Interest income and interest expense are affected both by changes in the volume of interest-earning assets and interest-bearing liabilities and by changes in yields and interest rates. The table below analyzes the impact of changes in volume (changes in average outstanding balances multiplied by the prior period's rate) and changes in interest rate (changes in interest rates multiplied by the current period's average balance). Changes that are caused by a combination of interest rate and volume changes are allocated proportionately to both changes in volume and changes in interest rate. The effect of nonperforming assets is included in the table below.

	Three months ended March 31, 2018 vs. 2017		
(in thousands)	**Change Due to Rate**	**Change Due to Volume**	**Total Change**
INTEREST INCOME			
Short-term investments	$ 897	60	957
Investment securities	312	3,454	3,766
Commercial loans, mortgages and leases (1)	9,218	32,081	41,299
Residential mortgages and consumer loans	67	(309)	(242)
Loans held for sale	501	379	880
Total interest income	10,995	35,665	46,660
INTEREST EXPENSE			
Interest-bearing deposits			
NOW and interest-bearing demand	5,482	126	5,608
Money market	11,676	874	12,550
Time deposits	1,670	233	1,903
Total interest-bearing deposits	18,828	1,233	20,061
Subordinated debt	(11)	11	-
Borrowings	4,317	5,698	10,015
Total interest expense	23,134	6,942	30,076
Net interest income	$ (12,139)	28,723	16,584

(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 March 31, 2017.

Net interest income for the first quarter of 2018 was $318.1 million, an increase of $16.3 million, or 5.4%, compared to $301.8 million for the first quarter last year. The increase in net interest income for the first quarter of 2018 was largely driven by an increase in average interest-earning assets and the yield earned on those assets, which, when compared to the same period last year, increased $3.90 billion and 11 basis points, respectively. This increase was partially offset by an increase in average deposits of $1.96 billion and a 26 basis point increase in average cost of funds compared to the first quarter of 2017. These same factors contributed to the 13 basis point decline in net interest margin on a tax-equivalent basis to 3.01% for the first quarter of 2018 compared to 3.14% for the same period last year.

Total investment securities averaged $9.25 billion in the quarter ended March 31, 2018 compared to $8.79 billion for the first quarter of 2017. The overall yield on the securities portfolio in the current quarter was 3.05%, slightly higher when compared to 3.04% for the first quarter last year due to higher replacement rates and lower premium amortization. Our portfolio primarily consists of high quality and highly-rated mortgage-backed securities, commercial mortgage-backed securities, and collateralized mortgage obligations issued by government agencies, government-sponsored enterprises, and private issuers. We mitigate extension risk through our overall strategy of purchasing relatively stable duration securities that, by their nature, have lower yields. At March 31, 2018, the baseline average duration of our investment securities portfolio was approximately 3.73 years, compared to 3.69 years at March 31, 2017.

Total commercial loans, mortgages and leases averaged $32.69 billion in the first quarter of 2018, an increase of $3.37 billion, or 11.5%, when compared to the first quarter of 2017. The average yield on this portfolio increased 11 basis points to 3.98% from the first quarter last year, primarily due to increased market rates. Prepayment penalty income was $6.6 million for the three months ended March 31, 2018, compared to $4.3 million for the same period last year. Our commercial real estate loans (including multi-

family loans) normally have a term of ten years, with a fixed rate of interest in years one through five and a rate that either adjusts annually or is fixed for the five years that follow. Loans that prepay in the first five years generate prepayment penalties ranging from one to five percentage points of the then-current loan balance, depending on the remaining term of the loan. If a loan is still outstanding in the sixth year and the borrower selects the fixed rate option, the prepayment penalties typically reset to a range of one to five percentage points over years six through ten. It is difficult to predict the level of prepayment activity in future periods as it depends on market conditions, real estate values, the actual or perceived direction of market interest rates and the contractual repricing and maturity dates of commercial real estate loans.

Average non-interest-bearing demand deposits for the first quarter of 2018 were $11.60 billion, an increase of $1.21 billion, or 11.7%, when compared to the first quarter of 2017. Non-interest-bearing demand deposits continue to comprise a significant component of our deposit mix, representing 33.8% of all deposits at March 31, 2018. Additionally, average NOW and interest-bearing demand and money market accounts totaled $21.08 billion for the first quarter of 2018, an increase of $647.7 million, or 3.2%, when compared to the first quarter of 2017. Core deposits have provided us with a source of stable and relatively low cost funding, which has positively affected our net interest margin and income. As a result of the current competitive and rising interest rate environment, our funding cost for money market accounts increased to 0.91% for the quarter ended March 31 2018 compared to 0.64% for the first quarter of 2017. Our funding cost for NOW and interest-bearing demand accounts was 1.14% for the first quarter of 2018 compared to 0.56% for the third quarter of 2017.

For the first quarter of 2018, average total borrowings increased $1.68 billion, or 50.6.%, to $5.02 billion compared to $3.33 billion for the first quarter of 2017. The increase in average total borrowings, when compared to the first quarter of 2017, reflects funding needs as a result of our continued loan growth. The average cost of total borrowings was 1.94% and 1.70% for the first quarters of 2018 and 2017, respectively. The increase in the average cost of borrowings reflects higher replacement rates for matured term borrowings.

Provision for Loan and Lease Losses

Our provision for loan and lease losses was $140.8 million for the quarter ended March 31, 2018, compared to $19.6 million for the first quarter last year, an increase of $121.2 million or over 100%. For the three month period ended March 31, 2018, the increased provision was nearly all driven by NYC taxi medallion portfolio charge-offs, as the related taxi medallion value declined significantly.

The remaining NYC taxi medallion portfolio net exposure is $131.2 million. In Chicago, the remaining taxi medallion portfolio net exposure is $17.5 million. Including repossessed taxi medallions, remaining net exposure totals $156.5 million in NYC and $19.4 million in Chicago.

For additional information about the provision for loan and lease losses, as well as the decrease in taxi medallion nonaccrual loans and the increase in charge-offs, see the discussion of asset quality and the ALLL later in this report, as well as in Note 7 to our Consolidated Financial Statements.

Non-Interest Income

For the quarter ended March 31 2018, non-interest income was $7.2 million, a decrease of $2.7 million, or 27.1%, when compared to the first quarter of last year. The decrease was primarily due to an increase in other losses of $3.4 million from additional amortization of low income housing tax credit investments. These investments have contributed to the reduction of the Bank’s effective tax rate.

Non-Interest Expense

For the quarter ended March 31, 2018, non-interest expense was $137.3 million, an increase of $34.1 million, or 33.1%, when compared to the same period last year. This increase was primarily due to an increase in other general and administrative expenses of $25.0 million nearly all attributable to the write-down on repossessed taxi medallions, as well as an increase of $6.8 million in salaries and benefits mostly attributable to the addition of new private client banking teams along with increased compensation costs driven by the continued growth of our business. Further contributing to this was a $978,000 increase in information technology expenses due to the increased transaction volume from continued growth of our business, as well as an $846,000 increase in FDIC assessment fees driven by our deposit growth.

Stock-Based Compensation

We recognize compensation expense in our Consolidated Statement of Income for all stock-based compensation awards over the requisite service period with a corresponding credit to additional paid-in capital. Compensation expense is measured based on grant date fair value and is included in salaries and benefits (non-interest expense).

As of March 31, 2018, our total unrecognized compensation cost related to unvested restricted shares was $117.8 million, which is expected to be recognized over a weighted-average period of 2.32 years. During the quarter ended March 31, 2018, we recognized

compensation expense of $12.5 million for restricted shares. The total fair value of restricted shares that vested during the quarter ended March 31, 2018 was $51.7 million

Income Taxes

The income tax expense for the quarter ended March 31, 2018 was $12.8 million reflecting an effective tax rate of 27.1%, compared to $54.9 million for the quarter ended March 31, 2017 reflecting an effective tax rate of 29.1%. The decrease in the effective tax rate is primarily due the lower statutory corporate tax rate as a result of the enacted Federal corporate tax reform.

Segment Results

On an annual basis, we reevaluate our segment reporting conclusions. Based on our internal operating structure and the relative significance of the specialty finance business, our operations are organized into two reportable segments representing our core businesses – Commercial Banking and Specialty Finance.

Commercial Banking principally consists of commercial real estate lending, commercial and industrial lending, and commercial deposit gathering activities, while Specialty Finance principally consists of financing and leasing products, including equipment, transportation, taxi medallion, commercial marine, municipal and national franchise financing and/or leasing. The primary factors considered in determining these reportable segments include the nature of the underlying products and services offered, how products and services are provided to our clients, and our internal operating structure.

The segment information reported uses a “management approach” based on how management organizes its segments for purposes of making operating decisions and assessing performance. The Bank’s segment results are intended to reflect each segment as if it were a stand-alone business. Management’s accounting process uses various estimates and allocation methodologies to measure the performance of the segments. To determine financial performance for each segment, the Company allocates funding costs and certain non-interest expenses to each segment, as applicable. Management does not consider income tax expense when assessing segment profitability and, therefore, it is not disclosed in the tables below. Instead, the Bank’s income tax expense is calculated and evaluated at a consolidated level.

The following table presents the financial data for each reportable segment for the periods presented:

	Three months ended March 31, 2018			
(in thousands)	**Commercial Banking**	**Specialty Finance**	**Eliminations**	**Consolidated**
Net interest income	$ 297,569	20,577	-	318,146
Provision for (recovery of) loan and lease losses	12,314	128,448	-	140,762
Total non-interest income	6,146	1,062	(6)	7,202
Total non-interest expense	104,142	33,196	(6)	137,332
Income (loss) before income taxes	187,259	(140,005)	-	47,254
Total assets (1)	$ 44,812,148	3,922,513	(4,299,027)	44,435,634

(1) Eliminations related to intercompany funding.

	Three months ended March 31, 2017			
(in thousands)	**Commercial Banking**	**Specialty Finance**	**Eliminations**	**Consolidated**
Net interest income	$ 281,145	20,611	-	301,756
Provision for (recovery of) loan and lease losses	7,030	12,600	-	19,630
Total non-interest income	9,020	964	(109)	9,875
Total non-interest expense	94,809	8,499	(109)	103,199
Income (loss) before income taxes	188,326	476	-	188,802
Total assets (1)	$ 40,280,749	3,470,974	(3,486,389)	40,265,334

(1) Eliminations related to intercompany funding.

Commercial Banking

Commercial Banking consists principally of commercial real estate lending, commercial and industrial lending, and commercial deposit gathering activities in the New York Metropolitan area.

(in thousands)	*Three months ended March 31,* **2018**	**2017**
Net interest income	$ 297,569	281,145
Provision for (recovery of) loan and lease losses	12,314	7,030
Total non-interest income	6,146	9,020
Total non-interest expense	104,142	94,809
Income (loss) before income taxes	187,259	188,326
Total assets	$ 44,812,148	40,280,749

Commercial Banking net interest income was $297.6 million for the quarter ended March 31, 2018, an increase of $16.5 million, or 5.8%, when compared to $281.1 million for the same period a year ago. This increase was primarily due to growth in average interest-earning assets and the yield earned on those assets, partially offset by an increase in average deposits, as well as an increase in the average cost of funds.

The provision for loan and lease losses increased $5.3 million, or 75.2%, to a $12.3 million reserve build, compared to a $7.0 million reserve build in the prior year. The increase was primarily due to the increase in qualitative reserves primarily related to the nature and volume of loans qualitative factor due to increased large loan growth. For additional information about the provision for loan and lease losses, see the discussion of asset quality and the ALLL later in this report, as well as in Note 7 to our Consolidated Financial Statements.

Non-interest expense was $104.1 million for the quarter ended March 31, 2018, an increase of $9.3 million, or 9.8%, when compared to $94.8 million for the quarter ended March 31, 2017. The increase was primarily attributable to an increase in salaries and benefits expense due to the addition of new private client banking teams and an increase in compensation costs driven by the growth of our business. Further contributing is an increase in FDIC assessment fees and information technology expenses, which were also attributable to the continued growth of our business.

The increase of $4.53 billion in total assets, or 11.3%, from $40.28 billion as of March 31, 2017 to $44.81 billion as of March 31, 2018, was primarily attributable to growth in our commercial real estate loan portfolio.

Specialty Finance

Specialty Finance consists principally of financing and leasing products, including equipment, transportation, taxi medallion, commercial marine, municipal and national franchise financing and/or leasing. Specialty Finance's clients are located throughout the United States.

(in thousands)	*Three months ended March 31,* **2018**	**2017**
Net interest income	$ 20,577	20,611
Provision for (recovery of) loan and lease losses	128,448	12,600
Total non-interest income	1,062	964
Total non-interest expense	33,196	8,499
Income (loss) before income taxes	(140,005)	476
Total assets	$ 3,922,513	3,470,974

Specialty Finance net interest income remained stable at $20.6 million for the quarter ended March 31, 2018. This stable trend is primarily attributable to the increase in interest income due to continued loan growth in our equipment leasing portfolios, entirely offset by a decrease in interest income due to an increase in nonaccrual loans, primarily taxi medallion loans, when compared to the prior year.

The provision for loan and lease losses increased $115.8 million, or over 100%, to $128.4 million for the quarter ended March 31, 2018. The increase was primarily attributable to charge-offs related to the NYC taxi medallion portfolio during 2018 as a result of the significant collateral value decline and an increase in nonaccrual loans compared to the first quarter of 2017. For additional information about the provision for loan and lease losses, see the discussion of asset quality and the ALLL later in this report, as well as in Note 7 to our Consolidated Financial Statements.

Non-interest expense was $33.2 million for the quarter ended March 31, 2018, an increase of $24.7 million, or over 100%, when compared to $8.5 million for the same period a year ago nearly all due to the increase in fair value adjustments related to repossessed taxi medallions as a result of the significant decline in taxi medallion values during the first quarter of 2018.

The increase of $451.5 million in total assets, or 13.0%, from $3.47 billion as of March 31, 2017 to $3.92 billion as of March 31 2018, was primarily attributable to growth in our equipment leasing portfolios, partially offset by the reduction of taxi medallion balances due to charge-offs and the application of principal and interest payments to the related nonaccrual loan balances.

FINANCIAL CONDITION

Securities Portfolio

Securities in our investment portfolio are designated as either available-for-sale ("AFS") or held-to-maturity ("HTM") based upon various factors, including asset/liability management strategies, liquidity and profitability objectives and regulatory requirements. AFS securities may be sold prior to maturity, based upon asset/liability management decisions and are carried at fair value. Unrealized gains or losses on AFS securities are recorded in accumulated other comprehensive income (loss), net of tax, in shareholders' equity. HTM securities are carried at cost and adjusted for amortization of premiums or accretion of discounts. Other-than-temporary impairment losses on AFS and HTM debt securities attributable to credit losses are recorded in current earnings, while losses attributable to noncredit factors are recorded in accumulated other comprehensive income (loss). Amortization of premiums and accretion of discounts on mortgage-backed securities are periodically adjusted for estimated prepayments.

At March 31, 2018, our total securities portfolio was $8.97 billion and primarily consisted of mortgage-backed securities ("MBSs") and collateralized mortgage obligations ("CMOs") issued by U.S. Government agencies ($512.4 million), government-sponsored enterprises ($6.97 billion), and private issuers ($433.2 million). As of March 31, 2018, 92.6% of our securities portfolio had a AAA credit rating, 97.0% had a credit rating of A or better, and 99.1% was rated investment grade or better. Overall, our securities portfolio had a weighted average duration of 3.73 years and a weighted average life of 5.30 years as of March 31, 2018. For further discussion of our investment securities and the related determination of fair value, see Notes 4 and 5 to our Consolidated Financial Statements.

The agency MBS portfolio primarily consists of adjustable-rate hybrid securities, fixed-rate balloon and seasoned 15-year structures. The agency CMO portion of our portfolio primarily consists of short duration planned amortization and sequential structures, collateralized by conforming first lien residential mortgages. The private CMO portfolio consists of prime borrowers with seasoned underlying mortgages and supportive credit enhancement. Our asset-backed portfolio primarily consists of intermediate term fixed rate AAA and floating rate AA/A rated credit card, auto and home equity collateralized securities and collateralized debt obligations.

At March 31, 2018, the net unrealized loss on securities, net of tax effect, was $143.4 million as reflected in accumulated other comprehensive loss, compared to a net unrealized loss of $68.9 million at December 31, 2017. The fair value of our AFS securities is affected by several factors, including (i) credit spreads, (ii) the interest rate environment, (iii) unemployment rates, (iv) delinquencies and defaults on the mortgages underlying such obligations, (v) changes in interest rates resulting from expiration of the fixed rate portion of adjustable rate mortgages, (vi) changing home prices, (vii) market liquidity for such obligations, and (viii) uncertainties with respect to government-sponsored enterprises such as Fannie Mae and Freddie Mac, which guarantee many of the debt securities we own. The estimated effect of possible changes in interest rates on our earnings and equity is discussed in "Item 3. Quantitative and Qualitative Disclosures About Market Risk."

On December 10, 2013, federal regulators issued a final rule implementing the "Volcker Rule" enacted as part of the Dodd-Frank Act. The Volcker Rule prohibits banking organizations and their affiliates from investing in and sponsoring certain types of funds, including a range of asset securitization structures that do not meet the exemptive criteria for continued ownership (defined as "Covered Funds"). The Federal Reserve previously exercised its authority to extend the divestiture period for such pre-2014 investments to July 21, 2017. The Bank had limited activities that were impacted by the Volcker Rule, and the only prohibited activity related to our holding of certain AFS securities in investment vehicles that met the definition of Covered Funds. These Covered Funds securities were either divested by the divestiture deadline in July 2017 or shortly thereafter with the exception of one private CMO re-REMIC security which was written off in the first quarter of 2018, leaving the Bank zero exposure to Covered Funds securities at March 31, 2018.

We continue to closely monitor the securities in our investment portfolio, and other than those securities for which we have recorded other-than-temporary impairment losses, we believe the declines in fair value are temporary. We have no intent to sell these securities, and we believe it is not more likely than not that we will be required to sell these investments before recovery of their amortized cost basis. In the event these securities demonstrate an adverse change in expected cash flows and we no longer expect to recover the amortized cost basis or if we change our intent to hold these securities, we would recognize additional other-than-temporary impairment losses through earnings.

Loan Portfolio

The following table presents information regarding the composition of our loan portfolio, including loans held for sale, as of the dates indicated:

	March 31, 2018		*December 31, 2017*	
(dollars in thousands)	**Amount**	**Percentage**	**Amount**	**Percentage**
Mortgage loans:				
Multi-family residential property	$ 15,018,149	44.57%	14,512,051	44.03%
Commercial property	9,272,974	27.52%	8,902,027	27.00%
1-4 family residential property	620,003	1.84%	621,377	1.88%
Home equity lines of credit	120,757	0.36%	133,268	0.40%
Acquisition, development and construction loans	1,869,561	5.55%	2,018,901	6.12%
Other loans:				
Commercial and industrial	6,306,416	18.72%	6,380,111	19.35%
Commercial - SBA guaranteed portion	478,358	1.42%	387,012	1.17%
Consumer	10,422	0.02%	15,310	0.05%
Sub-total / Total	33,696,640	100.00%	32,970,057	100.00%
Premiums, deferred fees and costs	90,666		74,759	
Total	$ 33,787,306		33,044,816	

Total loans increased by $742.5 million to $33.79 billion at March 31, 2018 from $33.04 billion at December 31, 2017. Our total loan-to-deposit ratio, excluding loans held for sale, decreased to 95.5% as of March 31, 2018 from 97.5 % at December 31, 2017.

Substantially all of the collateral for our loans secured by real estate is located within the New York metropolitan area. As a result, our financial condition and results of operations may be affected by changes in the economy and the real estate market of the New York metropolitan area. A prolonged period of economic recession or other adverse economic conditions in the New York metropolitan area may result in an increase in nonpayment of loans, a decrease in collateral value, and an increase in our ALLL.

We only securitize the U.S. Government guaranteed portion of SBA loans, and we have not securitized any of our loans secured by real estate. As a result, we have not made any representations to, and do not have obligations to, third-party purchasers regarding any such loans.

In order to manage credit quality, we view the Bank's loan portfolio by various segments and classes of loans. For commercial loans, we assign individual credit ratings ranging from 1 (lowest risk) to 9 (highest risk) as an indicator of credit quality. These ratings are based on specific risk factors, including (i) historical and projected financial results of the borrower, (ii) market conditions of the borrower's industry that may affect the borrower's future financial performance, (iii) business experience of the borrower's management, (iv) nature of the underlying collateral, if any, and (v) history of the borrower's payment performance.

The following table summarizes our portfolio of commercial loans by credit rating as of the dates indicated:

(in thousands)	*Pass* **Rating 1-6**	*Special Mention* **Rating 7**	*Substandard* **Rating 8**	*Doubtful* **Rating 9**	**Non-rated**	**Total**
March 31, 2018						
Commercial loans secured by real estate:						
Multi-family residential property	$ 14,937,541	9,803	70,000	-	-	15,017,344
Commercial property	9,228,481	12,985	31,508	-	-	9,272,974
1-4 family residential property	514,105	4,058	1,800	-	35	519,998
Acquistion, development and construction loans	1,724,581	138,616	6,364	-	-	1,869,561
Commercial and industrial loans:						
Taxi medallions	-	-	149,228	-	-	149,228
Other commercial and industrial	5,992,691	67,962	49,033	16	47,486	6,157,188
Total commercial loans	$ 32,397,399	233,424	307,933	16	47,521	32,986,293
December 31, 2017						
Commercial loans secured by real estate:						
Multi-family residential property	$ 14,402,185	109,866	-	-	-	14,512,051
Commercial property	8,850,017	20,246	31,764	-	-	8,902,027
1-4 family residential property	510,381	6,036	-	-	-	516,417
Acquistion, development and construction loans	1,851,333	136,168	31,400	-	-	2,018,901
Commercial and industrial loans:						
Taxi medallions	-	-	309,894	-	-	309,894
Other commercial and industrial	5,873,181	90,594	46,045	32	60,365	6,070,217
Total commercial loans	$ 31,487,097	362,910	419,103	32	60,365	32,329,507

For consumer loans, including residential mortgages and home equity lines of credit, we consider the borrower's payment history and current payment performance as leading indicators of credit quality. Effective January 2016, we no longer originate personal residential mortgages and home equity lines of credit, though we continue to service the existing portfolios. A consumer loan is considered nonperforming generally when it becomes 90 days delinquent based on contractual terms, at which time the accrual of interest income is discontinued. In the case of residential mortgages and home equity lines of credit, exceptions may be made if the loan has sufficient collateral value, based on a current appraisal, and is in process of collection.

The following table summarizes our portfolio of consumer loans by performance status as of the dates indicated:

(in thousands)		**Performing**	**Nonperforming**	**Total**
March 31, 2018				
Residential mortgages	$	99,207	1,603	100,810
Home equity lines of credit		116,836	3,921	120,757
Other consumer loans		10,422	-	10,422
Total consumer loans	$	226,465	5,524	231,989
December 31, 2017				
Residential mortgages	$	103,825	1,135	104,960
Home equity lines of credit		129,376	3,892	133,268
Other consumer loans		15,310	-	15,310
Total consumer loans	$	248,511	5,027	253,538

Asset Quality

Nonperforming Assets

Nonperforming assets include nonaccrual loans and investment securities as well as other real estate owned and other repossessed assets. Loans are generally placed on nonaccrual status upon becoming 90 days past due, or three months delinquent for single family property loans, based on contractual terms. In the case of commercial loans and loans secured by real estate, exceptions may be made if the loan has sufficient collateral value, based on a current appraisal, and is in process of collection. Consumer loans that are not secured by real estate, however, are generally placed on nonaccrual status when deemed uncollectible; such loans are generally charged off when they reach 180 days past due. Additionally, other considerations are made in determining whether a loan should be classified as nonaccrual, including whether the loan is to a borrower in an industry experiencing economic stress, whether the borrower is experiencing other issues such as inadequate cash-flow, or the nature of the underlying collateral and whether it is susceptible to deterioration in realizable value.

At the time a loan is placed on nonaccrual status, the accrued but uncollected interest receivable is reversed and accounted for on a cash basis or cost recovery basis, until qualifying for return to accrual status. Management's classification of a loan as nonaccrual does not necessarily indicate that the principal of the loan is uncollectible in whole or in part.

The following table summarizes our nonperforming assets, accruing troubled debt restructured loans, loans that were 90 days past due as to principal or interest, other impaired loans, and certain asset quality indicators as of the dates indicated:

(dollars in thousands)		March 31, 2018	December 31, 2017	March 31, 2017
Nonaccrual assets:				
Loans				
Taxi medallions	$	46,433	121,464	96,971
Other		15,903	13,297	16,441
Troubled debt restructured loans				
Taxi medallions		102,795	188,430	107,582
Other		3,582	3,727	4,944
Investment securities, at fair value		350	75	713
Other repossessed assets				
Taxi medallions		27,627	28,583	37,376
Other		1,172	250	78
Total nonperforming assets	$	197,862	355,826	264,105
Accruing troubled debt restructured loans	$	22,536	28,106	99,302
Accruing loans past due 90 days or more (1):				
Loans	$	109	6,331	41,567
Loans held for sale (2)	$	37	37	1,221
Other taxi medallion loans 30-89 days past due maturity (3)	$	-	-	9,752
Asset Quality Ratios:				
Total nonaccrual loans to total loans		0.51%	1.00%	0.75%
Total nonperforming assets to total assets		0.45%	0.83%	0.66%
ALLL to nonaccrual loans		123.51%	59.94%	99.12%

(1) See Note 6 for full delinquency status of our loan portfolio.

(2) Accruing loans held for sale past due 90 days or more are comprised of U.S. Government guaranteed SBA loans.

(3) Considered impaired as of March 31, 2017.

Significant nonaccrual loans at March 31, 2018 consisted of $149.2 million in loans secured by taxi medallions (commercial and industrial loans), comprised of 734 New York City medallion related loans totaling $131.2 million, 269 Chicago medallion related loans totaling $17.5 million and five Philadelphia medallion related loans totaling $468,000. Other significant nonaccrual loans include eight commercial and industrial loans totaling $8.9 million, four home equity lines of credit totaling $2.3 million, two commercial loans secured by 1-4 family residential property totaling $2.3 million, and one commercial real estate loan totaling $1.2 million. Each nonaccrual loan is being actively managed by the Bank, and the ALLL includes a specific allocation for each such loan, when appropriate.

Nonaccrual investment securities at March 31, 2018 consisted of one bank-collateralized pooled trust preferred security totaling $350,000. This security is classified as nonperforming because of delinquent payments as a result of payment deferrals. Nonaccrual investment securities at December 31, 2017 consisted of one bank-collateralized pooled trust preferred security totaling $75,000. This security is classified as nonperforming because of delinquent payments as a result of payment deferrals.

At December 31, 2017, loans past due 90 days or more included 14 commercial and industrial loans totaling $3.3 million, four loans secured by 1-4 family residential property totaling $2.3 million, and one commercial real estate loan for $559,000 that are well secured and in process of collection.

For economic reasons and to maximize the recovery of loans, we may work with borrowers experiencing financial difficulties and will consider modifications to a borrower's existing loan terms and conditions that we would not otherwise consider, commonly referred to as TDRs. Our TDRs consist of those loans where we modify the contractual terms of the loan, such as (i) a deferral of the loan's principal amortization through either interest-only or reduced principal payments, (ii) a reduction in the loan's contractual interest rate, (iii) principal forgiveness, or (iv) an extension of the loan's contractual term. For a summary of our accounting methodologies relating to TDRs, see the Allowance for Loan and Lease Losses section of our Critical Accounting Policies. Additionally, for a discussion of our TDRs and the related financial effects, see Note 7 to our Consolidated Financial Statements.

Our repossessed assets as of March 31, 2018 and December 31, 2017 totaled $28.8 million in both periods. The activity during the quarter principally related to taxi medallions, including the repossession of medallions with a fair value of $15.8 million, as well as the reclassification of $10.1 million of nonaccrual loans in conjunction with the adoption of ASU 2014-09, *Revenue from Contracts with Customers*, during the quarter. In effect, as a result of the adoption, the Bank retrospectively applied a method similar to the deposit method under legacy GAAP. As a result, as of adoption date, all sold repossessed taxi medallions prior to January 1, 2018 were not derecognized and all payments received were recorded as a deposit liability. This increase was offset by $25.5 million in fair value adjustments. Additionally, the Bank sold two repossessed taxi medallions totaling $624,000 during the first quarter of 2018, which were accounted for under the deposit method. Since off-market terms were provided in these transactions, a transaction price adjustment of $204,000 was also recorded, as a result of the new standard. See Note 2(b) for additional information regarding the adoption of ASU 2014-09.

As of March 31, 2018, repossessed assets included medallions totaling $4.8 million that were sold to new borrowers with financing provided by the Bank. While these are legal sales to the new borrower, because they are Bank-financed and uncertainty exists regarding collectability, the repossessed assets cannot be derecognized under the new revenue recognition accounting standard. Ongoing principal and interest payments associated with these transactions continue to be collected and are recorded in Accrued expenses and other liabilities. As of March 31, 2018, $572,000 of payments have been received to date leaving the remaining net exposure at $4.2 million.

Allowance for Loan and Lease Losses

Our ALLL is maintained at a level estimated by management to absorb probable losses inherent in the loan portfolio and is based on management's continuing evaluation of the portfolio, the related risk characteristics, and the overall economic conditions affecting the loan portfolio. The estimation is inherently subjective as it requires measurements that are susceptible to significant revision as more information becomes available. At March 31, 2018 and December 31, 2017, our ALLL totaled $208.4 million and $196.0 million, respectively, which represents 0.63% and 0.60% of total loans and leases (excluding loans held for sale), respectively. For a summary of our accounting methodologies relating to the ALLL, see the Allowance for Loan and Lease Losses section of our Critical Accounting Policies.

The provision for loan and lease losses is a charge to earnings to maintain the ALLL at a level consistent with management's assessment of the loan portfolio in light of current economic conditions and market trends. For the quarters ended March 31, 2018 and 2017, we recorded provisions of $140.8 million and $19.6 million, respectively. These provisions were made to reflect management's assessment of the inherent and specific risk of losses relative to the growth of the portfolio.

The following table presents our ALLL and outstanding loan balances by segment of our loan portfolio, based on the methodology followed in determining the ALLL:

(in thousands)	Credit-rated loans: Commercial Real Estate	Credit-rated loans: 1-4 Family Residential Property	Credit-rated loans: Commercial & Industrial	Non-rated loans: Commercial	Non-rated loans: Residential Mortgages	Non-rated loans: Consumer	Total
As of March 31, 2018							
ALLL:							
Individually evaluated for impairment	$ 155	720	3,977	29	2,241	-	7,122
Collectively evaluated for impairment	167,461	1,297	31,234	813	289	169	201,263
Recorded investment in loans:							
Individually evaluated for impairment	3,880	5,858	175,929	58	5,524	-	191,249
Collectively evaluated for impairment	26,155,998	514,105	6,083,002	47,463	216,043	10,422	33,027,033
As of December 31, 2017							
ALLL:							
Individually evaluated for impairment	$ -	-	3,960	37	2,139	-	6,136
Collectively evaluated for impairment	151,680	1,521	34,325	1,516	645	136	189,823
Recorded investment in loans:							
Individually evaluated for impairment	9,961	4,236	335,727	74	5,026	-	355,024
Collectively evaluated for impairment	25,423,018	512,181	5,984,019	60,291	233,202	15,310	32,228,021

The following table allocates our ALLL to the respective portfolio categories:

(dollars in thousands)	*March 31, 2018* Loan Amount	Allowance Amount	Allowance as a % of Loan Amount	*December 31, 2017* Loan Amount	Allowance Amount	Allowance as a % of Loan Amount
Mortgage loans:						
Multi-family residential property	$ 15,018,149	96,057	0.64%	14,512,051	82,554	0.57%
Commercial property	9,272,974	58,142	0.63%	8,902,027	53,283	0.60%
1-4 family residential property	620,003	2,875	0.46%	621,377	2,311	0.37%
Home equity lines of credit	120,757	1,689	1.40%	133,268	1,994	1.50%
Acquisition, development and construction loans	1,869,561	13,418	0.72%	2,018,901	15,844	0.78%
Other loans:						
Commercial and industrial	6,157,188	36,035	0.59%	6,070,217	39,837	0.66%
New York City taxi medallions	131,217	-	0.00%	276,800	-	0.00%
Chicago taxi medallions	17,543	-	0.00%	32,509	-	0.00%
Philadelphia taxi medallions	468	-	0.00%	585	-	0.00%
Consumer	10,422	169	1.62%	15,310	136	0.89%
Total	$ 33,218,282	208,385	0.63%	32,583,045	195,959	0.60%

Summary of Loan Loss Experience

The following table presents a summary by loan portfolio segment of our ALLL, loan loss experience, and provision for loan and lease losses for the periods indicated:

	Three months ended March 31,	
(dollars in thousands)	**2018**	**2017**
Beginning balance - ALLL	$ 195,959	213,495
Charge-offs:		
Credit-rated commercial loans	(129,744)	(9,131)
Non-rated commercial loans	(71)	(415)
Residential mortgages	(31)	-
Consumer loans	(102)	(104)
Total charge-offs	(129,948)	(9,650)
Recoveries:		
Credit-rated commercial loans	1,477	202
Non-rated commercial loans	108	184
Residential mortgages	2	35
Consumer loans	25	55
Total recoveries	1,612	476
Net charge-offs	(128,336)	(9,174)
Provision	140,762	19,630
Ending balance - ALLL	$ 208,385	223,951
Ratios:		
ALLL to total loans	0.63%	0.75%
Net charge-offs to average loans, annualized	1.58%	0.13%

For the quarter ended March 31, 2018, net charge-offs were $128.3 million compared to $9.2 million for the same period last year. Significant charge-offs during the quarter ended March 31, 2018 consisted of $116.6 million related to the NYC taxi medallion portfolio, while $12.0 million related to the Chicago taxi medallion portfolio.

Deposits

The market for deposits continues to be very competitive. We primarily focus our deposit gathering efforts in the greater New York metropolitan area market with money center banks, regional banks and community banks as our primary competitors. In 2018, we expect to continue to expand our geographic presence in areas where we have significant client synergies such as the West Coast, after we successfully tested the waters in 2017. We distinguish ourselves from competitors by focusing on our target market: privately owned businesses, their owners and their senior managers. This niche approach, coupled with our relationship-banking model, provides our clients with a personalized service, which we believe gives us a competitive advantage.

We offer a variety of deposit products to our clients at interest rates competitive with other banks. Our business deposit products include commercial checking accounts, money market accounts, escrow deposit accounts, cash concentration accounts and other cash management products. Our personal deposit products include checking accounts, money market accounts and certificates of deposit. We also allow our personal and business deposit clients to access their accounts, transfer funds, pay bills and perform other account functions over the internet and through automated teller machines.

Core deposits, which exclude time deposits and brokered deposits, increased $1.62 billion to $33.26 billion as of March 31, 2018 from $31.64 billion as of December 31, 2017. The increase is due to the addition of new private client banking teams, as well as additional deposits garnered by our existing private client banking teams.

The following table presents the composition of our deposit accounts as of the dates indicated:

	March 31, 2018		*December 31, 2017*	
(dollars in thousands)	**Amount**	**Percentage**	**Amount**	**Percentage**
Personal demand deposit accounts (1)	$ 812,913	2.33%	908,543	2.72%
Business demand deposit accounts (1)	10,927,855	31.39%	10,399,871	31.10%
Brokered demand deposit accounts (1)	44,891	0.13%	44,624	0.13%
Rent security	258,990	0.74%	231,192	0.69%
Personal NOW	42,493	0.12%	56,748	0.17%
Business NOW	3,651,859	10.49%	3,598,951	10.76%
Personal money market accounts	4,109,608	11.80%	4,091,155	12.23%
Business money market accounts	13,452,156	38.65%	12,353,360	36.95%
Brokered money market accounts	166,536	0.48%	175,028	0.52%
Personal time deposits	293,571	0.84%	274,165	0.82%
Business time deposits	533,717	1.53%	682,253	2.04%
Brokered time deposits	523,146	1.50%	623,937	1.87%
Total	$ 34,817,735	100.00%	33,439,827	100.00%
Demand deposit accounts (1)	$ 11,740,768	33.72%	11,308,414	33.82%
NOW	3,694,352	10.61%	3,655,699	10.93%
Money market accounts	17,820,754	51.19%	16,675,707	49.87%
Time deposits	827,288	2.37%	956,418	2.86%
Brokered deposits (2)	734,573	2.11%	843,589	2.52%
Total	$ 34,817,735	100.00%	33,439,827	100.00%
Personal	$ 5,258,585	15.09%	5,330,611	15.94%
Business	28,824,577	82.80%	27,265,627	81.54%
Brokered deposits (2)	734,573	2.11%	843,589	2.52%
Total	$ 34,817,735	100.00%	33,439,827	100.00%

(1) Non-interest bearing.

(2) Includes non-interest bearing deposits of $44.9 million and $44.6 as of March 31, 2018 and December 31, 2017, respectively.

Borrowings

At March 31, 2018, our borrowings were $5.26 billion, or 13.1% of our funding liabilities, compared to $5.25 billion, or 13.6% of our funding liabilities, at December 31, 2017. These borrowings, excluding our issued subordinated debt, are typically collateralized by mortgage-backed and collateralized mortgage obligation securities, along with commercial real estate loans. We also hold $232.0 million in Federal Home Loan Bank of New York ("FHLB") capital stock as required collateral for our outstanding borrowing position with the FHLB. Based on our financial condition, our asset size, the available capacity under our repurchase agreement lines and our FHLB line, and the amount of securities and loans available for pledging, we estimate our available consolidated capacity for additional borrowings to be approximately $7.47 billion at March 31, 2018.

Additionally, in 2016, the Bank issued $260.0 million aggregate principal amount of Variable Rate Subordinated Notes due April 19, 2026 (the "Notes") to institutional investors. The Notes accrue interest at a fixed rate of 5.30% for the first five years until April 2021. After this date and for the remaining five years of the Notes' term, interest will accrue at a variable rate of LIBOR plus 3.92%. Additionally, during the variable interest rate period and at the Bank's option, the Notes can be prepaid by the Bank. Net proceeds from this offering were used for general corporate purposes and to facilitate our continued growth. Subordinated debt is reported in the Consolidated Statements of Financial Condition net of deferred issuance costs of $2.4 million.

The following table presents the maturity or re-pricing of our borrowings as of March 31, 2018:

(in thousands)

3 months or less	3 - 12 months	1 - 3 years	Over 3 years	Total (1)
$ 1,655,000	2,005,000	1,340,000	260,000	5,260,000

(1) Excludes $2.4 million of deferred issuance costs reported as a direct reduction to the debt carrying amount in the Consolidated Statements of Financial Condition.

Fair Value of Financial Instruments

Our AFS securities, which represent $7.01 billion of the Bank's total assets at March 31, 2018, are carried at fair value. Held-for-sale loans totaling $540.0 million at March 31, 2018, are carried at the lower of cost or fair value.

U.S. GAAP establishes a three-level fair value hierarchy that prioritizes techniques used to measure the fair value of assets and liabilities, based on the transparency and reliability of inputs to valuation methodologies. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Therefore, for assets classified in Levels 1 and 2 of the hierarchy where inputs are principally based on observable market data, there is less judgment applied in arriving at a fair value measurement. For instruments classified within Level 3 of the hierarchy, judgments are more significant.

Where available, the fair value of AFS securities is based upon valuations obtained from third-party pricing sources. In order to ensure the fair valuations obtained are appropriate, we typically compare data from two or more independent third-party pricing sources. If there is a price discrepancy greater than thresholds established by management, between two pricing sources for an individual security, we utilize industry market spread data to assist in determining the most appropriate valuation.

The valuations provided by the pricing services are derived from quoted market prices or using matrix pricing. Matrix pricing is a valuation technique consistent with the market approach of determining fair value. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. Matrix pricing is a mathematical technique used principally to value debt securities without relying exclusively on quoted prices of specific securities, but rather on the securities' relationship to other benchmark quoted securities. This technique leverages observable inputs including quoted prices for similar assets, benchmark yield curves, and other market corroborated inputs. Most of our securities portfolio is priced using this method, and as such, these securities are classified as Level 2.

Securities are classified within Level 3 of the valuation hierarchy in cases where there is limited activity or less transparency around inputs to the valuation. In these cases, the valuations are determined based upon analysis of the cash flow structure and credit analysis for each position. Relative market spreads are utilized to discount the cash flow to determine current market values, as well as analysis of relative coverage ratios, credit enhancements, and collateral characteristics. SBA interest-only strip securities, pooled trust preferred securities, and private CMOs are all included in the Level 3 fair value hierarchy.

Our held-for-sale loans predominantly consist of variable rate SBA loans, which are fully guaranteed by the U.S. Government. Accordingly, the cost of these loans typically approximates fair value. We validate the fair value of these loans through our active market participation in the SBA secondary market, where we are one of the top participants in the industry.

We believe our valuation methods are appropriate and consistent with other market participants; however, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. For further discussion of the determination of fair value, see Note 4 to our Consolidated Financial

Statements.

Contractual Obligations

The following table presents our significant contractual obligations as of March 31, 2018:

	Payments due by period				
(in thousands)	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**	**Total**
Borrowings (1)	$ 3,660,000	1,340,000	-	260,000	5,260,000
Operating leases	24,003	47,736	42,958	97,920	212,617
Investments in qualified affordable housing projects	-	123,615	33,371	29,292	186,278
Information technology contract	23,664	27,445	6,545	129	57,783
Total contractual cash obligations	$ 3,707,667	1,538,796	82,874	387,341	5,716,678

(1) Excludes $2.4 million of deferred issuance costs reported as a direct reduction to the subordinated debt carrying amount in the Consolidated Statements of Financial Condition.

On April 19, 2016, the Bank issued $260.0 million aggregate principal amount of Variable Rate Subordinated Notes due April 19, 2026 to institutional investors. The Notes accrue interest at a fixed rate of 5.30% for the first five years until April 2021. After this date and for the remaining five years of the Notes' term, interest will accrue at a variable rate of LIBOR plus 3.92%. Additionally, during the variable interest rate period and at the Bank's option, the Notes can be prepaid by the Bank. Net proceeds from this offering were used for general corporate purposes and to facilitate our continued growth.

Off-Balance Sheet Arrangements

In the normal course of business, we have various outstanding commitments and contingent liabilities not reflected in the accompanying Consolidated Financial Statements.

We enter into transactions that involve financial instruments with off-balance sheet risks in the ordinary course of business to meet the financing needs of our clients. Such financial instruments include commitments to extend credit, standby letters of credit, and unused balances under confirmed letters of credit, all of which are primarily variable rate. Such instruments involve, to varying degrees, elements of credit and interest rate risk.

Our exposure to credit loss in the event of nonperformance by the other party with regard to financial instruments is represented by the contractual notional amount of those instruments. Financial instrument transactions are subject to our normal credit policies and approvals, financial controls and risk limiting and monitoring procedures. We generally require collateral or other security to support financial instruments with credit risk.

The following table presents a summary of our commitments and contingent liabilities:

(in thousands)	**March 31, 2018**	**December 31, 2017**
Unused commitments to extend credit	$ 1,594,371	1,352,032
Financial standby letters of credit	517,117	497,581
Commercial and similar letters of credit	18,737	18,002
Other	1,320	1,559
Total	$ 2,131,545	1,869,174

Commitments to extend credit consist of agreements having fixed expiration or other termination clauses and may require payment of a fee. Total commitment amounts may not necessarily represent future cash requirements. We evaluate each client's creditworthiness on a case-by-case basis. Upon the extension of credit, we will obtain collateral, if necessary, based on our credit evaluation of the counterparty. Collateral held varies but may include deposits held in financial institutions, real estate, accounts receivable, property, plant and equipment and inventory. At March 31, 2018 and December 31, 2017, our reserves for losses on unused commitments to extend credit totaled $691,000 and $773,000, respectively, and are included in Accrued expenses and other liabilities in our Consolidated Statements of Financial Condition.

We recognize a liability at the inception of the guarantee that is equivalent to the fee received from the client. This liability is amortized over the term of the guarantee on a straight-line basis. At March 31, 2018 and December 31, 2017, we had deferred revenue for commitment fees paid for the issuance of standby letters of credit in the amount of $1.4 million for both periods.

Standby letters of credit are conditional commitments issued by us to guarantee the performance of our clients' obligations to a third party. Standby letters of credit are primarily used to support clients' business trade transactions and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to clients. We had a reserve for credit losses on standby letters of credit totaling $160,000 and $165,000 as of March 31, 2018 and December 31, 2017, respectively. We recorded provisions for losses related to standby letters of credit totaling $(6,000) and $(36,000) for the quarters ended March 31, 2018 and 2017, respectively. During the quarters ended March 31, 2018 and 2017, there were no charge-offs recorded on standby letters of credit.

As of March 31, 2018 and December 31, 2017, we had commitments to sell loans totaling $33.3 million and $9.1 million, respectively.

Capital Resources

As a New York state-chartered bank, we are required to maintain minimum levels of regulatory capital. These standards generally are as stringent as the comparable capital requirements imposed on national banks. The FDIC is also authorized to impose capital requirements in excess of these standards on individual banks on a case-by-case basis.

Basel III Requirements

On July 9, 2013, the FDIC approved final rules that substantially amended the regulatory risk-based capital rules applicable to Signature Bank, effective beginning January 1, 2015. The FDIC's final capital rules include new risk-based capital and leverage ratios, which are being phased in from 2015 to 2019, and refine the definition of what constitutes "capital" for purposes of calculating those ratios. The new minimum capital-level requirements applicable to Signature Bank under the final rules represented the following changes to the bank's capital adequacy requirements: (i) a new common equity Tier 1 risk-based capital ratio; (ii) an increase in the Tier 1 risk-based capital ratio minimum requirement from 4.0% to 6.0%; and (iii) a Tier 1 leverage ratio minimum requirement of 4.0% for *all* institutions, where prior to January 1, 2015, banks that received the highest rating of five categories used by regulators to rate banks and were not anticipating or experiencing any significant growth were required to maintain a leverage capital ratio of at least 3.0%.

The final rules also established a "capital conservation buffer" above the new regulatory minimum capital requirements, which must consist entirely of common equity Tier 1 capital, to be phased in over several years. The phase-in of the capital conservation buffer began on January 1, 2016, at a level of 0.625% of risk-weighted assets for 2016 and increased to 1.250% for 2017. The minimum buffer then will be 1.875% for 2018 and 2.500% for 2019 and thereafter, resulting in the following effective minimum capital ratios beginning in 2019: (i) a common equity Tier 1 capital ratio of 7.0%, (ii) a Tier 1 capital ratio of 8.5%, and (iii) a total capital ratio of 10.5%. Under the final rules, institutions are subject to limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses if their capital levels fall below the buffer amount. These limitations establish a maximum percentage of eligible retained income that could be utilized for such actions.

Basel III provided discretion for regulators to impose an additional buffer, the "countercyclical buffer," of up to 2.5% of common equity Tier 1 capital to take into account the macro-financial environment and periods of excessive credit growth. However, the final rules permit the countercyclical buffer to be applied only to "advanced approach banks" (i.e., banks with $250 billion or more in total assets or $10 billion or more in total foreign exposures), which currently excludes Signature Bank. The final rules also implement revisions and clarifications consistent with Basel III regarding the various components of Tier 1 capital, including common equity, unrealized gains and losses, as well as certain instruments that will no longer qualify as Tier 1 capital, some of which will be phased out over time.

The final rules set forth certain changes for the calculation of risk-weighted assets, which we have been required to utilize since January 1, 2015. The standardized approach final rule utilizes an increased number of credit risk exposure categories and risk weights, and also addresses: (i) an alternative standard of creditworthiness consistent with Section 939A of the Dodd-Frank Act; (ii) revisions to recognition of credit risk mitigation; (iii) rules for risk weighting of equity exposures and past due loans; (iv) revised capital treatment for derivatives and repo-style transactions; and (v) disclosure requirements for top-tier banking organizations with $50 billion or more in total assets that are not subject to the "advance approach rules" that apply to banks with greater than $250 billion in consolidated assets. Based on our current capital composition and levels, we believe that we are in compliance with the requirements as set forth in the final rules as they are presently in effect.

In 2017, the federal banking agencies adopted a final rule to extend the regulatory capital treatment applicable during 2017 under the capital rules for certain items, including regulatory capital deductions, risk weights, and certain minority interest limitations. The relief provided under the final rule applies to banking organizations that are not subject to the capital rules' advanced approaches, such as our Bank. Specifically, the final rule extends the current regulatory capital treatment of mortgage servicing assets ("MSAs"), deferred tax assets ("DTAs") arising from temporary differences that could not be realized through net operating loss carrybacks, significant investments in the capital of unconsolidated financial institutions in the form of common stock, non-significant investments in the capital of unconsolidated financial institutions, significant investments in the capital of unconsolidated financial institutions that are not in the form of common stock, and common equity tier 1 minority interest, tier 1 minority interest, and total capital minority interest exceeding the capital rules' minority interest limitations.

We are also subject to FDIC regulations that apply to every FDIC-insured commercial bank and thrift institution, a system of mandatory and discretionary supervisory actions that generally become more severe as the capital levels of an individual institution decline. The regulations establish five capital categories for purposes of determining our treatment under these prompt corrective action ("PCA") provisions: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," or "critically undercapitalized."

As of January 1, 2015, the definitions of these capital categories changed in accordance with the federal banking agencies' final rule to implement Basel III and new minimum leverage and risk-based capital requirements. Under the revised PCA capital category definitions, we will be categorized as "well capitalized" if we (i) have a total risk-based capital ratio of 10.0% or greater; (ii) have a Tier 1 risk-based capital ratio of 8.0% or greater; (iii) have a common equity Tier 1 risk-based capital ratio of 6.5% or greater; (iv) have a leverage ratio of 5.0% or greater; and (v) are not subject to any written agreement, order, capital directive, or PCA directive issued by the FDIC to meet and maintain a specific capital level.

We will be categorized as "adequately capitalized" if we have (i) a total risk-based capital ratio of 8.0% or greater; (ii) a Tier 1 risk-based capital ratio of 6.0% or greater; (iii) a common equity Tier 1 capital ratio of 4.5% or greater; and (iv) a leverage ratio of 4.0% or greater (3.0% if we are rated in the highest supervisory category).

We will be categorized as "undercapitalized" if we have (i) a total risk-based capital ratio that is less than 8.0%; (ii) a Tier 1 risk-based capital ratio that is less than 6.0%; (iii) a common equity Tier 1 capital ratio that is less than 4.5%; or (iv) a leverage ratio that is less than 4.0%.

We will be categorized as "significantly undercapitalized" if we have (i) a total risk-based capital ratio that is less than 6.0%; (ii) a Tier 1 risk-based capital ratio that is less than 4.0%; (iii) a common equity Tier 1 capital ratio that is less than 3.0%; or (iv) a leverage ratio that is less than 3.0%.

We will be categorized as "critically undercapitalized" and subject to provisions mandating appointment of a conservator or receiver if we have a ratio of "tangible equity" to total assets that is 2.0% or less. "Tangible equity" generally includes core capital plus cumulative perpetual preferred stock.

The capital amounts and ratios presented in the following table demonstrate that we were "well capitalized" as of March 31, 2018:

	Actual		*Required for Capital Adequacy Purposes*		*Required to be Well Capitalized*	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total capital (to risk-weighted assets)	$ 4,611,358	13.45%	2,741,818	8.00%	3,427,272	10.00%
Tier 1 capital (to risk-weighted assets)	4,144,546	12.09%	2,056,363	6.00%	2,741,818	8.00%
Common equity Tier 1 capital (to risk-weighted assets)	4,144,546	12.09%	1,542,272	4.50%	2,227,727	6.50%
Tier 1 leverage capital (to average assets)	4,144,546	9.47%	1,751,203	4.00%	2,189,004	5.00%

The capital amounts and ratios presented in the following table demonstrate that we were "well capitalized" as of December 31, 2017:

	Actual		*Required for Capital Adequacy Purposes*		*Required to be Well Capitalized*	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Total capital (to risk-weighted assets)	$ 4,553,605	13.32%	2,735,682	8.00%	3,419,603	10.00%
Tier 1 capital (to risk-weighted assets)	4,099,327	11.99%	2,051,762	6.00%	2,735,682	8.00%
Common equity Tier 1 capital (to risk-weighted assets)	4,099,327	11.99%	1,538,821	4.50%	2,222,742	6.50%
Tier 1 leverage capital (to average assets)	4,099,327	9.72%	1,687,292	4.00%	2,109,115	5.00%

Stress Testing

The Dodd-Frank Act requires banks with total consolidated assets of more than $10 billion to conduct annual stress tests. The Dodd-Frank Act also requires the FDIC, in coordination with federal financial regulatory agencies, to issue regulations establishing methodologies for stress testing that provide for at least three different sets of conditions, including baseline, adverse, and severely adverse. The regulations must also require banks to publish a summary of the results of the stress tests. In October 2012, the FDIC issued a final rule regarding annual stress tests requiring a bank subject to the rule to assess the quarterly impact of stress scenarios on the bank's capital over a horizon of nine quarters.

The Bank has developed a process to comply with the stress testing requirements, which involves Senior Management, Risk Management, and Finance, along with third-party consultants who assist in this process. The Risk Committee of the Board of Directors receives quarterly updates as to the progress and challenges in complying with this new regulatory requirement.

On July 28, 2017, we submitted our stress testing results on data as of December 31, 2016. We publicly disclosed our results for the severely adverse scenario on October 20, 2017. The stress testing results affirm the adequacy of the Bank's capital, even under severe economic conditions.

Liquidity

Liquidity is the measurement of our ability to meet our cash needs. Our objective in managing liquidity is to maintain our ability to meet loan commitments and deposit withdrawals, purchase investments and pay other liabilities in accordance with their terms, without an adverse impact on our current or future earnings. Our liquidity management is guided by policies developed and monitored by our asset/liability management committee and approved by our Board of Directors. The asset/liability management committee consists of, among others, our Chairman, President and Chief Executive Officer, Vice Chairman, Chief Operating Officer, Chief Financial Officer and Treasurer. These policies take into account the marketability of assets, the source and stability of deposits, our wholesale borrowing capacity and the amount of our loan commitments. While the Bank may raise funds through a common stock offering or debt issuance to facilitate continued growth, our primary source of liquidity has been core deposit growth.

Additionally, we have borrowing sources available to supplement deposit flows, including the FHLB and repurchase agreement lines with other financial institutions. We also have access to the brokered deposit market, through which we have numerous alternatives and significant capacity, if needed. We also opportunistically access capital markets from time to time to obtain additional capital to support our growth as evidenced by our historical common stock offerings, as well as the 2016 subordinated debt issuance.

Credit availability at the FHLB is based on our financial condition, our asset size and the amount of collateral we hold at the FHLB. At March 31, 2018, our FHLB borrowings totaled $4.29 billion with an average rate of 1.87% that mature by March 29, 2021. We had no securities sold under repurchase agreements to the FHLB but had $792.7 million of securities pledged with FLHB as of quarter end.

We also have repurchase agreement lines with several leading financial institutions totaling $2.23 billion. At March 31, 2018, we had $75.0 million of securities sold under repurchase agreements to one of these institutions. These borrowings have an average rate of 2.34% and mature by August 2018.

Based on our financial condition, our asset size, the available capacity under our repurchase agreement lines and our FHLB line, and the amount of securities and loans available for pledging, we estimate our available consolidated capacity for additional borrowings to be approximately $7.47 billion as of March 31, 2018.

The federal banking agencies in September 2014 issued a final rule that implements a new “liquidity coverage ratio” (“LCR Rule”) based upon Basel III requirements that for the first time regulate bank liquidity in detail. The LCR Rule does not apply to depository institutions, including Signature Bank, with less than $50 billion in consolidated assets. Based on our anticipated rate of growth, we do not expect that the LCR rule will impact our operations or financial condition within the next year. Additionally, Congress is considering increasing the asset threshold for designation as a SIFI from $50 billion to $250 billion in total consolidated assets and, if enacted as has been proposed, such a change may impact the asset thresholds applicable to the LCR and similar rules, as well as the FDIC's supervisory expectations with respect to the substance of such rules.

We have never declared or paid any cash dividends on our common stock. Because of the expected savings from the recently enacted Tax Cuts and Jobs Act of 2017, we may consider paying cash dividends on our common stock or we may consider a common stock buyback program in the near future. Any future determination to pay dividends or buy back shares will be at the discretion of our Board of Directors and will be dependent upon then-existing conditions, including our financial condition and results of operations, capital requirements, contractual restrictions, business prospects and other factors that the Board of Directors considers relevant.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is defined as the sensitivity of income, fair values and capital to changes in interest rates, foreign currency exchange rates, commodity prices and other relevant market prices and rates. The primary risk to which we are exposed is interest rate movement inherent in our lending, investment management, deposit taking and borrowing activities. Substantially all of our interest rate risk arises from these activities, which are entered into for purposes other than trading.

The principal objective of asset/liability management is to manage the sensitivity of net income to changes in interest rates. Asset/liability management is governed by policies approved by our Board of Directors. Day-to-day oversight of this function is performed by our asset/liability management committee. Senior management and our Board of Directors, on an ongoing basis, review our overall interest rate risk position and strategies.

Interest Rate Risk Management

Our asset/liability management committee seeks to manage our interest rate risk by structuring our balance sheet to maximize net interest income while maintaining an acceptable level of risk exposure to changes in market interest rates. The achievement of this goal requires a balance among liquidity, interest rate risk and profitability considerations. The committee meets regularly to review the sensitivity of assets and liabilities to interest rate changes, deposit rates and trends, the book and market values of assets and liabilities, unrealized gains and losses, purchase and sales activities and the maturities of investments and borrowings.

We use various asset/liability strategies to manage and control the interest rate sensitivity of our assets and liabilities. These strategies include pricing of loans and deposit products, adjusting the terms of loans and borrowings and managing the deployment of our securities and short-term assets to manage mismatches in interest rate re-pricing.

To effectively measure and manage interest rate risk, we use simulation analysis to determine the impact on net interest income under various hypothetical interest rate scenarios. Based on these simulations, we quantify interest rate risk and develop and implement appropriate strategies. As of March 31, 2018, we used a simulation model to analyze net interest income sensitivity to both (i) a parallel shift in interest rates, in which the base market interest rate forecast was increased in quarterly increments over the first twelve months by 100, 200, 300 and 400 basis points and decreased by 100 basis points, followed by rates holding constant thereafter ("ramp scenario") and (ii) a parallel and sustained shift in interest rates, in which the base market interest rate forecast was immediately increased by 100, 200, 300 and 400 basis points and decreased by 100 basis points ("shock scenario").

The following table indicates the sensitivity of projected annualized net interest income to the interest rate movements described above at March 31, 2018:

(dollars in thousands)	Adjusted Net Interest Income	Change from Base
Ramp scenario:		
Base	$ 1,234,510	-
Down 100 basis points	1,219,630	(1.2)%
Up 100 basis points	1,217,373	(1.4)%
Up 200 basis points	1,195,631	(3.2)%
Up 300 basis points	1,168,363	(5.4)%
Up 400 basis points	1,138,335	(7.8)%
Shock scenario:		
Base	$ 1,234,510	-
Down 100 basis points	1,225,061	(0.8)%
Up 100 basis points	1,187,876	(3.8)%
Up 200 basis points	1,132,047	(8.3)%
Up 300 basis points	1,075,095	(12.9)%
Up 400 basis points	1,003,373	(18.7)%

We also use a simulation model to measure the impact that hypothetical market interest rate changes will have on the net present value of assets and liabilities, which is defined as market value of equity. As of March 31, 2018, we used a simulation model to analyze the market value of equity sensitivity to a parallel and sustained shift in interest rates, in which the base market interest rate forecast was immediately increased by 100, 200, 300 and 400 basis points and decreased by 100 basis points.

The following table indicates the sensitivity of market value of equity at March 31, 2018 to the interest rate movements described above (base case market value of equity is $6.85 billion):

(dollars in thousands)	**Sensitivity**	**Change from Base**
Down 100 basis points	$ (193,151)	(2.8)%
Up 100 basis points	48,285	0.7%
Up 200 basis points	(129,152)	(1.9)%
Up 300 basis points	(459,303)	(6.7)%
Up 400 basis points	(847,701)	(12.4)%

The market value of equity sensitivity analysis assumes an immediate parallel shift in interest rates and yield curves. The computation of prospective effects of hypothetical interest rate changes is based on numerous assumptions, including relative levels of interest rates, asset prepayments, deposit decay and changes in re-pricing levels of deposits to general market rates, and should not be relied upon as indicative of actual results. Further, the computations do not take into account any actions that we may undertake in response to future changes in interest rates.

ITEM 4. CONTROLS AND PROCEDURES

(a) *Disclosure Controls and Procedures*. The Company's management, with the participation of the Company's principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended the ("Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, including this report, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding the required disclosure.

(b) *Internal Control Over Financial Reporting*. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

It should be noted that any system of internal controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to various pending and threatened legal actions relating to the conduct of our normal business activities. In the opinion of management, the ultimate aggregate liability, if any, arising out of any such pending or threatened legal actions will not be material to our financial condition, results of operations, and liquidity.

ITEM 1A. RISK FACTORS

For information on risk factors, see "Risk Factors" in Part I -- Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017. We do not believe there were any material changes in the status of our risk factors from those previously disclosed and described in our Annual Report on Form 10-K for the year ended December 31, 2017.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the first quarter of 2018, we issued an aggregate of 361,195 shares of our common stock to certain participants under our Amended and Restated 2004 Equity Incentive Plan (the “Equity Incentive Plan”) as a result of the granting of restricted shares pursuant to the Equity Incentive Plan in reliance on the exemption provided by Section 3(a)(2) of the Securities Act of 1933.

During the first quarter of 2018, we issued an aggregate of 13,100 shares of our common stock in connection with an investor’s exercise of warrants issued under our 2010 TARP Capital Purchase Program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) The following exhibits are submitted herewith:

Exhibit Number	Description of Exhibit
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 10, 2018

Signature Bank

/s/ JOSEPH J. DEPAOLO

Joseph J. DePaolo
President and Chief Executive Officer

/s/ VITO SUSCA

Vito Susca
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

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Exhibit 31.1

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Joseph J. DePaolo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Signature Bank;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Examining Committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ JOSEPH J. DEPAOLO
Joseph J. DePaolo
President and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Vito Susca, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Signature Bank;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Examining Committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ VITO SUSCA
Vito Susca
Executive Vice President and Chief Financial Officer

Exhibit 32

Certification of Chief Executive Officer and Chief Financial Officer
Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To
Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Signature Bank (the “Company”) for the period ended March 31, 2018, as filed with the Federal Deposit Insurance Corporation on the date hereof (the “Report”), Joseph J. DePaolo, as Chief Executive Officer of the Company, and Vito Susca, as Chief Financial Officer of the Company, each hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2018

/s/ JOSEPH J. DEPAOLO
Joseph J. DePaolo
President and Chief Executive Officer

/s/ VITO SUSCA
Vito Susca
Executive Vice President and Chief Financial Officer