net income	$ 34,472	133,916
PER COMMON SHARE DATA		
Earnings per share – basic	$ 0.64	2.49
Earnings per share – diluted	$ 0.63	2.48

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CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(dollars in thousands, except shares and per share amounts)	**March 31, 2018 (unaudited)**	**December 31, 2017**
ASSETS		
Cash and due from banks	$ 799,430	290,078
Short-term investments	43,101	45,388
Total cash and cash equivalents	842,531	335,466
Securities available-for-sale	7,008,360	6,953,719
Securities held-to-maturity (fair value $1,918,896 at March 31, 2018 and $1,983,087 at December 31, 2017)	1,963,161	1,996,376
Federal Home Loan Bank stock	231,970	227,920
Loans held for sale	540,043	432,277
Loans and leases, net	33,038,878	32,416,580
Premises and equipment, net	62,175	61,571
Accrued interest and dividends receivable	123,878	117,070
Other assets	624,638	576,741
Total assets	$ 44,435,634	43,117,720
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Non-interest-bearing	$ 11,785,769	11,353,038
Interest-bearing	23,031,966	22,086,789
Total deposits	34,817,735	33,439,827
Federal funds purchased and securities sold under agreements to repurchase	715,000	790,000
Federal Home Loan Bank borrowings	4,285,000	4,195,000
Subordinated debt	257,577	257,381
Accrued expenses and other liabilities	359,150	403,821
Total liabilities	40,434,462	39,086,029

Shareholders’ equity		
Preferred stock, par value $.01 per share; 61,000,000 shares authorized; none issued at March 31, 2018 and December 31, 2017	-	-
Common stock, par value $.01 per share; 64,000,000 shares authorized; 55,348,747 shares issued and outstanding at March 31, 2018; 54,979,213 shares issued and 54,977,971 outstanding at December 31, 2017	553	550
Additional paid-in capital	1,822,016	1,809,642
Retained earnings	2,322,037	2,290,537
Treasury stock, none at March 31, 2018 and 1,242 shares at December 31, 2017	-	(171)
Accumulated other comprehensive loss	(143,434)	(68,867)
Total shareholders' equity	4,001,172	4,031,691
Total liabilities and shareholders' equity	$ 44,435,634	43,117,720

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FINANCIAL SUMMARY, CAPITAL RATIOS, ASSET QUALITY
(unaudited)

	Three months ended		
(in thousands, except ratios and per share amounts)	**March 31, 2018**	**December 31, 2017**	**March 31, 2017**
PER COMMON SHARE			
Net income - basic	$ 0.64	$ 2.12	$ 2.49
Net income - diluted	$ 0.63	$ 2.11	$ 2.48
Average shares outstanding - basic	54,143	54,098	53,718
Average shares outstanding - diluted	54,395	54,377	54,099
Book value	$ 72.29	$ 73.33	$ 68.48
SELECTED FINANCIAL DATA			
Return on average total assets	0.32 %	1.08 %	1.37 %
Return on average shareholders' equity	3.48 %	11.44 %	14.72 %
Efficiency ratio (1)	42.21 %	33.50 %	33.12 %
Efficiency ratio excluding fair value adjustments related to repossessed taxi medallions(1)	34.38 %	32.40 %	32.60 %
Yield on interest-earning assets	3.74 %	3.70 %	3.64 %
Yield on interest-earning assets, tax-equivalent basis (1)(2)	3.75 %	3.71 %	3.64 %
Cost of deposits and borrowings	0.82 %	0.71 %	0.56 %
Net interest margin	3.00 %	3.05 %	3.13 %
Net interest margin, tax-equivalent basis (2)(3)	3.01 %	3.07 %	3.14 %

(1) See "Non-GAAP Financial Measures" for related calculation.

(2) Based on the 21 percent U.S. federal statutory tax rate for March 31, 2018, and the 35 percent rate for the 2017 periods presented. The tax-equivalent basis is considered a non-GAAP financial measure and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. This ratio is a metric used by management to evaluate the impact of tax-exempt assets on the Bank's yield on interest-earning assets and net interest margin.

(3) See "Net Interest Margin Analysis" for related calculation.

	March 31, 2018	**December 31, 2017**	**March 31, 2017**
CAPITAL RATIOS			
Tangible common equity (4)	8.95 %	9.29 %	9.27 %
Tier 1 leverage (5)	9.47 %	9.72 %	9.61 %
Common equity Tier 1 risk-based (5)	12.08 %	11.99 %	12.05 %
Tier 1 risk-based (5)	12.08 %	11.99 %	12.05 %
Total risk-based (5)	13.44 %	13.32 %	13.57 %
ASSET QUALITY			
Non-accrual loans	$ 168,713	$ 326,918	$ 225,938
Allowance for loan and lease losses	$ 208,385	$ 195,959	$ 223,951
Allowance for loan and lease losses to non-accrual loans	123.51 %	59.94 %	99.12 %

Allowance for loan and lease losses to total loans	0.63	%	0.60	%	0.75	%
Non-accrual loans to total loans	0.51	%	1.00	%	0.75	%
Quarterly net charge-offs to average loans, *annualized*	1.58	%	0.48	%	0.13	%

(4) We define tangible common equity as the ratio of total tangible common equity to total tangible assets (the "TCE ratio"). Tangible common equity is considered to be a non-GAAP financial measure and should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP. The TCE ratio is a metric used by management to evaluate the adequacy of our capital levels. In addition to tangible common equity, management uses other metrics, such as Tier 1 capital related ratios, to evaluate capital levels. See "Non-GAAP Financial Measures" for related calculation.

(5) March 31, 2018 ratios are preliminary.

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NET INTEREST MARGIN ANALYSIS
(unaudited)

	Three months ended March 31, 2018				*Three months ended March 31, 2017*			
(dollars in thousands)	**Average Balance**	**Interest Income/ Expense**	**Average Yield/ Rate**		**Average Balance**	**Interest Income/ Expense**	**Average Yield/ Rate**	
INTEREST-EARNING ASSETS								
Short-term investments	$ 466,499	1,743	1.52	%	433,521	786	0.74	%
Investment securities	9,249,140	70,627	3.05	%	8,794,792	66,861	3.04	%
Commercial loans, mortgages and leases (1)(2)	32,693,171	320,888	3.98	%	29,327,970	279,589	3.87	%
Residential mortgages and consumer loans	245,113	2,398	3.97	%	277,590	2,640	3.86	%
Loans held for sale	355,981	2,264	2.58	%	279,375	1,384	2.01	%
Total interest-earning assets	43,009,904	397,920	3.75	%	39,113,248	351,260	3.64	%
Non-interest-earning assets	663,079				520,255			
Total assets	$ 43,672,983				39,633,503			
INTEREST-BEARING LIABILITIES								
Interest-bearing deposits								
NOW and interest-bearing demand	$ 3,844,379	10,829	1.14	%	3,753,533	5,221	0.56	%
Money market	17,237,642	38,719	0.91	%	16,680,785	26,169	0.64	%
Time deposits	1,531,743	5,315	1.41	%	1,433,793	3,412	0.97	%
Non-interest-bearing demand deposits	11,604,894	-	-		10,390,629	-	-	
Total deposits	34,218,658	54,863	0.65	%	32,258,740	34,802	0.44	%
Subordinated debt	257,448	3,641	5.66	%	256,655	3,641	5.67	%
Other borrowings	4,760,044	20,422	1.74	%	3,075,967	10,407	1.37	%
Total deposits and borrowings	39,236,150	78,926	0.82	%	35,591,362	48,850	0.56	%
Other non-interest-bearing liabilities and shareholders' equity	4,436,833				4,042,141			
Total liabilities and shareholders' equity	$ 43,672,983				39,633,503			
OTHER DATA								
Net interest income / interest rate spread (1)		318,994	2.93	%		302,410	3.08	%
Tax-equivalent adjustment		(848)				(654)		
Net interest income, as reported		318,146				301,756		
Net interest margin			3.00	%			3.13	%
Tax-equivalent effect			0.01	%			0.01	%
Net interest margin on a fully tax-equivalent basis (1)(2)			3.01	%			3.14	%
Ratio of average interest-earning assets to average interest-bearing liabilities			109.62	%			109.90	%

(1) Presented on a tax-equivalent, non-GAAP, basis for municipal leasing and financing transactions using the U.S. federal statutory tax rate of 21 percent for the period ended March 31, 2018 and 35 percent for the period ended December 31, 2017.

(2) See "Non-GAAP Financial Measures" for related calculation.

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NON-GAAP FINANCIAL MEASURES
(unaudited)

Management believes that the presentation of certain non-GAAP financial measures assists investors when comparing results period-to-period in a more consistent manner and provides a better measure of Signature Bank's results. These non-GAAP measures include the Bank's (i) Net income and diluted earnings per share (as reported) to net income and diluted earnings per share excluding write-downs and fair value adjustments for the taxi medallion portfolio, (ii) change in loans and leases excluding payoffs and charge-offs on taxi medallion loans, (iii) tangible common equity ratio, (iv) efficiency ratio, (v) efficiency ratio excluding fair value adjustments related to repossessed taxi medallions,(vi) yield on interest-earning assets, tax-equivalent basis, and (vii) core net interest margin, tax-equivalent basis excluding loan prepayment penalty income. These non-GAAP measures should not be considered a substitute for GAAP-basis measures and results. We strongly encourage investors to review our consolidated financial statements in their entirety and not to rely on any single financial measure. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

The following table presents the change in net income excluding write-downs and fair value adjustments for the taxi medallion portfolio :

	Three months ended March 31,	
(dollars in thousands, except per share amounts)	**2018**	**2017**
Net income (as reported)	$ 34,472	$ 133,916
Write-downs and fair value (FV) adjustments for the taxi medallion portfolio	154,032	13,920
Tax effect, taxi medallion portfolio write-downs and FV adjustments	(41,650)	(4,045)
Total net income (adjusted)	$ 146,854	$ 143,791
Diluted earnings per share (as reported)	$ 0.63	$ 2.48
Write-downs and FV adjustments for the taxi medallion portfolio	2.83	0.26
Tax effect, taxi medallion portfolio write-downs and FV adjustments	(0.77)	(0.07)
Diluted earnings per share - excluding write-downs and FV adjustments for the taxi medallion portfolio (adjusted)	$ 2.69	$ 2.66

The following table presents the change in loans and leases for the quarter excluding payoffs and charge-offs on taxi medallion loans:

(dollars in thousands)	**March 31, 2018**
Loans and leases, gross (as reported)	$ 33,247,263
Payoffs and charge-offs on taxi medallions - first quarter 2018	160,667
Total loans and leases, gross - excluding payoffs and charge-offs on taxi medallions	$ 33,407,930
Loans and leases, gross (as reported) - December 31, 2017	32,612,539
Change in loans and leases, gross (adjusted)	$ 795,391

The following table presents the tangible common equity ratio calculation:

	Three months ended March 31,	
(dollars in thousands except, per ratio)	**2018**	**2017**
Consolidated common shareholders' equity	$ 4,001,172	3,764,863
Intangible assets	27,687	37,436
Consolidated tangible common shareholders' equity (TCE)	$ 3,973,485	3,727,427
Consolidated total assets	$ 44,435,634	40,265,334
Intangible assets	27,687	37,436
Consolidated tangible total assets (TTA)	$ 44,407,947	40,227,898
Tangible common equity ratio (TCE/TTA)	8.95 %	9.27 %

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The following table presents the efficiency ratio calculation:

	Three months ended March 31,			
	2018		**2017**	
Non-interest expense (NIE)	$ 137,332		103,199	
Net interest income before provision for loan and lease losses	318,146		301,756	
Other non-interest income	7,202		9,875	
Total income (TI)	$ 325,348		311,631	
Efficiency ratio (NIE/TI)	42.21	%	33.12	%

The following table presents the efficiency ratio calculation excluding fair value adjustments related to repossessed taxi medallions:

	Three months ended March 31,			
	2018		**2017**	
Non-interest expense (NIE)	$ 137,332		103,199	
Fair value adjustments related to repossessed taxi medallions	(25,478	)	(1,596	)
NIE excluding fair value adjustments related to repossessed taxi medallions	111,854		101,603	
Net interest income before provision for loan and lease losses	318,146		301,756	
Other non-interest income	7,202		9,875	
Total income (TI)	$ 325,348		311,631	
Efficiency ratio (NIE/TI)	34.38	%	32.60	%

The following table reconciles yield on interest-earning assets to the yield on interest-earning assets on a tax-equivalent basis:

	Three months ended March 31,			
	2018		**2017**	
Interest income (as reported)	$ 397,072		350,606	
Tax-equivalent adjustment	848		654	
Interest income, tax-equivalent basis	$ 397,920		351,260	
Interest-earnings assets	$ 43,009,904		39,113,248	
Yield on interest-earning assets	3.74	%	3.64	%
Tax-equivalent effect	0.01	%	-	
Yield on interest-earning assets, tax-equivalent basis	3.75	%	3.64	%

The following table reconciles net interest margin (as reported) to core net interest margin on a tax-equivalent basis excluding loan prepayment penalty income:

	Three months ended March 31,			
	2018		**2017**	
Net interest margin (as reported)	3.00	%	3.13	%
Tax-equivalent adjustment	0.01	%	0.01	%
Net interest margin, tax equivalent basis	3.01	%	3.14	%
Margin contribution from loan prepayment penalty income	(0.06	)%	(0.05	)%
Core net interest margin, tax-equivalent basis excluding loan prepayment penalty income	2.95	%	3.09	%

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Source: Signature Bank

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