SIGNATURE BANK®

Signature Bank Responds to the Largest Inaccuracies in the *New York Times* Articles of July 23–24, 2018

The *New York Times* article, “How a Small Bank Became a Go-To Lender to the Trump Family,” published on the web on July 23, 2018, and in print on July 24, retitled “The Bank of Trump’s Inner Circle,” contains a variety of inaccuracies. Since the story provides such a misleading narrative of Signature Bank’s relationship with the parties mentioned, the Bank’s executive management felt compelled to correct these inaccuracies and clarify what we believe to be misrepresentations of certain facts.

To begin, the article’s titles are both severely misleading. It is inconceivable that *The New York Times* considers Signature Bank, with its minor exposure to the family’s business and personal finances, as *“a Go-To Lender to the Trump Family”* and *“The Bank of Trump’s Inner Circle,”* particularly when we are aware that the Trump Organization borrows literally billions of dollars from other financial institutions. Please note that the only real banking relationship that we have had is with the Kushner family, which began in 2010. As will be later detailed, Mr. Cohen was merely an investor in two properties which were financed based upon a relationship with the lead sponsor, who was unrelated to Trump. Even *The New York Times* notes that we had no credit lending relationship with the Trump Organization. The headlines are fiction.

According to The New York Times: *“When Mr. Cohen needed $17 million to buy a Manhattan apartment building in 2015, he went to Signature Bank.”* To clarify, Mr. Cohen was only one of multiple investors in a building purchased for $58 million. He had no more than a 19% interest in the partnership that purchased the building, and all substantive contacts with the Bank were made by the sponsor of the project, a long-time client of the Bank and one for whom Signature Bank had previously financed many loans involving a variety of investors, each transaction considered to be a conservative lending decision. As a 19% non-control investor in the purchasing entity, Mr. Cohen in fact needed $7.8 million to fund his share, none of which was provided by Signature Bank; nor did Mr. Cohen approach Signature Bank requesting any amount of money in connection with the purchase. As to the $17 million: the entity paid $58 million for the building and funded the purchase with $41 million in equity (of which Mr. Cohen provided his $7.8 million) along with $17 million from the Bank’s loan which resulted from a long-time relationship unrelated to Mr. Cohen.

According to The New York Times: *“…Mr. Cohen…had helped initiate a relationship between Signature and Mr. Trump…”* This is false. We have no knowledge of Mr. Cohen initiating such a relationship.

According to The New York Times: *“The bank lent money to Mr. Trump’s Florida golf course.”* This is a mischaracterization of the facts. Signature Bank blocked $212,000 in Trump accounts and provided two letters of credit totaling $212,000 to two golf course counterparties secured by this cash. There was no credit risk to the Bank whatsoever, and in an abundance of caution the Bank disclosed these two cash-secured letters of credit within the Bank’s proxy statements of 2011 and 2012.

According to The New York Times: *“…Signature Bank… lent money to real estate developers – including Kushner … knowing that they planned to use abusive tactics… It is focused on whether Signature’s loans were overly risky…”* Signature Bank has never lent money to any real estate developer with the intent to displace tenants. The Bank never makes loans to provide funds for tenant buyouts. There has never been a single tenant complaint to the Bank on any loan where the Bank has provided financing for a Kushner Company-owned apartment building.

At the end of 2017, Signature Bank's loan portfolio included $14.4 billion in multifamily loans, of which $11.5 billion or 79 percent, were for properties located in New York City, in census areas designated as low-to-moderate income (LMI).

The Bank also focuses on some of the most urgently needed housing within the local community. In 2017 alone, the Bank provided financing for 1,284 units of supported housing (i.e. housing for the formerly homeless and 100 percent Section 8 Voucher recipients).

Signature Bank's lending in the multifamily sector has enabled building owners to maintain and improve some of New York's older housing stock, including a significant number of pre-World War II buildings. As a major lender in these vital and vibrant sectors of New York City, Signature Bank recognizes its responsibility to tenants and the communities in which it lends. We work very hard to be a positive force in the community. It is our unrelenting commitment to the community that *The New York Times* sadly and wrongly characterized as "*occupying unglamorous niches*."

In terms of "risky" loans, the Bank does not have a single past-due loan on any multifamily building in our portfolio. Our performance is literally among the best in the United States.

According to The New York Times: *"...a Trump Company spokeswoman played down the company's relationship with Signature*…" This is a mischaracterization as there was nothing to "play down." Had the article been accurate, it would have noted that the relationship was purely a depository one as even the two letters of credit were cash-secured by deposits. The depositary nature of this letter of credit was in fact communicated to *The New York Times* during their writing process.

According to The New York Times: *"Mr. Cohen had amassed a large portfolio of medallions and borrowed money from bankers who later joined Signature."* As *The New York Times* was told, none of the Bank's senior bankers from this group have any recollection of Mr. Cohen. Signature Bank has never provided financing for any of Mr. Cohen's taxi medallions. This was also clearly communicated multiple times to *The New York Times* during their writing process.

According to The New York Times: "*Signature Bank forged deep political connections…"* Signature Bank's board is comprised of prestigious and diverse Directors, with several members possessing broad knowledge and deep experience with the financial services industry:

Former Congressman Barney Frank, past Chairman of the House Financial Services Committee, was instrumental in crafting the rescue plan in response to the nation's financial crisis and co-sponsored the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Alfonse D'Amato served as U.S. Senator from the State of New York for 18 years, during which time he chaired the Senate Committee on Banking, Housing and Urban Affairs and was a member of the Senate Finance Committee.

Board member Derek Cephas is a former bank President himself. He is also a former member of the Board of Directors of the Dime Savings Bank of New York and served as the Superintendent of Banks for the State of New York.

Each of these individuals and their fellow Signature Bank board members bring with them unique perspectives and opinions that are highly beneficial to the successful operation of the Bank.

Furthermore, Signature Bank never discriminates or screens clients based on political affiliation. Our clients include many prominent individuals who are leaders in a variety of endeavors, including political involvement across the spectrum of government.

According to The New York Times: *"Three months later, the Trump Organization started borrowing from Signature – thanks, at least in part, to Mr. Cohen…on Trump World Tower, across from the United Nations. In December 2009, Signature lent $800,000 to the building, managed by the Trump Organization, to refinance the mortgage on the superintendent's apartment."* There is no record of Mr. Cohen's involvement in any of this. Senior management did not know who Mr. Cohen was until he started appearing in the newspapers. The Bank does not regularly check into the board members of condominium buildings, and in this particular case, there was no credit-related reason not to finance the loan. The building borrowed money from Signature Bank in the type of transaction that has been done for credit-worthy condominiums and co-ops a myriad of times. The Trump Organization was not an obligor.

According to The New York Times: *"…said Charles Elson, a professor of corporate governance at the University of Delaware."* All aspects of Ms. Trump's involvement on the Signature Bank board were fully vetted by outside legal counsel. The Bank offered *The New York Times* the opportunity to let their "professor" speak with our outside counsel. Until the Time's article, we had been under the impression that a professor would want to have the facts first before opining on a matter. At all times Signature Bank was in compliance with Sarbanes Oxley and Nasdaq requirements.

According to The New York Times: *"… shortly before Mr. Trump's presidential campaign got underway, Signature made the $17 million loan to Mr. Cohen."* This is once again a gross mischaracterization. Again, as stated above, Mr. Cohen was a 19% investor in a group that bought a building for $58 million. The Bank provided a 30% loan-to-value financing for this project led by a long-time client. No check was made out to Mr. Cohen.

These are only several of the inaccuracies and mischaracterizations found in the *New York Times'* article. Signature Bank is proud of our record of commitment to New York and our conservative lending practices.

As the Times' article makes mention in passing, Signature Bank was initially founded with capital from Bank Hapoalim with its $42.5 million initial investment. Within just 21 months, Signature Bank broke even; the Bank went public just 34 months following its founding. Signature Bank was the only bank in the United States over $4 billion in size not to have experienced a down year in 2008 and throughout the financial crisis. And, despite a misstep in providing financing for taxi medallions, Signature Bank's lending record has been stellar. Even with extensive loan growth, the average size loan within Signature Bank's portfolio is still around just $5 million as we continue to strive to be an important part of the fabric of middle-market and small multifamily lending in New York.

Today, without a single acquisition or merger, the Bank has grown to be a $45 billion financial institution. This has been achieved organically, by offering superior service as well as depositor safety. We offered *The New York Times* the opportunity to meet with our operations units to see how seriously we take all of our internal controls and procedures. They did not.

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