

April 19, 2017

Signature Bank Reports 2017 First Quarter Results

- | **Net Income for the 2017 First Quarter Reached a Record \$133.9 Million, or \$2.48 Diluted Earnings Per Share, An Increase of \$29.9 Million, or 28.7 Percent, from \$104.0 Million, or \$1.97 Diluted Earnings Per Share, Reported in the 2016 First Quarter**
- | **2017 First Quarter Net Income Included a Net Tax Benefit for \$14.4 Million Related to a Change in the 2015 New York City Tax Code. Additionally, Tax Expense Included a \$2.9 Million Benefit Related to the Adoption of New Stock Based Compensation Guidance. Excluding These Items, Net Income for the 2017 First Quarter Would Have Been a Record \$116.6 Million, or \$2.15 Diluted Earnings Per Share**
- | **Total Deposits in the First Quarter Grew \$1.07 Billion to \$32.94 Billion; Total Deposits Have Grown \$4.83 Billion, or 17.2 Percent, Since the End of the 2016 First Quarter. Average Deposits Increased \$581.4 Million, or 1.8 Percent, in the 2017 First Quarter**
- | **For the 2017 First Quarter, Loans Increased \$980.4 Million, or 3.4 Percent, to \$30.02 Billion. Since the End of the 2016 First Quarter, Loans Have Increased 19.9 Percent, or \$4.98 Billion**
- | **Non-Accrual Loans Were \$225.9 Million, or 0.75 Percent of Total Loans, at March 31, 2017, Versus \$157.6 Million, or 0.54 Percent, at the End of the 2016 Fourth Quarter and \$105.0 Million, or 0.42 Percent, at the End of the 2016 First Quarter. The Increase in Non-Accrual Loans for the Quarter Was Predominantly Due to Taxi Medallion Loans**
- | **Net Interest Margin on a Tax-Equivalent Basis was 3.14 Percent, Compared with 3.14 Percent for the 2016 Fourth Quarter and 3.32 Percent for the 2016 First Quarter. Core Net Interest Margin on a Tax-Equivalent Basis Excluding Loan Prepayment Penalty Income Increased Three Basis Points to 3.09 Percent, Compared with 3.06 Percent for the 2016 Fourth Quarter**
- | **Tier 1 Leverage, Common Equity Tier 1 Risk-Based, Tier 1 Risk-Based, and Total Risk-Based Capital Ratios were 9.61 Percent, 12.05 Percent, 12.05 Percent, and 13.57 Percent, Respectively, at March 31, 2017. Signature Bank Remains Significantly Above FDIC "Well Capitalized" Standards. Tangible Common Equity Ratio was 9.27 Percent**
- | **In the 2017 First Quarter the Bank Appointed One Private Client Banking Group Director to an Existing Team. Thus far, One Private Client Banking Team Joined in April**

NEW YORK--(BUSINESS WIRE)-- Signature Bank (Nasdaq: SBNY), a New York-based full-service commercial bank, today announced results for its first quarter ended March 31, 2017.

Net income for the 2017 first quarter reached a record \$133.9 million, or \$2.48 diluted earnings per share, versus \$104.0 million, or \$1.97 diluted earnings per share, for the 2016 first quarter. The record net income for the 2017 first quarter, versus the comparable quarter last year, is primarily due to an increase in net interest income, fueled by strong deposit and loan growth, as well as net tax adjustments totaling \$17.3 million. These factors were partially offset by an increase in non-interest expense.

Net interest income for the 2017 first quarter reached \$301.8 million, up \$23.4 million, or 8.4 percent, when compared with the 2016 first quarter. This increase is primarily due to growth in average interest-earning assets. Total assets reached \$40.27 billion at March 31, 2017, an increase of \$5.37 billion, or 15.4 percent, from \$34.90 billion at March 31, 2016. Average assets for the 2017 first quarter reached \$39.63 billion, an increase of \$5.49 billion, or 16.1 percent, compared with the 2016 first quarter.

Deposits for the 2017 first quarter rose \$1.07 billion, or 3.4 percent, to \$32.94 billion at March 31, 2017. When compared with deposits at March 31, 2016, overall deposit growth for the last twelve months was 17.2 percent, or \$4.83 billion. Average deposits for the 2017 first quarter reached \$32.26 billion, an increase of \$581.4 million, or 1.8 percent.

"We are pleased to begin 2017 by reporting another quarter of record earnings, driven by strong deposit and loan growth. Our results directly reflect the core values on which this institution was built nearly 16 years ago, to which we have remained steadfast since first opening our doors. The structure upon which Signature Bank was founded is straightforward. We continually execute on our sound and secure business plan that emphasizes a single-point-of-contact approach to relationship banking. All the necessary fundamentals have been put in place to allow us to face challenges that may arise,

and we are confident in our abilities to successfully address them," said Joseph J. DePaolo, Co-founder, President and Chief Executive Officer.

"Our deposit-driven, client-centric model allows us to navigate through changing times -- whether it be an uncertain political landscape, enhanced regulatory scrutiny or a choppy interest rate environment -- our dedication to clients clearly demonstrates our capabilities and determination to succeed as a commercial banking leader.

"While this all may sound repetitive, it is the consistency of our model that allows us to continue to attract and retain long-tenured banking professionals who clearly understand how to differentiate through extraordinary service, which is the Bank's hallmark. As we pass the \$40 billion mark in assets, we remain focused on the guiding principles and philosophies that enabled us to get to this place of safety, security, strength and success," DePaolo concluded.

"The New Year has brought renewed vigor to the economy. Employment growth appears to be gaining traction as business owners contemplate expansion. To this end, our Signature bankers prove to be invaluable resources as clients navigate the uncertainty as to the direction of interest rates and the pace of the economy's expansion," explained Scott A. Shay, Co-founder and Chairman of the Board.

"We are gratified our Group Directors are the main points of contact when our clients choose to discuss financial issues they may face. Our clients truly understand the benefits of having a trusted banker available to serve as an honest sounding board. This is a major differentiator for Signature Bank clients as they know our colleagues are always thinking about ways to help them become more profitable. We realize if we succeed at that, the relationships with our clients deepen. When our clients prosper, we prosper, which is why we work so hard at ensuring they are well cared for and highly satisfied," Shay stated.

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 9.61 percent, 12.05 percent, 12.05 percent, and 13.57 percent, respectively, as of March 31, 2017. 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 9.27 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 2017 first quarter was \$301.8 million, an increase of \$23.4 million, or 8.4 percent, versus the same period last year, primarily due to growth in average interest-earning assets. Average interest-earning assets of \$39.11 billion for the 2017 first quarter represent an increase of \$5.36 billion, or 15.9 percent, from the 2016 first quarter. Yield on interest-earning assets for the 2017 first quarter declined 12 basis points to 3.64 percent, compared to the first quarter of last year.

Average cost of deposits and average cost of funds for the first quarter of 2017 increased by three and seven basis points, to 0.44 percent and 0.56 percent, respectively versus the comparable period a year ago.

Net interest margin on a tax-equivalent basis for the 2017 first quarter was 3.14 percent versus 3.32 percent reported in the 2016 first quarter and 3.14 percent in the 2016 fourth quarter. Excluding loan prepayment penalties in both quarters, linked quarter core margin on a tax-equivalent basis increased three basis points to 3.09 percent.

Provision for Loan Losses

The Bank's provision for loan losses for the first quarter of 2017 was \$19.6 million, compared with \$22.2 million for the 2016 fourth quarter and \$19.8 million for the 2016 first quarter. The sustained level of provisions continues to be driven by the taxi medallion portfolio.

Net charge offs for the 2017 first quarter were \$9.2 million, or 0.13 percent of average loans, on an annualized basis, versus net charge offs of \$13.5 million, or 0.19 percent, for the 2016 fourth quarter and \$7.8 million, or 0.13 percent, for the 2016 first quarter. The charge off level is predominantly driven by the taxi medallion portfolio.

Non-Interest Income and Non-Interest Expense

Non-interest income for the 2017 first quarter was \$9.9 million, up \$1.4 million when compared with \$8.5 million reported in the 2016 first quarter. The increase was driven by growth in most non-interest income categories, partially offset by an

increase in other losses from additional amortization of low income housing tax credit investments.

Non-interest expense for the first quarter of 2017 was \$103.2 million, an increase of \$10.9 million, or 11.8 percent, versus \$92.3 million reported in the 2016 first quarter. The increase was primarily a result of 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 remained stable at 33.1 percent for the 2017 first quarter versus 32.2 percent for the comparable period last year.

Income Taxes

Income tax expense includes a \$14.4 million net benefit associated with the reduction from the New York City tax base of net interest income earned on qualified affordable housing and low income community related loans in accordance with legislation enacted in 2015 impacting the 2015 and 2016 tax years. This reduction also positively impacted our 2017 annual estimated effective tax rate. In addition, tax expense reflects a benefit of \$2.9 million related to the first quarter adoption of the new stock-based compensation standard, ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*. This discrete item does not impact our 2017 annual estimated effective tax rate.

Loans

Loans, excluding loans held for sale, grew \$980.4 million, or 3.4 percent, during the first quarter of 2017 to \$30.02 billion, compared with \$29.04 billion at December 31, 2016. At March 31, 2017, loans accounted for 74.6 percent of total assets, versus 74.4 percent at the end of the 2016 fourth quarter and 71.8 percent at the end of 2016 first quarter. Average loans, excluding loans held for sale, reached \$29.61 billion in the 2017 first quarter, growing \$1.36 billion, or 4.8 percent, from the 2016 fourth quarter and \$5.21 billion, or 21.4 percent, from the 2016 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, 2017, non-accrual loans were \$225.9 million, representing 0.75 percent of total loans and 0.56 percent of total assets, compared with non-accrual loans of \$157.6 million, or 0.54 percent of total loans, at December 31, 2016 and \$105.0 million, or 0.42 percent of total loans, at March 31, 2016. At the end of the 2017 first quarter, \$204.6 million of non-accrual loans were secured by taxi medallions. The ratio of allowance for loan and lease losses to total loans at March 31, 2017 was 0.75 percent, versus 0.74 percent at December 31, 2016 and 0.83 percent at March 31, 2016. Additionally, the ratio of allowance for loan and lease losses to non-accrual loans, or the coverage ratio, was 99 percent for the 2017 first quarter versus 135 percent for the fourth quarter of 2016 and 197 percent for the 2016 first quarter.

Conference Call

Signature Bank's management will host a conference call to review results of the 2017 first quarter on Wednesday, April 19, 2017, 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 #5412803. 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 #5412803. The replay will be available from approximately 1:00 PM ET on Wednesday, April 19, 2017 through 11:59 PM ET on Sunday, April 23, 2017.

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 ranked on [Forbes' Best Banks in America](#) list for the seventh consecutive year in 2017 and was recently named Best Business Bank for the third consecutive year by the [New York Law Journal](#) in the publication's [seventh annual reader survey](#). The Bank also ranked second in the Best Private Bank and Best Attorney Escrow Services categories in the

listing. Additionally, Signature Bank was cited among the top three of [the nation's best private banking services providers](#) in the [2017 Best of The National Law Journal](#) reader rankings. The Bank was also named Best Commercial Bank of the Year - U.S. by [International Banker](#) in their [International Banker 2017 North and South American Awards](#) program.

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)**

| | <i>Three months ended March 31,</i> | |
|--|-------------------------------------|-------------|
| <i>(dollars in thousands, except per share amounts)</i> | 2017 | 2016 |
| INTEREST AND DIVIDEND INCOME | | |
| Loans held for sale | \$ 1,384 | 1,248 |
| Loans and leases, net | 281,575 | 245,939 |
| Securities available-for-sale | 49,818 | 50,287 |
| Securities held-to-maturity | 15,013 | 16,289 |
| Other short-term investments | 2,816 | 2,010 |
| Total interest income | 350,606 | 315,773 |
| INTEREST EXPENSE | | |
| Deposits | 34,802 | 28,238 |
| Federal funds purchased and securities sold under agreements to repurchase | 3,391 | 3,068 |
| Federal Home Loan Bank borrowings | 7,016 | 6,158 |
| Subordinated debt | 3,641 | - |
| Total interest expense | 48,850 | 37,464 |
| Net interest income before provision for loan and lease losses | 301,756 | 278,309 |
| Provision for loan and lease losses | 19,630 | 19,812 |
| Net interest income after provision for loan and lease losses | 282,126 | 258,497 |
| NON-INTEREST INCOME | | |
| Commissions | 3,007 | 2,707 |

| | | |
|---|---------|---------|
| Fees and service charges | 5,948 | 5,150 |
| Net gains on sales of securities | 849 | 237 |
| Net gains on sales of loans | 2,497 | 1,627 |
| Other-than-temporary impairment losses on securities: | | |
| Total impairment losses on securities | (192) | (55) |
| Portion recognized in other comprehensive income (before taxes) | 32 | - |
| Net impairment losses on securities recognized in earnings | (160) | (55) |
| Other losses | (2,266) | (1,201) |
| Total non-interest income | 9,875 | 8,465 |

NON-INTEREST EXPENSE

| | | |
|----------------------------------|------------|---------|
| Salaries and benefits | 66,386 | 62,280 |
| Occupancy and equipment | 8,085 | 6,640 |
| Data processing | 5,309 | 4,885 |
| FDIC assessment fees | 6,142 | 4,983 |
| Professional fees | 3,374 | 1,887 |
| Other general and administrative | 13,903 | 11,651 |
| Total non-interest expense | 103,199 | 92,325 |
| Income before income taxes | 188,802 | 174,637 |
| Income tax expense | 54,886 | 70,602 |
| Net income | \$ 133,916 | 104,035 |

PER COMMON SHARE DATA

| | | |
|------------------------------|---------|------|
| Earnings per share - basic | \$ 2.49 | 1.98 |
| Earnings per share - diluted | \$ 2.48 | 1.97 |

SIGNATURE BANK

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

| | March 31, 2017 | December 31, 2016 |
|---|---------------------------|------------------------------|
| | (unaudited) | |
| <i>(dollars in thousands, except shares and per share amounts)</i> | | |
| ASSETS | | |
| Cash and due from banks | \$ 693,363 | 499,856 |
| Short-term investments | 38,175 | 39,095 |
| | 731,538 | 538,951 |
| Securities available-for-sale | 6,577,850 | 6,335,347 |
| Securities held-to-maturity (fair value \$2,011,218 at March 31, 2017 and \$2,027,393 at December 31, 2016) | 2,016,281 | 2,038,125 |
| Federal Home Loan Bank stock | 154,454 | 132,629 |
| Loans held for sale | 277,596 | 559,528 |
| Loans and leases, net | 29,799,659 | 28,829,670 |
| Premises and equipment, net | 53,917 | 50,698 |
| Accrued interest and dividends receivable | 105,551 | 102,963 |
| Other assets | 548,488 | 459,700 |
| Total assets | \$40,265,334 | 39,047,611 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Deposits | | |
| Non-interest-bearing | \$10,241,939 | 10,520,529 |
| Interest-bearing | 22,693,263 | 21,340,731 |
| Total deposits | 32,935,202 | 31,861,260 |
| Federal funds purchased and securities sold under agreements to repurchase | 375,000 | 893,000 |
| Federal Home Loan Bank borrowings | 2,535,900 | 2,050,900 |
| Subordinated debt | 256,783 | 256,588 |
| Accrued expenses and other liabilities | 397,586 | 373,599 |

| | | |
|--|--------------|------------|
| Total liabilities | 36,500,471 | 35,435,347 |
| Shareholders' equity | | |
| Preferred stock, par value \$.01 per share; 61,000,000 shares authorized; none issued at March 31, 2017 and December 31, 2016 | - | - |
| Common stock, par value \$.01 per share; 64,000,000 shares authorized; 54,974,744 shares issued and outstanding at March 31, 2017; 54,610,593 shares issued and outstanding at December 31, 2016 | 550 | 546 |
| Additional paid-in capital | 1,773,806 | 1,763,100 |
| Retained earnings | 2,037,248 | 1,903,332 |
| Accumulated other comprehensive loss | (46,741) | (54,714) |
| Total shareholders' equity | 3,764,863 | 3,612,264 |
| Total liabilities and shareholders' equity | \$40,265,334 | 39,047,611 |

SIGNATURE BANK
FINANCIAL SUMMARY, CAPITAL RATIOS, ASSET QUALITY
(unaudited)

| <i>(in thousands, except ratios and per share amounts)</i> | <i>Three months ended</i> | | |
|---|---------------------------|--------------------------|-----------------------|
| | March 31, 2017 | December 31, 2016 | March 31, 2016 |
| PER COMMON SHARE | | | |
| Net income - basic | \$ 2.49 | \$ 2.12 | \$ 1.98 |
| Net income - diluted | \$ 2.48 | \$ 2.11 | \$ 1.97 |
| Average shares outstanding - basic | 53,718 | 53,684 | 52,589 |
| Average shares outstanding - diluted | 54,099 | 54,060 | 52,919 |
| Book value | \$ 68.48 | \$ 66.15 | \$ 62.85 |
| SELECTED FINANCIAL DATA | | | |
| Return on average total assets | 1.37% | 1.19% | 1.23% |
| Return on average shareholders' equity | 14.72% | 12.64% | 13.37% |
| Efficiency ratio (1) | 33.12% | 31.25% | 32.19% |
| Yield on interest-earning assets | 3.64% | 3.61% | 3.76% |
| Yield on interest-earning assets, tax-equivalent basis (1)(2) | 3.64% | 3.61% | 3.76% |
| Cost of deposits and borrowings | 0.56% | 0.53% | 0.49% |
| Net interest margin | 3.13% | 3.13% | 3.32% |
| Net interest margin, tax-equivalent basis (2)(3) | 3.14% | 3.14% | 3.32% |

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

(2) Based on the 35 percent U.S. federal statutory tax rate. 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, 2017 | December 31, 2016 | March 31, 2016 |
|-------------------------------------|-----------------------|--------------------------|-----------------------|
| CAPITAL RATIOS | | | |
| Tangible common equity (4) | 9.27% | 9.21% | 9.61% |
| Tier 1 leverage (5) | 9.61% | 9.61% | 9.79% |
| Common equity Tier 1 risk-based (5) | 12.05% | 11.92% | 12.42% |
| Tier 1 risk-based (5) | 12.05% | 11.92% | 12.42% |
| Total risk-based (5) | 13.57% | 13.46% | 13.19% |

ASSET QUALITY

| | | | |
|---|-----------|------------|-----------|
| Non-accrual loans | \$225,938 | \$ 157,578 | \$105,010 |
| Allowance for loan and lease losses | \$223,951 | \$ 213,495 | \$207,046 |
| Allowance for loan and lease losses to non-accrual loans | 99.12% | 135.49% | 197.17% |
| Allowance for loan and lease losses to total loans | 0.75% | 0.74% | 0.83% |
| Non-accrual loans to total loans | 0.75% | 0.54% | 0.42% |
| Quarterly net charge-offs to average loans, <i>annualized</i> | 0.13% | 0.19% | 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, 2017 ratios are preliminary.

SIGNATURE BANK**NET INTEREST MARGIN ANALYSIS****(unaudited)**

| | <i>Three months ended</i> <i>March 31, 2017</i> | | | <i>Three months ended</i> <i>March 31, 2016</i> | | |
|---|--|---|------------------------------------|--|---|------------------------------------|
| | Average Balance | Interest Income/ Expense | Average Yield/ Rate | Average Balance | Interest Income/ Expense | Average Yield/ Rate |
| <i>(dollars in thousands)</i> | | | | | | |
| INTEREST-EARNING ASSETS | | | | | | |
| Short-term investments | \$ 433,521 | 786 | 0.74% | 392,746 | 474 | 0.49% |
| Investment securities | 8,794,792 | 66,861 | 3.04% | 8,648,278 | 68,112 | 3.15% |
| Commercial loans, mortgages and leases (1)(2) | 29,327,970 | 279,589 | 3.87% | 24,086,734 | 242,991 | 4.06% |
| Residential mortgages and consumer loans | 277,590 | 2,640 | 3.86% | 307,618 | 2,948 | 3.85% |
| Loans held for sale | 279,375 | 1,384 | 2.01% | 315,182 | 1,248 | 1.59% |
| Total interest-earning assets | 39,113,248 | 351,260 | 3.64% | 33,750,558 | 315,773 | 3.76% |
| Non-interest-earning assets | 520,255 | | | 391,630 | | |
| Total assets | \$39,633,503 | | | 34,142,188 | | |
| INTEREST-BEARING LIABILITIES | | | | | | |
| Interest-bearing deposits | | | | | | |
| NOW and interest-bearing demand | \$ 3,753,533 | 5,221 | 0.56% | 2,921,912 | 3,290 | 0.45% |
| Money market | 16,680,785 | 26,169 | 0.64% | 14,933,194 | 22,249 | 0.60% |
| Time deposits | 1,433,793 | 3,412 | 0.97% | 1,094,897 | 2,699 | 0.99% |
| Non-interest-bearing demand deposits | 10,390,629 | - | - | 8,739,262 | - | - |
| Total deposits | 32,258,740 | 34,802 | 0.44% | 27,689,265 | 28,238 | 0.41% |
| Subordinated debt | 256,655 | 3,641 | 5.67% | - | - | - |
| Other borrowings | 3,075,967 | 10,407 | 1.37% | 3,001,460 | 9,226 | 1.24% |
| Total deposits and borrowings | 35,591,362 | 48,850 | 0.56% | 30,690,725 | 37,464 | 0.49% |
| Other non-interest-bearing liabilities and shareholders' equity | | | | | | |
| | 4,042,141 | | | 3,451,463 | | |
| Total liabilities and shareholders' equity | \$39,633,503 | | | 34,142,188 | | |
| OTHER DATA | | | | | | |
| Net interest income / interest rate spread (1) | | 302,410 | 3.08% | | 278,309 | 3.27% |
| Tax-equivalent adjustment | | (654) | | | - | |
| Net interest income, as reported | | <u>301,756</u> | | | <u>278,309</u> | |
| Net interest margin | | | 3.13% | | | 3.32% |
| Tax-equivalent effect | | | 0.01% | | | - |
| Net interest margin on a fully tax-equivalent | | | | | | |

| | | |
|---|---------|---------|
| basis (1)(2) | 3.14% | 3.32% |
| Ratio of average interest-earning assets to average interest-bearing liabilities | 109.90% | 109.97% |

(1) Presented on a tax-equivalent, non-GAAP, basis using the U.S. federal statutory tax rate of 35 percent.

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

SIGNATURE BANK
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 excluding NYC affordable housing and stock-compensation standard tax effects, (ii) tangible common equity ratio, (iii) efficiency ratio (iv) yield on interest-earning assets, tax-equivalent basis, (v) net interest margin, tax-equivalent basis, and (vi) 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 net income and diluted earnings per share excluding the 2015 and 2016 New York City (NYC) affordable housing tax benefit and the stock-based compensation standard (ASU 2016-09) tax benefit:

| | <i>Three months ended March 31,</i> | |
|---|---|----------|
| | 2016 | |
| <i>(dollars in thousands, except per share amounts)</i> | | |
| Net income (as reported) | \$ | 133,916 |
| 2015 & 2016 NYC affordable housing tax benefit | | (14,413) |
| ASU 2016-09 tax benefit | | (2,929) |
| Net income - excluding NYC affordable housing and stock-compensation standard tax effects | \$ | 116,574 |
| Diluted earnings per share (as reported) | \$ | 2.48 |
| 2015 & 2016 NYC affordable housing tax benefit | | (0.27) |
| ASU 2016-09 tax benefit | | (0.06) |
| Diluted earnings per share - excluding NYC affordable housing and stock-compensation standard tax effects | \$ | 2.15 |

The following table presents the tangible common equity ratio calculation:

| | <i>Three months ended March 31,</i> | | |
|---|-------------------------------------|-------------|-------------|
| | | 2017 | 2016 |
| <i>(dollars in thousands except, per ratio)</i> | | | |
| Consolidated common shareholders' equity | \$ | 3,764,863 | 3,368,997 |
| Intangible assets | | 37,436 | 15,759 |
| Consolidated tangible common shareholders' equity (TCE) | \$ | 3,727,427 | 3,353,238 |
| Consolidated total assets | \$ | 40,265,334 | 34,897,772 |
| Intangible assets | | 37,436 | 15,759 |
| Consolidated tangible total assets (TTA) | \$ | 40,227,898 | 34,882,013 |
| Tangible common equity ratio (TCE/TTA) | | 9.27% | 9.61% |

SIGNATURE BANK
NON-GAAP FINANCIAL MEASURES
(unaudited)

The following table presents the efficiency ratio calculation:

| | <i>Three months ended March 31,</i> | |
|--|-------------------------------------|-------------|
| | 2017 | 2016 |
| Non-interest expense (NIE) | \$ 103,199 | 92,325 |
| Net interest income before provision for loan and lease losses | 301,756 | 278,309 |
| Other non-interest income | 9,875 | 8,465 |
| Total income (TI) | \$ 311,631 | 286,774 |
| Efficiency ratio (NIE/TI) | 33.12% | 32.19% |

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

| | <i>Three months ended March 31,</i> | |
|--|-------------------------------------|-------------|
| | 2017 | 2016 |
| Interest income (as reported) | \$ 350,606 | 315,773 |
| Tax-equivalent adjustment | 654 | - |
| Interest income, tax-equivalent basis | \$ 351,260 | 315,773 |
| Interest-earnings assets | \$ 39,113,248 | 33,750,558 |
| Yield on interest-earning assets | 3.64% | 3.76% |
| Tax-equivalent effect | - | - |
| Yield on interest-earning assets, tax-equivalent basis | 3.64% | 3.76% |

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

| | <i>Three months ended March 31,</i> | |
|---|-------------------------------------|-------------|
| | 2017 | 2016 |
| Net interest margin (as reported) | 3.13% | 3.32% |
| Tax-equivalent adjustment | 0.01% | - |
| Net interest margin, tax equivalent basis | 3.14% | 3.32% |
| Margin contribution from loan prepayment penalty income | (0.05)% | (0.15)% |
| Core net interest margin, tax-equivalent basis excluding loan prepayment penalty income | 3.09% | 3.17% |

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