FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C. 20429

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): January 17, 2019

SIGNATURE BANK

(Exact name of registrant as specified in its charter)

NEW YORK	**13-4149421**
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

565 FIFTH AVENUE NEW YORK, NEW YORK	**10017**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (646) 822-1402

NOT APPLICABLE

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

The following information is being furnished under Item 2.02 — Results of Operations and Financial Condition.

On January 17, 2019, Signature Bank issued a press release regarding its results of operations for the quarter ended December 31, 2018. The press release is attached as Exhibit 99.1 to this report and is incorporated by reference into this item.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 8-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: January 17, 2019

SIGNATURE BANK

By: /s/ Vito Susca
Name: Vito Susca
Title: Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Item	**Description**
99.1	Press Release, dated January 17, 2019

SIGNATURE BANK

FOR IMMEDIATE RELEASE
JANUARY 17, 2019

For Further Information:
Investor Contact:
Eric R. Howell, Executive Vice President – Corporate & Business Development
646-822-1402, ehowell@signatureny.com
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slewis@signatureny.com

SIGNATURE BANK REPORTS 2018 FOURTH QUARTER AND YEAR-END RESULTS

- ***Net Income for the 2018 Fourth Quarter Was $160.8 Million, or $2.94 Diluted Earnings Per Share, Versus $114.9 Million, or $2.11 Diluted Earnings Per Share Reported in the 2017 Fourth Quarter***

- ***Net Income for 2018 Was $505.3 Million, or $9.23 Diluted Earnings Per Share, Compared with $387.2 Million or $7.12 Diluted Earnings Per Share in 2017, an Increase of $118.1 Million, or 30.5 Percent***

- ***The Bank Declared a Cash Dividend of $0.56 Per Share, Payable on or After February 15, 2019 to Common Stockholders of Record at the Close of Business on February 1, 2019***

- ***During the 2018 Fourth Quarter, the Bank Repurchased 358,492 Shares of Common Stock For a Total of $41.8 Million***

- ***Total Deposits in the 2018 Fourth Quarter Increased $287.5 Million to $36.38 Billion, While Average Deposits Increased $540.6 Million, or 1.5 Percent***

- ***Total Deposits Grew $2.94 Billion, or 8.8 Percent, in 2018. Average Deposits for 2018 at $35.14 Billion, Representing an Increase of $1.98 Billion, or 6.0 Percent, Versus $33.16 Billion in 2017***

- ***Loans Increased $1.30 Billion, or 3.7 Percent, to $36.42 Billion in the 2018 Fourth Quarter. Since Year-end 2017, Loans Increased $3.81 Billion, or 11.7 Percent***

- ***Non-Accrual Loans Were $108.6 Million, or 0.30 Percent of Total Loans, at December 31, 2018, Versus $134.2 Million, or 0.38 Percent of Total Loans, at the End of the 2018 Third Quarter. Non-Accrual Loans at Year-end 2017 were $326.9 Million, or 1.0 Percent of Total Loans. Excluding Taxi Medallion Loans, Which Were All Placed on Non-Accrual in the 2017 Second Quarter, Non-Accrual Loans Were $20.1 Million, or Six Basis Points of Total Loans***

- ***Net Interest Margin on a Tax-Equivalent Basis Was 2.90 Percent for the 2018 Fourth Quarter, Compared with 2.88 Percent for the 2018 Third Quarter and 3.07 Percent for the 2017 Fourth Quarter***

- ***Core Net Interest Margin on a Tax-Equivalent Basis, Which Excludes Loan Prepayment Penalty Income, Decreased Five Basis Points to 2.80 Percent for the 2018 Fourth Quarter, Compared with 2.85 Percent for the 2018 Third Quarter***

- ***Tier 1 Leverage, Common Equity Tier 1 Risk-Based, Tier 1 Risk-Based and Total Risk-Based Capital Ratios were 9.70 Percent, 12.09 Percent, 12.09 Percent and 13.39 Percent, Respectively, at December 31, 2018. Signature Bank Remains Significantly Above FDIC "Well-Capitalized" Standards. Tangible Common Equity Ratio was 9.21 Percent***

- more -

- ***For 2018, Eight Private Client Banking Teams Joined Including the Fund Banking Division. Thus Far in 2019, One Private Client Banking Team Joined***

NEW YORK … January 17, 2019 … Signature Bank (Nasdaq: SBNY), a New York-based full-service commercial bank, today announced results for its fourth quarter and year ended December 31, 2018.

Net income for the 2018 fourth quarter was $160.8 million, or $2.94 diluted earnings per share, compared with $114.9 million, or $2.11 diluted earnings per share, for the 2017 fourth quarter. The increase in net income for the 2018 fourth quarter, when compared with the same period last year, is primarily the result of an increase in net interest income, fueled by strong average deposit and loan growth as well as an increase in prepayment penalty income, and a decrease in the provision for loan losses attributable to taxi medallion loan write-downs. These factors were partially offset by an increase in non-interest expenses.

Net interest income for the 2018 fourth quarter rose $15.3 million, or 4.8 percent, to $335.0 million, compared with the fourth quarter of 2017. This increase is primarily due to growth in average interest-earning assets and an increase in prepayment penalty income. Total assets reached $47.36 billion at December 31, 2018, expanding $4.24 billion, or 9.8 percent, from $43.12 billion at December 31, 2017. Average assets for the 2018 fourth quarter reached $46.60 billion, an increase of $4.45 billion, or 10.6 percent, versus the comparable period a year ago.

Deposits for the 2018 fourth quarter increased $287.5 million, or 0.8 percent, to $36.38 billion at December 31, 2018, while non-interest bearing deposits decreased $142.5 million and represent 33.0 percent of total deposits. Overall deposit growth in 2018 was 8.8 percent, or $2.94 billion, when compared with deposits at the end of 2017. Average total deposits for 2018 were $35.14 billion, growing $1.98 billion, or 6.0 percent, versus average total deposits of $33.16 billion for 2017.

"Throughout 2018, Signature Bank continued to execute its core strategy. We expanded our network with the addition of eight Private Client Banking teams while growing across all key metrics, including core deposits, loans and earnings. We bolstered our West Coast operations and added a Funds Banking Division catering to private equity firms, which are heavily emphasized on both coasts. This will allow us to further transform the balance sheet to increase floating rate assets. Additionally, we continued to reinvest in our infrastructure with the implementation of a new loan operating system, buildouts of a new loan approval system and foreign exchange platform as well as the reorganization of our Cash Management and Product Management groups. Lastly, on January 1, 2019, we innovated when we launched Signet™, a new proprietary, blockchain-based digital payments platform, allowing our commercial clients to interact in a real-time and transparent manner," explained Joseph J. DePaolo, President and Chief Executive Officer.

"This past year has been a volatile time for the banking industry, driven by a variety of external factors. However, we continued to perform by keeping with our founding mission and sustaining our leadership position

- more -

in serving privately held businesses. Our focus, initiatives and proven capabilities should differentiate us from the pack, and we are prepared to address any challenges that may lie ahead," DePaolo concluded.

Scott A. Shay, Chairman of the Board, said: "We are ever-mindful of the fact that technology is reshaping banking. We could not have founded Signature Bank in 2001 as a full-service commercial bank with a new single point of contact model without the technological advancements of the 1990s. We continuously examine the needs of our business clients to set our technology agenda, and strive to save them money and keep it safe, while allowing them to focus on their own business -- and not banking. It is from this fundamental perspective Signet was born. By launching Signet, we are empowering our clients to make instantaneous USD payments in real time (24/7/365) at no cost per transaction. With Signet, we are playing a key role in the revolutionizing of commercial digital payments.

"The client response to Signet has been uniformly positive. Clients are already evaluating their business practices to determine how they might bring their ecosystems onto the Signet platform. There are no other platforms that offer transparency and convenience commercially at this time. We are working with clients across specific industries to tailor the system as we strive for continuous improvement. We recognize banking will be vastly different five years from now, and we aim to be among the leaders."

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 9.70 percent, 12.09 percent, 12.09 percent and 13.39 percent, respectively, as of December 31, 2018. Each of these ratios is well in excess of regulatory requirements. The Bank's strong risk-based capital ratios reflect the relatively low risk profile of the Bank's balance sheet. The Bank's tangible common equity ratio remains strong at 9.21 percent. The Bank defines tangible common equity ratio as the ratio of total tangible common shareholders' equity to total tangible assets.

The Bank declared a cash dividend of $0.56 per share, payable on or after February 15, 2019 to common stockholders of record at the close of business on February 1, 2019. In the fourth quarter of 2018, the Bank paid a cash dividend of $0.56 per share to common stockholders of record at the close of business on November 1, 2018. Additionally, during the 2018 fourth quarter, the Bank repurchased 358,492 shares of common stock for a total of $41.8 million.

Net Interest Income

Net interest income for the 2018 fourth quarter was $335.0 million, up $15.3 million, or 4.8 percent, when compared with the same period last year, primarily due to growth in average interest-earning assets. Average interest-earning assets of $45.94 billion for the 2018 fourth quarter represent an increase of $4.40

- more -

billion, or 10.6 percent, from the 2017 fourth quarter. The yield on interest-earning assets for the 2018 fourth quarter rose 28 basis points to 3.99 percent, compared to the fourth quarter of last year.

Average cost of deposits and average cost of funds for the 2018 fourth quarter increased by 40 and 48 basis points, to 0.98 percent and 1.19 percent, respectively, versus the comparable period a year ago.

Net interest margin on a tax-equivalent basis for the 2018 fourth quarter was 2.90 percent versus 3.07 percent reported in the 2017 fourth quarter and 2.88 percent in the 2018 third quarter. Excluding loan prepayment penalty income in both quarters, linked quarter core net interest margin on a tax-equivalent basis decreased five basis points to 2.80 percent.

Provision for Loan Losses

The Bank's provision for loan losses for the fourth quarter of 2018 was $6.4 million, a decrease of $35.3 million, or 84.6 percent, versus the 2017 fourth quarter. The decrease was primarily due to a decline in charge-offs for taxi medallion loans.

Net recoveries for the 2018 fourth quarter were $2.9 million, or 0.03 percent of average loans on an annualized basis, versus net charge-offs of $11,000, or less than one basis point of average loans on an annualized basis, for the 2018 third quarter and $38.8 million, or 0.48 percent, for the 2017 fourth quarter.

Non-Interest Income and Non-Interest Expense

Non-interest income for the 2018 fourth quarter was $5.9 million, down $2.6 million from $8.5 million reported in the fourth quarter of last year. The decrease was driven by a $4.2 million increase in tax credit investment amortization. These investments positively impact our effective tax rate.

Non-interest expense for the 2018 fourth quarter was $119.2 million, an increase of $9.2 million, or 8.4 percent, versus $110.0 million reported in the 2017 fourth quarter. The increase was primarily a result of new private client banking teams joining, as well as an increase in costs in our risk management and compliance related activities.

The Bank's efficiency ratio was 34.94 percent for the fourth quarter of 2018 compared with 33.50 percent for the same period a year ago, and 35.59 percent for the third quarter of 2018.

Loans

Loans, excluding loans held for sale, expanded $1.30 billion, or 3.7 percent, during the 2018 fourth quarter to $36.42 billion, versus $35.13 billion at September 30, 2018. At December 31, 2018, loans accounted for 76.9 percent of total assets, compared with 76.6 percent at the end of the 2018 third quarter and 75.6 percent at the end of 2017. Average loans, excluding loans held for sale, reached $35.64 billion in the 2018 fourth quarter, growing $1.12 billion, or 3.2 percent, from the 2018 third quarter and $3.86 billion, or 12.2

- more -

percent, from the fourth quarter of 2017. The increase in loans for the quarter was primarily driven by growth in commercial and industrial loans, including specialty finance.

At December 31, 2018, non-accrual loans were $108.6 million, representing 0.30 percent of total loans and 0.23 percent of total assets, versus non-accrual loans of $134.2 million, or 0.38 percent of total loans, at September 30, 2018 and $326.9 million, or 1.00 percent of total loans, at December 31, 2017. Excluding non-accruing loans secured by taxi medallions of $88.5 million, non-accrual loans for the remainder of the portfolio are $20.1 million, or six basis points of total loans. At December 31, 2018, the ratio of allowance for loan and lease losses to total loans was 0.63 percent, versus 0.63 percent at September 30, 2018 and 0.60 percent at December 31, 2017. Additionally, the ratio of allowance for loan and lease losses to non-accrual loans, or the coverage ratio, was 212 percent for the 2018 fourth quarter versus 164 percent for the 2018 third quarter and 60 percent for the 2017 fourth quarter.

Conference Call

Signature Bank's management will host a conference call to review results of the 2018 fourth quarter and year-end on Thursday, January 17, 2019, at 10:00 AM ET. All participants should dial 866-359-8135 at least ten minutes prior to the start of the call and reference conference ID #3184218. 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 #3184218. The replay will be available from approximately 1:00 PM ET on Thursday, January 17, 2019 through 11:59 PM ET on Monday, January 21, 2019.

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. In 2018, the Bank expanded its footprint on the West Coast with the opening of its first full-service private client banking office in San Francisco. The Bank's growing network of private client banking teams serves the needs of privately owned businesses, their owners and senior managers.

Signature Bank 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 is ranked the 40th largest bank in the U.S. from nearly 6,000, based on deposits (SNL Financial). The Bank recently earned several third-party recognitions, including: appeared on *Forbes' Best Banks in America* list for the eighth consecutive year in 2018; and, named Best Business Bank, Best Private Bank and Best Attorney Escrow Services provider by the *New York Law Journal* in the publication's *annual "Best of" survey* for 2018, earning it a place in the New York Law Journal's Hall of Fame (awarded to companies that have ranked in the "Best of" Survey for at least three of the past four years).

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, and new products, future dividends and share repurchases. 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.

FINANCIAL TABLES ATTACHED

- more -

SIGNATURE BANK
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(dollars in thousands, except per share amounts)	*Three months ended December 31,* 2018	2017	*Twelve months ended December 31,* 2018	2017
INTEREST AND DIVIDEND INCOME				
Loans held for sale	$ 2,658	1,179	10,863	4,334
Loans and leases, net	377,670	316,166	1,389,435	1,191,194
Securities available-for-sale	58,939	51,004	224,012	201,657
Securities held-to-maturity	14,492	14,509	57,930	58,855
Other investments	7,058	4,100	26,680	14,129
Total interest income	460,817	386,958	1,708,920	1,470,169
INTEREST EXPENSE				
Deposits	89,985	50,057	289,248	171,829
Federal funds purchased and securities sold under agreements to repurchase	5,575	2,367	13,484	9,695
Federal Home Loan Bank borrowings	26,580	11,118	92,628	36,524
Subordinated debt	3,645	3,645	14,573	14,535
Total interest expense	125,785	67,187	409,933	232,583
Net interest income before provision for loan and lease losses	335,032	319,771	1,298,987	1,237,586
Provision for loan and lease losses	6,441	41,737	162,524	263,297
Net interest income after provision for loan and lease losses	328,591	278,034	1,136,463	974,289
NON-INTEREST INCOME				
Commissions	3,416	3,204	13,120	12,299
Fees and service charges	7,845	5,431	28,553	23,557
Net gains on sales of securities	179	700	989	3,963
Net gains on sales of loans	1,605	2,561	6,738	9,218
Other-than-temporary impairment losses on securities:				
Total impairment losses on securities	-	(21)	(2)	(654)
Portion recognized in other comprehensive income (before taxes)	-	(11)	(14)	21
Net impairment losses on securities recognized in earnings	-	(32)	(16)	(633)
Tax credit investment amortization	(8,540)	(4,298)	(30,195)	(15,821)
Other Income	1,414	931	4,089	3,458
Total non-interest income	5,919	8,497	23,278	36,041
NON-INTEREST EXPENSE				
Salaries and benefits	77,071	68,384	302,095	273,240
Occupancy and equipment	9,139	7,860	34,311	32,141
Information technology	7,071	5,879	25,732	22,623
FDIC assessment fees	3,751	6,754	25,256	26,996
Professional fees	3,613	2,799	13,698	12,021
Other general and administrative	18,498	18,288	85,186	68,045
Total non-interest expense	119,143	109,964	486,278	435,066
Income before income taxes	215,367	176,567	673,463	575,264
Income tax expense	54,527	61,701	168,121	188,055
Net income	$ 160,840	114,866	505,342	387,209
PER COMMON SHARE DATA				
Earnings per share – basic	$ 2.94	2.12	9.27	7.17
Earnings per share – diluted	$ 2.94	2.11	9.23	7.12
Dividends per common share	$ 0.56	-	1.12	-

SIGNATURE BANK
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(dollars in thousands, except shares and per share amounts)		December 31, 2018 (unaudited)	December 31, 2017
ASSETS			
Cash and due from banks	$	269,204	290,078
Short-term investments		48,051	45,388
Total cash and cash equivalents		317,255	335,466
Securities available-for-sale		7,301,604	6,953,719
Securities held-to-maturity (fair value $1,845,198 at December 31, 2018 and $1,983,087 at December 31, 2017)		1,883,533	1,996,376
Federal Home Loan Bank stock		264,877	227,920
Loans held for sale		485,305	432,277
Loans and leases, net		36,193,122	32,416,580
Premises and equipment, net		59,051	61,571
Accrued interest and dividends receivable		141,829	117,070
Other assets		718,240	576,741
Total assets	$	47,364,816	43,117,720
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest-bearing	$	12,016,197	11,353,038
Interest-bearing		24,362,576	22,086,789
Total deposits		36,378,773	33,439,827
Federal funds purchased and securities sold under agreements to repurchase		820,000	790,000
Federal Home Loan Bank borrowings		4,970,000	4,195,000
Subordinated debt		258,174	257,381
Accrued expenses and other liabilities		530,729	403,821
Total liabilities		42,957,676	39,086,029
Shareholders' equity			
Preferred stock, par value $.01 per share; 61,000,000 shares authorized; none issued at December 31, 2018 and December 31, 2017		-	-
Common stock, par value $.01 per share; 64,000,000 shares authorized; 55,405,531 shares issued and 55,039,433 outstanding at December 31, 2018; 54,979,213 shares issued and 54,977,971 outstanding at December 31, 2017		554	550
Additional paid-in capital		1,862,896	1,809,642
Retained earnings		2,730,899	2,290,537
Treasury stock, 366,098 shares at December 31, 2018 and 1,242 shares at December 31, 2017		(42,680)	(171)
Accumulated other comprehensive loss		(144,529)	(68,867)
Total shareholders' equity		4,407,140	4,031,691
Total liabilities and shareholders' equity	$	47,364,816	43,117,720

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

	Three months ended December 31,		Twelve months ended December 31,	
(in thousands, except ratios and per share amounts)	**2018**	**2017**	**2018**	**2017**
PER COMMON SHARE				
Net income - basic	$ 2.94	$ 2.12	$ 9.27	$ 7.17
Net income - diluted	$ 2.94	$ 2.11	$ 9.23	$ 7.12
Average shares outstanding - basic	54,510	54,098	54,406	54,001
Average shares outstanding - diluted	54,631	54,377	54,666	54,418
Book value	$ 80.07	$ 73.33	$ 80.07	$ 73.33
SELECTED FINANCIAL DATA				
Return on average total assets	1.37%	1.08%	1.12%	0.95%
Return on average shareholders' equity	14.76%	11.44%	11.98%	10.13%
Efficiency ratio (1)	34.94%	33.50%	36.78%	34.16%
Yield on interest-earning assets	3.98%	3.70%	3.85%	3.66%
Yield on interest-earning assets, tax-equivalent basis (1)(2)	3.99%	3.71%	3.85%	3.67%
Cost of deposits and borrowings	1.19%	0.71%	1.01%	0.64%
Net interest margin	2.89%	3.05%	2.92%	3.08%
Net interest margin, tax-equivalent basis (2)(3)	2.90%	3.07%	2.93%	3.09%

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

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

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

	December 31, 2018	**September 30, 2018**	**December 31, 2017**
CAPITAL RATIOS			
Tangible common equity (4)	9.21%	9.15%	9.29%
Tier 1 leverage (5)	9.70%	9.67%	9.72%
Common equity Tier 1 risk-based (5)	12.09%	12.16%	11.99%
Tier 1 risk-based (5)	12.09%	12.16%	11.99%
Total risk-based (5)	13.39%	13.47%	13.32%
ASSET QUALITY			
Non-accrual loans	$ 108,654	$ 134,197	$ 326,918
Allowance for loan and lease losses	$ 230,005	$ 220,706	$ 195,959
Allowance for loan and lease losses to non-accrual loans	211.69%	164.46%	59.94%
Allowance for loan and lease losses to total loans	0.63%	0.63%	0.60%
Non-accrual loans to total loans	0.30%	0.38%	1.00%
Quarterly net charge-offs (recoveries) to average loans, annualized	(0.03)%	0.00%	0.48%

(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) December 31, 2018 ratios are preliminary.

SIGNATURE BANK
NET INTEREST MARGIN ANALYSIS
(unaudited)

(dollars in thousands)	Three months ended December 31, 2018 Average Balance	Interest Income/ Expense	Average Yield/ Rate	Three months ended December 31, 2017 Average Balance	Interest Income/ Expense	Average Yield/ Rate
INTEREST-EARNING ASSETS						
Short-term investments	$ 459,354	2,715	2.34%	436,240	1,420	1.29%
Investment securities	9,489,265	77,774	3.28%	9,120,767	68,193	2.99%
Commercial loans, mortgages and leases (1)(2)	35,423,810	376,280	4.21%	31,524,498	315,158	3.97%
Residential mortgages and consumer loans	220,994	2,464	4.42%	257,324	2,296	3.54%
Loans held for sale	345,053	2,658	3.06%	195,823	1,179	2.39%
Total interest-earning assets	45,938,476	461,891	3.99%	41,534,652	388,246	3.71%
Non-interest-earning assets	664,475			617,240		
Total assets	$ 46,602,951			42,151,892		
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits						
NOW and interest-bearing demand	$ 3,611,831	15,583	1.71%	3,952,056	9,412	0.94%
Money market	18,478,235	64,610	1.39%	17,331,981	35,587	0.81%
Time deposits	1,898,217	9,792	2.05%	1,598,735	5,058	1.26%
Non-interest-bearing demand deposits	12,276,668	-	-	11,138,285	-	-
Total deposits	36,264,951	89,985	0.98%	34,021,057	50,057	0.58%
Subordinated debt	258,043	3,645	5.65%	257,251	3,645	5.67%
Other borrowings	5,286,978	32,155	2.41%	3,480,120	13,485	1.54%
Total deposits and borrowings	41,809,972	125,785	1.19%	37,758,428	67,187	0.71%
Other non-interest-bearing liabilities and shareholders' equity	4,792,979			4,393,464		
Total liabilities and shareholders' equity	$ 46,602,951			42,151,892		
OTHER DATA						
Net interest income / interest rate spread (1)		336,106	2.80%		321,059	3.00%
Tax-equivalent adjustment		(1,074)			(1,288)	
Net interest income, as reported		335,032			319,771	
Net interest margin			2.89%			3.05%
Tax-equivalent effect			0.01%			0.02%
Net interest margin on a tax-equivalent basis (1)(2)			2.90%			3.07%
Ratio of average interest-earning assets to average interest-bearing liabilities			109.87%			110.00%

(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 December 31, 2018 and 35 percent for the period ended December 31, 2017.

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

SIGNATURE BANK
NET INTEREST MARGIN ANALYSIS
(unaudited)

(dollars in thousands)	Twelve months ended December 31, 2018 Average Balance	Interest Income/ Expense	Average Yield/ Rate	Twelve months ended December 31, 2017 Average Balance	Interest Income/ Expense	Average Yield/ Rate
INTEREST-EARNING ASSETS						
Short-term investments	$ 463,799	8,925	1.92%	462,351	5,017	1.09%
Investment securities	9,392,563	299,697	3.19%	8,948,973	269,624	3.01%
Commercial loans, mortgages and leases (1)(2)	33,972,459	1,383,531	4.07%	30,299,144	1,184,911	3.91%
Residential mortgages and consumer loans	230,727	9,719	4.21%	267,757	10,147	3.79%
Loans held for sale	374,610	10,863	2.90%	196,585	4,334	2.20%
Total interest-earning assets	44,434,158	1,712,735	3.85%	40,174,810	1,474,033	3.67%
Non-interest-earning assets	611,430			578,233		
Total assets	$ 45,045,588			40,753,043		
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits						
NOW and interest-bearing demand	$ 3,661,849	52,426	1.43%	3,864,932	29,915	0.77%
Money market	17,878,509	207,690	1.16%	17,086,353	125,014	0.73%
Time deposits	1,648,433	29,132	1.77%	1,504,887	16,900	1.12%
Non-interest-bearing demand deposits	11,954,403	-	-	10,702,062	-	-
Total deposits	35,143,194	289,248	0.82%	33,158,234	171,829	0.52%
Subordinated debt	257,748	14,573	5.65%	256,953	14,535	5.66%
Other borrowings	5,073,852	106,112	2.09%	3,143,218	46,219	1.47%
Total deposits and borrowings	40,474,794	409,933	1.01%	36,558,405	232,583	0.64%
Other non-interest-bearing liabilities and shareholders' equity	4,570,794			4,194,638		
Total liabilities and shareholders' equity	$ 45,045,588			40,753,043		
OTHER DATA						
Net interest income / interest rate spread (1)		1,302,802	2.84%		1,241,450	3.03%
Tax-equivalent adjustment		(3,815)			(3,864)	
Net interest income, as reported		1,298,987			1,237,586	
Net interest margin			2.92%			3.08%
Tax-equivalent effect			0.01%			0.01%
Net interest margin on a tax-equivalent basis (1)(2)			2.93%			3.09%
Ratio of average interest-earning assets to average interest-bearing liabilities			109.78%			109.89%

(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 December 31, 2018 and 35 percent for the period ended December 31, 2017.

(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 assist investors when comparing results period-to-period in a more consistent manner and provides a better measure of Signature Bank's results. These non-GAAP measures include the Bank's (i) tangible common equity ratio, (ii) efficiency ratio,(iii) yield on interest-earning assets, tax-equivalent basis, and (iv) core net interest margin, tax-equivalent basis excluding loan prepayment penalty income. These non-GAAP measures should not be considered a substitute for GAAP-basis measures and results. We strongly encourage investors to review our consolidated financial statements in their entirety and not to rely on any single financial measure. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

The following table presents the tangible common equity ratio calculation:

(dollars in thousands)		December 31, 2018	September 30, 2018	December 31, 2017
Consolidated common shareholders' equity	$	4,407,140	4,237,997	4,031,691
Intangible assets		50,020	43,372	28,643
Consolidated tangible common shareholders' equity (TCE)	$	4,357,120	4,194,625	4,003,048
Consolidated total assets	$	47,364,816	45,870,710	43,117,720
Intangible assets		50,020	43,372	28,643
Consolidated tangible total assets (TTA)	$	47,314,796	45,827,338	43,089,077
Tangible common equity ratio (TCE/TTA)		9.21%	9.15%	9.29%

The following table presents the efficiency ratio calculation:

		Three months ended December 31,		*Twelve months ended December 31,*	
(dollars in thousands)		**2018**	**2017**	**2018**	**2017**
Non-interest expense (NIE)	$	119,143	109,964	486,278	435,066
Net interest income before provision for loan and lease losses		335,032	319,771	1,298,987	1,237,586
Other non-interest income		5,919	8,497	23,278	36,041
Total income (TI)	$	340,951	328,268	1,322,265	1,273,627
Efficiency ratio (NIE/TI)		34.94%	33.50%	36.78%	34.16%

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

		Three months ended December 31,		*Twelve months ended December 31,*	
		2018	**2017**	**2018**	**2017**
Interest income (as reported)	$	460,817	386,958	1,708,920	1,470,169
Tax-equivalent adjustment		1,074	1,288	3,815	3,864
Interest income, tax-equivalent basis	$	461,891	388,246	1,712,735	1,474,033
Interest-earnings assets	$	45,938,476	41,534,652	44,434,158	40,174,810
Yield on interest-earning assets		3.98%	3.70%	3.85%	3.66%
Tax-equivalent effect		0.01%	0.01%	0.00%	0.01%
Yield on interest-earning assets, tax-equivalent basis		3.99%	3.71%	3.85%	3.67%

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

	Three months ended December 31,		*Three months ended September 30,*		*Twelve months ended December 31,*	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Net interest margin (as reported)	2.89%	3.05%	2.87%	3.04%	2.92%	3.08%
Tax-equivalent adjustment	0.01%	0.02%	0.01%	0.01%	0.01%	0.01%
Margin contribution from loan prepayment penalty income	(0.10)%	(0.09)%	(0.03)%	(0.06)%	(0.06)%	(0.07)%
Core net interest margin, tax-equivalent basis excluding loan prepayment penalty	2.80%	2.98%	2.85%	2.99%	2.87%	3.02%

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