Signature Bank Reports 2019 First Quarter Results

April 17, 2019

- ***Net Income for the 2019 First Quarter Was $144.1 Million, or $2.65 Diluted Earnings Per Share, Versus $34.5 Million, or $0.63 Diluted Earnings Per Share, Reported in the 2018 First Quarter. Excluding the Effect of the Taxi Medallion Portfolio, 2018 First Quarter Net Income Would Have Been $146.8 Million, or $2.69 Diluted Earnings Per Share***
- ***2019 First Quarter Net Income Was Negatively Affected by a Decrease in Prepayment Penalty Income of $9.4 Million and $4.3 Million From the 2018 Fourth and First Quarters, Respectively***
- ***The Bank Declared a Cash Dividend of $0.56 Per Share, Payable on or After May 15, 2019 to Common Stockholders of Record at the Close of Business on May 1, 2019***
- ***During the 2019 First Quarter, the Bank Repurchased 173,193 Shares of Common Stock For a Total of $22.9 Million***
- ***Total Deposits in the First Quarter Grew $243.8 Million to $36.62 Billion; Total Deposits Have Grown $1.80 Billion, or 5.2 Percent, Since the End of the 2018 First Quarter. Escrow Deposits Decreased $659.8 Million in the 2019 First Quarter. Average Deposits Increased $210.0 Million in the 2019 First Quarter***
- ***For the 2019 First Quarter, Loans Increased $1.04 Billion, or 2.9 Percent, to $37.47 Billion. Since the End of the 2018 First Quarter, Loans Have Increased 12.7 Percent, or $4.22 Billion***
- ***Non-Accrual Loans Were $94.7 Million, or 0.25 Percent of Total Loans, at March 31, 2019, Versus $108.6 Million, or 0.30 Percent, at the End of the 2018 Fourth Quarter and $168.7 Million, or 0.51 Percent, at the End of the 2018 First Quarter. Excluding Taxi Medallion Loans, Which Were All Placed on Non-Accrual in the 2017 Second Quarter, Non-Accrual Loans Were $18.6 Million, or Five Basis Points of Total Loans***
- ***Net Interest Margin on a Tax-Equivalent Basis was 2.75 Percent, Compared with 2.90 Percent for the 2018 Fourth Quarter and 3.01 Percent for the 2018 First Quarter. Core Net Interest Margin on a Tax-Equivalent Basis Excluding Loan Prepayment Penalty Income Decreased Seven Basis Points to 2.73 Percent, Compared with 2.80 Percent for the 2018 Fourth Quarter***
- ***Tier 1 Leverage, Common Equity Tier 1 Risk-Based, Tier 1 Risk-Based, and Total Risk-Based Capital Ratios were 9.68 Percent, 11.97 Percent, 11.97 Percent, and 13.24 Percent, Respectively, at March 31, 2019. Signature Bank Remains Significantly Above FDIC "Well Capitalized" Standards. Tangible Common Equity Ratio was 9.29 Percent***
- ***In the 2019 First Quarter, the Bank Appointed One Private Client Banking Team and Announced Its Entry Into Venture Banking With the Hiring of a Twenty Plus Person Team. Thus Far in the 2019 Second Quarter, the Bank Has Hired One Additional Private Client Banking Team for its San Francisco Office***

NEW YORK--(BUSINESS WIRE)--Apr. 17, 2019-- Signature Bank (Nasdaq: SBNY), a New York-based full service commercial bank, today announced results for its first quarter ended March 31, 2019.

Net income for the 2019 first quarter was $144.1 million, or $2.65 diluted earnings per share, versus $34.5 million, or $0.63 diluted earnings per share, for the 2018 first quarter. The increase in net income for the 2019 first quarter, versus the comparable quarter last year, is due to a decrease of $134.5 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 for the 2018 first quarter would have been $146.8 million, or $2.69 diluted earnings per share. Additionally, prepayment penalty income for the 2019 first quarter was $2.4 million, down $4.3 million from the 2018 first quarter.

Net interest income for the 2019 first quarter reached $319.0 million, up $0.9 million, or 0.3 percent, when compared with the 2018 first quarter. This increase is primarily due to growth in average interest-earning assets. Total assets reached $48.55 billion at March 31, 2019, an increase of $4.11 billion, or 9.3 percent, from $44.44 billion at March 31, 2018. Average assets for the 2019 first quarter reached $47.86 billion, an increase of $4.19 billion, or 9.6 percent, compared with the 2018 first quarter.

Deposits for the 2019 first quarter rose $243.8 million to $36.62 billion at March 31, 2019, affected by a decrease in escrow deposits of $659.8 million. When compared with deposits at March 31, 2018, overall deposit growth for the last twelve months was 5.2 percent, or $1.80 billion. Average deposits for the 2019 first quarter reached $36.47 billion, an increase of $210.0 million.

"The past several quarters have been extremely productive for Signature Bank as we build for the future. During this time, we started two best-in-class divisions -- the Fund Banking Division and the Venture Banking Group -- while also commencing our West Coast operations with the opening of our San Francisco private client banking office. Additionally, we launched Signet™, our proprietary, blockchain-based digital real time (24/7/365) payments platform. We have added qualified colleagues to our team across the board to support all of these new business initiatives. We embarked on these pertinent growth initiatives simultaneously as we believe they will all contribute to strengthening our franchise and help position the Bank for continued success," explained Joseph J. DePaolo, Co-founder, President and Chief Executive Officer.

"Private equity and venture banking clients are an ever-growing component of the economic landscape, especially in the primary markets we serve throughout New York and California. Our Fund and Venture Banking businesses will afford us the opportunity to cater to these expanding client bases while also furthering our commitment to grow core deposits and diversify our balance sheet," DePaolo concluded.

"While we just celebrated our 15th anniversary as a public company, we remain an innovator, ensuring we are providing clients what they need to successfully operate their businesses. This can be evidenced by the introduction of our blockchain-based technology platform, Signet, which provides 24/7/365 funds transfers and will change the way our commercial clients conduct business," explained Scott A. Shay, Chairman of the Board.

"Signature Bank remains the bank of choice for banking teams looking for the most responsive venue to best serve their clients. Perhaps the real testimony to our success is that we always hold fast to our commitment to serve our clients with the best possible means while providing depositor safety by remaining a sleep-at-night bank," 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 9.68 percent, 11.97 percent, 11.97 percent, and 13.24 percent, respectively, as of March 31, 2019. 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 9.29 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.

The Bank declared a cash dividend of $0.56 per share, payable on or after May 15, 2019 to common stockholders of record at the close of business on May 1, 2019. In the first quarter of 2019, the Bank paid a cash dividend of $0.56 per share to common stockholders of record at the close of business on February 1, 2019. Additionally, during the 2019 first quarter, the Bank repurchased 173,193 shares of common stock for a total of $22.9 million.

Net Interest Income

Net interest income for the 2019 first quarter was $319.0 million, an increase of $0.9 million, or 0.3 percent, versus the same period last year, primarily due to growth in average interest-earning assets. Average interest-earning assets of $47.17 billion for the 2019 first quarter represent an increase of $4.16 billion, or 9.7 percent, from the 2018 first quarter. Yield on interest-earning assets for the 2019 first quarter increased 26 basis points to 4.01 percent, compared to the first quarter of last year.

Average cost of deposits and average cost of funds for the first quarter of 2019 increased by 51 and 57 basis points, to 1.16 percent and 1.39 percent, respectively, versus the comparable period a year ago.

Net interest margin on a tax-equivalent basis for the 2019 first quarter was 2.75 percent versus 3.01 percent reported in the 2018 first quarter and 2.90 percent in the 2018 fourth quarter. Excluding loan prepayment penalties in both quarters, linked quarter core net interest margin on a tax-equivalent basis decreased seven basis points to 2.73 percent.

Provision for Loan Losses

The Bank's provision for loan losses for the first quarter of 2019 was $6.3 million, compared with $6.4 million for the 2018 fourth quarter and $140.8 million for the 2018 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 2019 first quarter were $879,000, or 0.01 percent of average loans, on an annualized basis, versus net recoveries of $2.9 million, or 0.03 percent, for the 2018 fourth quarter and net charge offs of $128.3 million, or 1.58 percent, for the 2018 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 2019 first quarter was $6.1 million, down $1.1 million when compared with $7.2 million reported in the 2018 first quarter. The decrease was driven by an increase in tax credit investment amortization. These investments positively impact our effective tax rate.

Non-interest expense for the first quarter of 2019 was $125.1 million, a decrease of $12.2 million, or 8.9 percent, versus $137.3 million reported in the 2018 first quarter. The decrease was primarily due to the absence of write-downs of $24.0 million on repossessed New York City taxi medallions that were taken in the first quarter of 2018, partially offset by the addition of new private client banking teams.

The Bank's efficiency ratio improved to 38.5 percent for the 2019 first quarter versus 42.2 percent for the comparable period last year. The gain was primarily due to a decrease in other general and administrative expenses of $19.9 million primarily due to the aforementioned write-down on the repossessed medallions that was taken in the first quarter of 2018.

Loans

Loans, excluding loans held for sale, grew $1.04 billion, or 2.9 percent, during the first quarter of 2019 to $37.47 billion, compared with $36.42 billion at December 31, 2018. At March 31, 2019, loans accounted for 77.2 percent of total assets, versus 76.9 percent at the end of the 2018 fourth quarter and 74.8 percent at the end of 2018 first quarter. Average loans, excluding loans held for sale, reached $36.87 billion in the 2019 first quarter, growing $1.22 billion, or 3.4 percent, from the 2018 fourth quarter and $3.93 billion, or 11.9 percent, from the 2018 first quarter. For the second consecutive quarter, the increase in loans for the first quarter was primarily driven by growth in commercial and industrial loans.

At March 31, 2019, non-accrual loans were $94.7 million, representing 0.25 percent of total loans and 0.20 percent of total assets, compared with non-accrual loans of $108.6 million, or 0.30 percent of total loans, at December 31, 2018 and $168.7 million, or 0.51 percent of total loans, at March 31, 2018. Excluding non-accruing loans secured by taxi medallions of $76.1 million, non-accrual loans for the remainder of the portfolio are $18.6 million, or five basis points of total loans. The ratio of allowance for loan and lease losses to total loans at March 31, 2019 was 0.63 percent, unchanged from December 31, 2018 and March 31, 2018. Additionally, the ratio of allowance for loan and lease losses to non-accrual loans, or the coverage ratio, was 249 percent for the 2019 first quarter versus 212 percent for the fourth quarter of 2018 and 124 percent for the 2018 first quarter.

Conference Call

Signature Bank's management will host a conference call to review results of the 2019 first quarter on Wednesday, April 17, 2019, 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 #2615648. 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 #2615648. The replay will be available from approximately 1:00 PM ET on Wednesday, April 17, 2019 through 11:59 PM ET on Sunday, April 21, 2019.

About Signature Bank

Signature Bank, member FDIC, is a New York-based full-service commercial bank with 31 private client offices throughout the New York metropolitan area and Connecticut as well as San Francisco. The Bank's growing network of private client banking teams serves the needs of privately owned businesses, their owners and senior managers.

Signature Bank's 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 introduced its revolutionary, blockchain-based digital payments platform, Signet™, enabling real-time payments for its commercial clients. The Signet Platform allows the Bank's commercial clients to make payments in U.S. dollars, 24/7/365, safely and securely, without transaction fees. Signature Bank is the first FDIC-insured bank to launch a blockchain-based digital payments platform, and Signet is the first such platform to be approved for use by the NYS Department of Financial Services

Signature Bank is one of the top 40 largest banks in the U.S., based on deposits (*S&P Global Market Intelligence*). The Bank recently earned several third-party recognitions, including: appeared on *Forbes'* Best Banks in America list for the ninth consecutive year in 2019; and, named Best Business Bank, Best Private Bank and Best Attorney Escrow Services provider by the *New York Law Journal* in the publication's annual "Best of" survey for 2018, earning it a place in the *New York Law Journal'* s Hall of Fame (awarded to companies that have ranked in the "Best of" survey for at least three of the past four years). The Bank also ranked second nationally in the Best Business Bank, Best Private Bank and Best Attorney Escrow Services categories of the *National Law Journal's* 2019 "Best of" survey .

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)	**2019**	**2018**
INTEREST AND DIVIDEND INCOME		
Loans held for sale	$ 1,724	2,264
Loans and leases, net	381,361	322,438
Securities available-for-sale	59,101	52,264
Securities held-to-maturity	15,613	14,533
Other investments	7,766	5,573
Total interest income	465,565	397,072
INTEREST EXPENSE		
Deposits	104,047	54,863

Federal funds purchased and securities sold under agreements to repurchase	5,829	2,388
Federal Home Loan Bank borrowings	33,056	18,034
Subordinated debt	3,641	3,641
Total interest expense	146,573	78,926
Net interest income before provision for loan and lease losses	318,992	318,146
Provision for loan and lease losses	6,309	140,762
Net interest income after provision for loan and lease losses	312,683	177,384
NON-INTEREST INCOME		
Commissions	3,640	3,175
Fees and service charges	8,028	6,642
Net gains on sales of securities	553	441
Net gains on sales of loans	1,995	2,018
Other-than-temporary impairment losses on securities:		
Total impairment losses on securities	-	(2)
Portion recognized in other comprehensive income (before taxes)	-	(14)
Net impairment losses on securities recognized in earnings	-	(16)
Tax credit investment amortization	(9,153)	(5,863)
Other Income	1,025	805
Total non-interest income	6,088	7,202
NON-INTEREST EXPENSE		
Salaries and benefits	79,869	73,163
Occupancy and equipment	11,098	8,199
Information technology	8,486	6,287
FDIC assessment fees	3,184	6,988
Professional fees	2,888	3,276
Other general and administrative	19,539	39,419
Total non-interest expense	125,064	137,332
Income before income taxes	193,707	47,254
Income tax expense	49,642	12,782
Net income	$ 144,065	34,472
PER COMMON SHARE DATA		
Earnings per share – basic	$ 2.65	0.64
Earnings per share – diluted	$ 2.65	0.63
Dividends per common share	$ 0.56	-

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CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(dollars in thousands, except shares and per share amounts)	**March 31, 2019 (unaudited)**	**December 31, 2018**
ASSETS		
Cash and due from banks	$ 404,715	269,204
Short-term investments	74,673	48,051
Total cash and cash equivalents	479,388	317,255
Securities available-for-sale	7,280,431	7,301,604
Securities held-to-maturity (fair value $2,017,390 at March 31, 2019 and $1,845,198 at December 31, 2018)	2,035,026	1,883,533
Federal Home Loan Bank stock	274,208	264,877
Loans held for sale	113,349	485,305
Loans and leases, net	37,230,195	36,193,122
Premises and equipment, net	54,085	59,051
Operating lease right-of-use assets (1)	228,463	-
Accrued interest and dividends receivable	146,217	141,829
Other assets	705,092	718,240
Total assets	$ 48,546,454	47,364,816
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Non-interest-bearing	$ 11,719,641	12,016,197
Interest-bearing	24,902,946	24,362,576

Total deposits	36,622,587	36,378,773
Federal funds purchased and securities sold under agreements to repurchase	1,203,000	820,000
Federal Home Loan Bank borrowings	5,177,364	4,970,000
Subordinated debt	258,370	258,174
Operating lease liabilities (1)	244,432	-
Accrued expenses and other liabilities	488,658	530,729
Total liabilities	43,994,411	42,957,676
Shareholders' equity		
Preferred stock, par value $.01 per share; 61,000,000 shares authorized; none issued at March 31, 2019 and December 31, 2018	-	-
Common stock, par value $.01 per share; 64,000,000 shares authorized; 55,437,020 shares issued and 55,275,158 outstanding at March 31, 2019; 55,405,531 shares issued and 55,039,433 outstanding at December 31, 2018	554	554
Additional paid-in capital	1,833,105	1,862,896
Retained earnings	2,843,982	2,730,899
Treasury stock, 161,862 shares at March 31, 2019 and 366,098 shares at December 31, 2018	(21,488)	(42,680)
Accumulated other comprehensive loss	(104,110)	(144,529)
Total shareholders' equity	4,552,043	4,407,140
Total liabilities and shareholders' equity	$ 48,546,454	47,364,816

(1) Effective January 1, 2019, we adopted ASU 2016-02, *Leases (Topic 842)* and elected not to restate comparative prior periods, a transition option provided by ASU 2018-11, *Leases- Targeted Improvements (Topic 842)*.

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FINANCIAL SUMMARY, CAPITAL RATIOS, ASSET QUALITY
(unaudited)

	Three months ended		
(in thousands, except ratios and per share amounts)	**March 31, 2019**	**December 31, 2018**	**March 31, 2018**
PER COMMON SHARE			
Net income - basic	$ 2.65	$ 2.94	$ 0.64
Net income - diluted	$ 2.65	$ 2.94	$ 0.63
Average shares outstanding - basic	54,165	54,510	54,143
Average shares outstanding - diluted	54,269	54,631	54,395
Book value	$ 82.35	$ 80.07	$ 72.29
SELECTED FINANCIAL DATA			
Return on average total assets	1.22%	1.37%	0.32%
Return on average shareholders' equity	13.04%	14.76%	3.48%
Efficiency ratio (1)	38.47%	34.94%	42.21%
Yield on interest-earning assets	4.00%	3.98%	3.74%
Yield on interest-earning assets, tax-equivalent basis (1)(2)	4.01%	3.99%	3.75%
Cost of deposits and borrowings	1.39%	1.19%	0.82%
Net interest margin	2.74%	2.89%	3.00%
Net interest margin, tax-equivalent basis (2)(3)	2.75%	2.90%	3.01%

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

(2) Based on the 21 percent U.S. federal statutory tax rate for the 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, 2019	**December 31, 2018**	**March 31, 2018**
CAPITAL RATIOS			

Tangible common equity (4)	9.29%	9.21%	8.95%
Tier 1 leverage (5)	9.68%	9.70%	9.47%
Common equity Tier 1 risk-based (5)	11.97%	12.11%	12.09%
Tier 1 risk-based (5)	11.97%	12.11%	12.09%
Total risk-based (5)	13.24%	13.41%	13.45%
ASSET QUALITY			
Non-accrual loans	$ 94,670	$ 108,654	$ 168,713
Allowance for loan and lease losses	$ 235,435	$ 230,005	$ 208,385
Allowance for loan and lease losses to non-accrual loans	248.69%	211.69%	123.51%
Allowance for loan and lease losses to total loans	0.63%	0.63%	0.63%
Non-accrual loans to total loans	0.25%	0.30%	0.51%
Quarterly net charge-offs (recoveries) to average loans, annualized	0.01%	(0.03)%	1.58%

(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, 2019 ratios are preliminary.

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NET INTEREST MARGIN ANALYSIS
(unaudited)

	Three months ended March 31, 2019			*Three months ended March 31, 2018*		
(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	$ 465,077	2,915	2.54 %	466,499	1,743	1.52 %
Investment securities	9,605,682	79,565	3.31 %	9,249,140	70,627	3.05 %
Commercial loans, mortgages and leases (1)(2)	36,650,950	380,045	4.21 %	32,693,171	320,888	3.98 %
Residential mortgages and consumer loans	218,054	2,476	4.61 %	245,113	2,398	3.97 %
Loans held for sale	226,546	1,724	3.09 %	355,981	2,264	2.58 %
Total interest-earning assets	47,166,309	466,725	4.01 %	43,009,904	397,920	3.75 %
Non-interest-earning assets	693,039			663,079		
Total assets	$ 47,859,348			43,672,983		
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits						
NOW and interest-bearing demand	$ 4,215,955	21,289	2.05 %	3,844,379	10,829	1.14 %
Money market	18,474,137	70,361	1.54 %	17,237,642	38,719	0.91 %
Time deposits	2,191,609	12,397	2.29 %	1,531,743	5,315	1.41 %
Non-interest-bearing demand deposits	11,593,215	-	-	11,604,894	-	-
Total deposits	36,474,916	104,047	1.16 %	34,218,658	54,863	0.65 %
Subordinated debt	258,242	3,641	5.64 %	257,448	3,641	5.66 %
Other borrowings	6,106,241	38,885	2.58 %	4,760,044	20,422	1.74 %
Total deposits and borrowings	42,839,399	146,573	1.39 %	39,236,150	78,926	0.82 %
Other non-interest-bearing liabilities and shareholders' equity	5,019,949			4,436,833		
Total liabilities and shareholders' equity	$ 47,859,348			43,672,983		
OTHER DATA						
Net interest income / interest rate spread (1)		320,152	2.62 %		318,994	2.93 %
Tax-equivalent adjustment		(1,160)			(848)	
Net interest income, as reported		318,992			318,146	
Net interest margin			2.74 %			3.00 %
Tax-equivalent effect			0.01 %			0.01 %
Net interest margin on a tax-equivalent basis (1)(2)			2.75 %			3.01 %
Ratio of average interest-earning assets to average interest-bearing liabilities			110.10 %			109.62 %

(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 periods presented.

(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 assist 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) tangible common equity ratio, (iii) efficiency ratio, (iv) yield on interest-earning assets, tax-equivalent basis, and (v) 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)	**2019**	**2018**
Net income (as reported)	$ 144,065	34,472
Write-downs and fair value (FV) adjustments for the taxi medallion portfolio	(755)	154,032
Tax effect, taxi medallion portfolio write-downs and FV adjustments	193	(41,650)
Total net income (adjusted)	$ 143,503	146,854
Diluted earnings per share (as reported)	$ 2.65	0.63
Write-downs and FV adjustments for the taxi medallion portfolio	(0.01)	2.83
Tax effect, taxi medallion portfolio write-downs and FV adjustments	0.00	(0.77)
Diluted earnings per share - excluding write-downs and FV adjustments for the taxi medallion portfolio (adjusted)	$ 2.64	2.69

The following table presents the tangible common equity ratio calculation:

	Three months ended March 31,	
(dollars in thousands)	**2019**	**2018**
Consolidated common shareholders' equity	$ 4,552,043	4,001,172
Intangible assets	46,716	27,687
Consolidated tangible common shareholders' equity (TCE)	$ 4,505,327	3,973,485
Consolidated total assets	$ 48,546,454	44,435,634
Intangible assets	46,716	27,687
Consolidated tangible total assets (TTA)	$ 48,499,738	44,407,947
Tangible common equity ratio (TCE/TTA)	9.29 %	8.95 %

The following table presents the efficiency ratio calculation:

	Three months ended March 31,	
(dollars in thousands)	**2019**	**2018**
Non-interest expense (NIE)	$ 125,064	137,332
Net interest income before provision for loan and lease losses	318,992	318,146
Other non-interest income	6,088	7,202
Total income (TI)	$ 325,080	325,348

Efficiency ratio (NIE/TI)	38.47	%	42.21	%

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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,			
(dollars in thousands)	**2019**		**2018**	
Interest income (as reported)	$ 465,565		397,072	
Tax-equivalent adjustment	1,160		848	
Interest income, tax-equivalent basis	$ 466,725		397,920	
Interest-earnings assets	$ 47,166,309		43,009,904	
Yield on interest-earning assets	4.00	%	3.74	%
Tax-equivalent effect	0.01	%	0.01	%
Yield on interest-earning assets, tax-equivalent basis	4.01	%	3.75	%

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,			
	2019		**2018**	
Net interest margin (as reported)	2.74	%	3.00	%
Tax-equivalent adjustment	0.01	%	0.01	%
Margin contribution from loan prepayment penalty income	(0.02	)%	(0.06	)%
Core net interest margin, tax-equivalent basis excluding loan prepayment penalty income	2.73	%	2.95	%

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Source: Signature Bank

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