

**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 19, 2017

**SIGNATURE BANK**

(Exact name of registrant as specified in its charter)

**NEW YORK**  
(State or other jurisdiction  
of incorporation)

**13-4149421**  
(IRS Employer  
Identification No.)

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

**10017**  
(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 19, 2017, Signature Bank issued a press release regarding its results of operations for the quarter ended December 31, 2016. 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 19, 2017

### **SIGNATURE BANK**

By: /s/ Vito Susca

Name: Vito Susca

Title: Senior Vice President and Chief  
Financial Officer

EXHIBIT INDEX

<u>Item</u>	<u>Description</u>
99.1	Press Release, dated January 19, 2017



FOR IMMEDIATE RELEASE  
JANUARY 19, 2017

**For Further Information:**

**Investor Contact:**

Eric R. Howell, Executive Vice President –  
Corporate & Business Development  
646-822-1402, [ehowell@signatureny.com](mailto:ehowell@signatureny.com)

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Susan J. Lewis, 646-822-1825,  
[slewis@signatureny.com](mailto:slewis@signatureny.com)

**SIGNATURE BANK REPORTS 2016 FOURTH QUARTER AND YEAR-END RESULTS**

*Net Income Reached Record Levels in 2016*

- ***Net Income for the 2016 Fourth Quarter Reached a Record \$113.9 Million, or \$2.11 Diluted Earnings Per Share, An Increase of \$10.9 Million, or 10.6 Percent, from \$103.0 Million, or \$2.01 Diluted Earnings Per Share Reported in the 2015 Fourth Quarter.***
- ***Net Income for 2016 Reached a Record \$396.3 Million, or \$7.37 Diluted Earnings Per Share, Compared with \$373.1 Million or \$7.27 Diluted Earnings Per Share in 2015, Up \$23.3 Million, or 6.2 Percent.***
- ***Total Deposits Rose \$465.9 Million to \$31.86 Billion, in the Fourth Quarter. Average Deposits Increased \$1.16 Billion, or 3.8 Percent, in the 2016 Fourth Quarter.***
- ***Total Deposits Grew \$5.09 Billion, or 19.0 Percent, in 2016. Average Deposits for 2016 at \$29.75 Billion, Representing an Increase of \$4.45 Billion, or 17.6 Percent, Versus \$25.29 Billion in 2015.***
- ***Loans Increased \$1.27 Billion, or 4.6 Percent, to \$29.04 Billion in the 2016 Fourth Quarter. Since Year-end 2015, Loans Increased \$5.25 Billion, or 22.1 Percent.***
- ***Non-Accrual Loans Were \$157.6 Million, or 0.54 Percent of Total Loans, at December 31, 2016, Versus \$162.8 Million, or 0.59 Percent of Total Loans, at the End of the 2016 Third Quarter. Non-Accrual Loans at Year-end 2015 were \$71.9 Million, or 0.30 Percent of Total Loans.***
- ***Net Interest Margin on a Tax-Equivalent Basis Was 3.14 Percent for the 2016 Fourth Quarter, Compared with 3.14 Percent for the 2016 Third Quarter and 3.30 Percent for the 2015 Fourth Quarter.***
- ***Core Net Interest Margin on a Tax-Equivalent Basis, Which Excludes Loan Prepayment Penalty Income, Decreased One Basis Point to 3.06 Percent for the 2016 Fourth Quarter, Compared with 3.07 Percent for the 2016 Third Quarter.***
- ***Tier 1 Leverage, Common Equity Tier 1 Risk-Based, Tier 1 Risk-Based and Total Risk-Based Capital Ratios were 9.61 Percent, 11.92 Percent, 11.92 Percent and 13.46 Percent, Respectively, at December 31, 2016. Signature Bank Remains Significantly Above FDIC “Well-Capitalized” Standards. Tangible Common Equity Ratio was 9.21 Percent.***
- ***For 2016, Three Private Client Banking Teams Joined. Additionally, the Bank Appointed Several New Private Client Banking Professionals to Existing Teams.***

NEW YORK ... January 19, 2017 ... Signature Bank (Nasdaq: SBNY), a New York-based full-service commercial bank, today announced results for its fourth quarter and year ended December 31, 2016.

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Net income for the 2016 fourth quarter reached a record \$113.9 million, or \$2.11 diluted earnings per share, compared with \$103.0 million, or \$2.01 diluted earnings per share, for the 2015 fourth quarter. The record net income for the 2016 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. These factors were partially offset by an increase in the provision for loan losses and non-interest expenses.

Net interest income for the 2016 fourth quarter rose \$28.5 million, or 10.6 percent, to \$296.8 million, compared with the fourth quarter of 2015. This increase is primarily due to growth in average interest-earning assets. Total assets reached \$39.05 billion at December 31, 2016, expanding \$5.60 billion, or 16.7 percent, from \$33.45 billion at December 31, 2015. Average assets for the 2016 fourth quarter reached \$38.18 billion, an increase of \$5.46 billion, or 16.7 percent, versus the comparable period a year ago.

Deposits for the 2016 fourth quarter rose \$465.9 million, or 1.5 percent, to \$31.86 billion at December 31, 2016. Overall deposit growth in 2016 was 19.0 percent, or \$5.09 billion, when compared with deposits at the end of 2015. Average total deposits for 2016 were \$29.75 billion, growing \$4.45 billion, or 17.6 percent, versus average total deposits of \$25.29 billion for 2015.

“2016 was again a year during which Signature Bank delivered record earnings – in fact, our 9<sup>th</sup> consecutive year – and also another where we reported strong performance across all key metrics. The expansion of our franchise continues, driven by substantial growth in deposits of \$5.09 billion and in loans of \$5.25 billion. This was all achieved despite challenges in our taxi medallion portfolio. Moreover, we bolstered our capital position with two successful offerings; a common stock offering of nearly \$320 million and our first subordinated debt offering of \$260 million. These capital raises, along with solid earnings retention, well positions Signature Bank for future expansion,” explained Joseph J. DePaolo, President and Chief Executive Officer.

“We continue to execute our highly successful single-point-of-contact business model, which allows Signature Bank to differentiate itself in an extremely competitive marketplace. The care, attention and advocacy for the Bank’s clients -- delivered by our committed colleagues -- furthers our business development activities and allows us to better attract and retain clients. Our persistence, commitment and overall strong performance culminated in the Bank achieving deposit and loan growth each in excess of \$5 billion, as well as record annual earnings,” DePaolo said.

Signature Bank Chairman of the Board Scott A. Shay, noted: “Signature Bank has produced yet another record year of earnings and solid financial performance. We are proud that -- even from the depths of the financial crisis -- we maintained a rapid growth pace while remaining a pillar of strength for our clients during those uncertain times.

“As the Bank continues to grow, we retain our strong disciplines and follow the hedgehog theory of business – doing a few things but doing each of them very well. In our case, that means maintaining our unrelenting commitment to depositor safety and service and conservative lending posture. We look forward to the New Year and to embracing many opportunities as we have built a platform poised to serve an expanding roster of clients,” Shay concluded.

## **Capital**

The Bank's Tier 1 leverage, common equity Tier 1 risk-based, Tier 1 risk-based and total risk-based capital ratios were approximately 9.61 percent, 11.92 percent, 11.92 percent and 13.46 percent, respectively, as of December 31, 2016. 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.

## **Net Interest Income**

Net interest income for the 2016 fourth quarter was \$296.8 million, up \$28.5 million, or 10.6 percent, when compared with the same period last year, primarily due to growth in average interest-earning assets. Average interest-earning assets of \$37.73 billion for the 2016 fourth quarter represent an increase of \$5.43 billion, or 16.8 percent, from the 2015 fourth quarter. The yield on interest-earning assets for the 2016 fourth quarter declined 10 basis points to 3.61 percent, compared to the fourth quarter of last year.

Average cost of deposits and average cost of funds for the 2016 fourth quarter increased by three and seven basis points, to 0.42 percent and 0.53 percent, respectively, versus the comparable period a year ago.

Net interest margin on a tax-equivalent basis for the 2016 fourth quarter was 3.14 percent versus 3.30 percent reported in the 2015 fourth quarter and 3.14 percent in the 2016 third quarter. Excluding loan prepayment penalty income in both quarters, linked quarter core margin on a tax-equivalent basis decreased one basis point to 3.06 percent.

## **Provision for Loan Losses**

The Bank's provision for loan losses for the fourth quarter of 2016 was \$22.2 million, an increase of \$5.5 million, or 33.2 percent, versus the 2015 fourth quarter. The increase was primarily due to additional reserves for taxi medallion loans.

Net charge offs for the 2016 fourth quarter were \$13.5 million, or 0.19 percent of average loans on an annualized basis, versus \$100.5 million, or 1.46 percent, for the 2016 third quarter and \$4.6 million, or 0.08 percent, for the 2015 fourth quarter.

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### **Non-Interest Income and Non-Interest Expense**

Non-interest income for the 2016 fourth quarter was \$10.1 million, up \$730,000 from \$9.3 million reported in the fourth quarter of last year. The increase was driven by increases in all non-interest income categories, but partially offset by a rise of \$1.2 million in other losses from additional amortization of low income housing tax credit investments.

Non-interest expense for the 2016 fourth quarter was \$95.9 million, an increase of \$7.5 million, or 8.5 percent, versus \$88.4 million reported in the 2015 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 improved to 31.25 percent for the fourth quarter of 2016 compared with 31.85 percent for the same period a year ago. The improvement was primarily due to growth in net interest income.

### **Loans**

Loans, excluding loans held for sale, expanded \$1.27 billion, or 4.6 percent, during the 2016 fourth quarter to \$29.04 billion, versus \$27.77 billion at September 30, 2016. At December 31, 2016, loans accounted for 74.4 percent of total assets, compared with 73.5 percent at the end of the 2016 third quarter and 71.1 percent at the end of 2015. Average loans, excluding loans held for sale, reached \$28.24 billion in the 2016 fourth quarter, growing \$916.8 million, or 3.4 percent, from the 2016 third quarter and \$5.28 billion, or 23.0 percent, from the fourth quarter of 2015. The increase in loans for the quarter and the year was primarily driven by growth in commercial real estate and multi-family loans, as well as commercial and industrial loans.

At December 31, 2016, non-accrual loans were \$157.6 million, representing 0.54 percent of total loans and 0.40 percent of total assets, versus non-accrual loans of \$162.8 million, or 0.59 percent of total loans, at September 30, 2016 and \$71.9 million, or 0.30 percent of total loans, at December 31, 2015. At the end of the 2016 fourth quarter, \$135.4 million of non-accrual loans were secured by taxi medallions. At December 31, 2016, the ratio of allowance for loan and lease losses to total loans was 0.74 percent, versus 0.74 percent at September 30, 2016 and 0.82 percent at December 31, 2015. Additionally, the ratio of allowance for loan and lease losses to non-accrual loans, or the coverage ratio, was 135 percent for the 2016 fourth quarter versus 126 percent for the 2016 third quarter and 271 percent for the 2015 fourth quarter.



## Conference Call

Signature Bank's management will host a conference call to review results of the 2016 fourth quarter and year-end on Thursday, January 19, 2017, at 10:00 AM ET. All participants should dial 866-359-8135 at least ten minutes prior to the start of the call and reference conference ID #51388109. 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](http://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 #51388109. The replay will be available from approximately 1:00 PM ET on Thursday, January 19, 2017 through 11:59 PM ET on Monday, January 23, 2017.

## About Signature Bank

Signature Bank, member FDIC, is a New York-based full-service commercial bank with 30 private client offices throughout the New York metropolitan area, including those in Manhattan, Brooklyn, Westchester, Long Island, Queens, the Bronx, Staten Island and Connecticut. The Bank's growing network of private client banking teams serves the needs of privately owned businesses, their owners and senior managers.

Signature Bank offers a wide variety of business and personal banking products and services. Its specialty finance subsidiary, Signature Financial, LLC, provides equipment finance and leasing. Signature Securities Group Corporation, a wholly owned Bank subsidiary, is a licensed broker-dealer, investment adviser and member FINRA/SIPC, offering investment, brokerage, asset management and insurance products and services.

Signature Bank ranked sixth best on *Forbes'* Best and Worst Banks in America 2016 list and was recently named Best Business Bank for the third consecutive year by the *New York Law Journal* in the publication's seventh annual reader survey. The Bank also ranked second in the Best Private Bank and Best Attorney Escrow Services categories in the listing.

For more information, please visit [www.signatureny.com](http://www.signatureny.com).

*This press release and oral statements made from time to time by our representatives contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. You should not place undue reliance on those statements because they are subject to numerous risks and uncertainties relating to our operations and business environment, all of which are difficult to predict and may be beyond our control. Forward-looking statements include information concerning our future results, interest rates and the interest rate environment, loan and deposit growth, loan performance, operations, new private client teams and other hires, new office openings and business strategy. These statements often include words such as "may," "believe," "expect," "anticipate," "intend," "potential," "opportunity," "could," "project," "seek," "should," "will," "would," "plan," "estimate" or other similar expressions. As you consider forward-looking statements, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions that could cause actual results to differ materially from those in the forward-looking statements and can change as a result of many possible events or factors, not all of which are known to us or in our control. These factors include but are not limited to: (i) prevailing economic conditions; (ii) changes in interest rates, loan demand, real estate values and competition, any of which can materially affect origination levels and gain on sale results in our business, as well as other aspects of our financial performance, including earnings on interest-bearing assets; (iii) the level of defaults, losses and prepayments on loans made by us, whether held in portfolio or sold in the whole loan secondary markets, which can materially affect charge-off levels and required credit loss reserve levels; (iv) changes in monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Board of Governors of the Federal Reserve System; (v) changes in the banking and other financial services regulatory environment and (vi) competition for qualified personnel and desirable office locations. Although we believe that these forward-looking statements are based on reasonable assumptions, beliefs and expectations, if a change occurs or our beliefs, assumptions and expectations were incorrect, our business, financial condition, liquidity or results of operations may vary materially from those expressed in our forward-looking statements. Additional risks are described in our quarterly and annual reports filed with the FDIC. You should keep in mind that any forward-looking statements made by Signature Bank speak only as of the date on which they were made. New risks and uncertainties come up from time to time, and we cannot predict these events or how they may affect the Bank. Signature Bank has no duty to, and does not intend to, update or revise the forward-looking statements after the date on which they are made. In light of these risks and uncertainties, you should keep in mind that any forward-looking statement made in this release or elsewhere might not reflect actual results.*

**FINANCIAL TABLES ATTACHED**

**SIGNATURE BANK**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(unaudited)**

	<i>Three months ended</i>		<i>Twelve months ended</i>	
	<i>December 31,</i>		<i>December 31,</i>	
<i>(dollars in thousands, except per share amounts)</i>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>INTEREST AND DIVIDEND INCOME</b>				
Loans held for sale	\$ 963	1,487	4,572	3,885
Loans and leases, net	276,128	234,893	1,042,717	839,782
Securities available-for-sale	47,695	48,328	198,001	191,661
Securities held-to-maturity	15,054	16,420	62,834	66,633
Other short-term investments	2,450	1,270	9,027	4,987
Total interest income	342,290	302,398	1,317,151	1,106,948
<b>INTEREST EXPENSE</b>				
Deposits	33,379	26,927	123,285	102,905
Federal funds purchased and securities sold under agreements to repurchase	2,724	3,420	11,857	13,885
Federal Home Loan Bank borrowings	5,711	3,712	24,565	13,057
Subordinated debt	3,660	-	10,202	-
Total interest expense	45,474	34,059	169,909	129,847
Net interest income before provision for loan and lease losses	296,816	268,339	1,147,242	977,101
Provision for loan and lease losses	22,234	16,686	155,774	44,914
Net interest income after provision for loan and lease losses	274,582	251,653	991,468	932,187
<b>NON-INTEREST INCOME</b>				
Commissions	3,442	3,342	11,474	11,418
Fees and service charges	5,802	5,166	21,846	21,515
Net gains on sales of securities	569	338	7,711	1,209
Net gains on sales of loans	1,701	1,213	6,750	7,107
Other-than-temporary impairment losses on securities:				
Total impairment losses on securities	(283)	(605)	(986)	(2,264)
Portion recognized in other comprehensive income (before taxes)	145	324	559	1,301
Net impairment losses on securities recognized in earnings	(138)	(281)	(427)	(963)
Other losses	(1,300)	(433)	(4,604)	(3,182)
Total non-interest income	10,076	9,345	42,750	37,104
<b>NON-INTEREST EXPENSE</b>				
Salaries and benefits	58,940	58,537	246,406	230,081
Occupancy and equipment	7,758	7,054	29,140	26,024
Data processing	5,450	4,453	20,343	16,649
FDIC assessment fees	6,299	4,562	21,265	15,885
Professional fees	3,249	2,136	9,671	9,460
Other general and administrative	14,223	11,689	49,946	43,115
Total non-interest expense	95,919	88,431	376,771	341,214
Income before income taxes	188,739	172,567	657,447	628,077
Income tax expense	74,802	69,579	261,123	255,012
Net income	\$ 113,937	102,988	396,324	373,065
<b>PER COMMON SHARE DATA</b>				
Earnings per share – basic	\$2.12	2.02	7.42	7.35
Earnings per share – diluted	\$2.11	2.01	7.37	7.27

**SIGNATURE BANK**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

	December 31, 2016 (unaudited)	December 31, 2015
<i>(dollars in thousands, except shares and per share amounts)</i>		
<b>ASSETS</b>		
Cash and due from banks	\$ 499,856	311,254
Short-term investments	39,095	30,292
Total cash and cash equivalents	538,951	341,546
Securities available-for-sale	6,335,347	6,240,761
Securities held-to-maturity (fair value \$2,027,393 at December 31, 2016 and \$2,137,913 at December 31, 2015)	2,038,125	2,133,144
Federal Home Loan Bank stock	132,629	154,405
Loans held for sale	559,528	456,358
Loans and leases, net	28,829,670	23,597,541
Premises and equipment, net	50,698	44,161
Accrued interest and dividends receivable	102,963	94,006
Other assets	459,700	388,623
Total assets	\$ 39,047,611	33,450,545
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits		
Non-interest-bearing	\$ 10,520,529	8,567,300
Interest-bearing	21,340,731	18,206,623
Total deposits	31,861,260	26,773,923
Federal funds purchased and securities sold under agreements to repurchase	893,000	817,000
Federal Home Loan Bank borrowings	2,050,900	2,720,163
Subordinated debt	256,588	-
Accrued expenses and other liabilities	373,599	247,625
Total liabilities	35,435,347	30,558,711
Shareholders' equity		
Preferred stock, par value \$.01 per share; 61,000,000 shares authorized; none issued at December 31, 2016 and December 31, 2015	-	-
Common stock, par value \$.01 per share; 64,000,000 shares authorized; 54,610,170 shares issued and outstanding at December 31, 2016; 51,929,064 shares issued and outstanding at December 31, 2015;	546	509
Additional paid-in capital	1,763,100	1,399,501
Retained earnings	1,903,332	1,507,011
Treasury stock, none at December 31, 2016 and 41,087 shares at December 31, 2015	-	(5,684)
Accumulated other comprehensive loss	(54,714)	(9,503)
Total shareholders' equity	3,612,264	2,891,834
Total liabilities and shareholders' equity	\$ 39,047,611	33,450,545

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

	<i>Three months ended</i>		<i>Twelve months ended</i>	
	<i>December 31,</i>		<i>December 31,</i>	
<i>(in thousands, except ratios and per share amounts)</i>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>PER COMMON SHARE</b>				
Net income - basic	\$ 2.12	\$ 2.02	\$ 7.42	\$ 7.35
Net income - diluted	\$ 2.11	\$ 2.01	\$ 7.37	\$ 7.27
Average shares outstanding - basic	53,684	50,901	53,406	50,739
Average shares outstanding - diluted	54,060	51,341	53,811	51,302
Book value	\$ 66.15	\$ 56.81	\$ 66.15	\$ 56.81

**SELECTED FINANCIAL DATA**

Return on average total assets	1.19%	1.25%	1.09%	1.23%
Return on average shareholders' equity	12.64%	14.30%	12.19%	13.85%
Efficiency ratio (1)	31.25%	31.85%	31.66%	33.64%
Yield on interest-earning assets	3.61%	3.71%	3.66%	3.69%
Yield on interest-earning assets, tax-equivalent basis (1)(2)	3.61%	3.71%	3.66%	3.69%
Cost of deposits and borrowings	0.53%	0.46%	0.52%	0.47%
Net interest margin	3.13%	3.30%	3.19%	3.26%
Net interest margin, tax-equivalent basis (2)(3)	3.14%	3.30%	3.19%	3.26%

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

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

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

	<b>December 31,</b>	<b>September 30,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>
<b>CAPITAL RATIOS</b>			
Tangible common equity (4)	9.21%	9.41%	8.64%
Tier 1 leverage (5)	9.61%	9.51%	8.87%
Common equity Tier 1 risk-based (5)	11.92%	12.00%	11.33%
Tier 1 risk-based (5)	11.92%	12.00%	11.33%
Total risk-based (5)	13.46%	13.56%	12.10%

**ASSET QUALITY**

Non-accrual loans	\$ 157,578	\$ 162,772	\$ 71,905
Allowance for loan and lease losses	\$ 213,495	\$ 204,809	\$ 195,023
Allowance for loan and lease losses to non-accrual loans	135.49%	125.83%	271.22%
Allowance for loan and lease losses to total loans	0.74%	0.74%	0.82%
Non-accrual loans to total loans	0.54%	0.59%	0.30%
Quarterly net charge-offs to average loans, annualized	0.19%	1.46%	0.08%

(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, 2016 ratios are preliminary.

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

	<i>Three months ended December 31, 2016</i>			<i>Three months ended December 31, 2015</i>		
<i>(dollars in thousands)</i>	<b>Average Balance</b>	<b>Interest Income/ Expense</b>	<b>Average Yield/ Rate</b>	<b>Average Balance</b>	<b>Interest Income/ Expense</b>	<b>Average Yield/ Rate</b>
<b>INTEREST-EARNING ASSETS</b>						
Short-term investments	\$ 604,788	781	0.51%	320,199	230	0.28%
Investment securities	8,612,077	64,418	2.99%	8,574,256	65,788	3.07%
Commercial loans, mortgages and leases (1)	27,954,484	274,048	3.90%	22,638,929	231,666	4.06%
Residential mortgages and consumer loans	287,757	2,640	3.65%	318,670	3,227	4.02%
Loans held for sale	275,110	963	1.39%	454,122	1,487	1.30%
Total interest-earning assets	37,734,216	342,850	3.61%	32,306,176	302,398	3.71%
Non-interest-earning assets	447,739			417,596		
Total assets	\$ 38,181,955			32,723,772		
<b>INTEREST-BEARING LIABILITIES</b>						
Interest-bearing deposits						
NOW and interest-bearing demand	\$ 4,078,045	4,879	0.48%	2,677,008	2,852	0.42%
Money market	16,199,212	25,234	0.62%	14,674,558	21,518	0.58%
Time deposits	1,397,421	3,266	0.93%	1,000,999	2,557	1.01%
Non-interest-bearing demand deposits	10,002,625	-	-	8,736,667	-	-
Total deposits	31,677,303	33,379	0.42%	27,089,232	26,927	0.39%
Subordinated debt	256,502	3,659	5.71%	-	-	-
Other borrowings	2,337,563	8,436	1.44%	2,497,568	7,132	1.13%
Total deposits and borrowings	34,271,368	45,474	0.53%	29,586,800	34,059	0.46%
Other non-interest-bearing liabilities and shareholders' equity						
	3,910,587			3,136,972		
Total liabilities and shareholders' equity	\$ 38,181,955			32,723,772		
<b>OTHER DATA</b>						
Net interest income / interest rate spread (1)		297,376	3.08%		268,339	3.25%
Tax-equivalent adjustment		(560)			-	
Net interest income, as reported		<u>296,816</u>			<u>268,339</u>	
Net interest margin			3.13%			3.30%
Tax-equivalent effect			<u>0.01%</u>			<u>-</u>
Net interest margin on a fully tax-equivalent basis (1)			3.14%			3.30%
Ratio of average interest-earning assets to average interest-bearing liabilities			110.10%			109.19%

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

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

	<i>Twelve months ended</i> <i>December 31, 2016</i>			<i>Twelve months ended</i> <i>December 31, 2015</i>		
<i>(dollars in thousands)</i>	<b>Average Balance</b>	<b>Interest Income/ Expense</b>	<b>Average Yield/ Rate</b>	<b>Average Balance</b>	<b>Interest Income/ Expense</b>	<b>Average Yield/ Rate</b>
<b>INTEREST-EARNING ASSETS</b>						
Short-term investments	\$ 493,646	2,456	0.50%	403,403	1,013	0.25%
Investment securities	8,695,632	267,406	3.08%	8,530,863	262,268	3.07%
Commercial loans, mortgages and leases (1)	26,212,811	1,032,829	3.94%	20,376,793	827,273	4.06%
Residential mortgages and consumer loans	297,478	11,235	3.78%	327,113	12,509	3.82%
Loans held for sale	305,391	4,572	1.50%	324,048	3,885	1.20%
Total interest-earning assets	36,004,958	1,318,498	3.66%	29,962,220	1,106,948	3.69%
Non-interest-earning assets	410,764			366,592		
Total assets	\$ 36,415,722			30,328,812		
<b>INTEREST-BEARING LIABILITIES</b>						
Interest-bearing deposits						
NOW and interest-bearing demand	\$ 3,591,984	16,573	0.46%	2,208,678	8,961	0.41%
Money market	15,399,825	94,294	0.61%	14,109,742	83,314	0.59%
Time deposits	1,286,775	12,418	0.97%	969,556	10,630	1.10%
Non-interest-bearing demand deposits	9,469,240	-	-	8,005,589	-	-
Total deposits	29,747,824	123,285	0.41%	25,293,565	102,905	0.41%
Subordinated debt	180,120	10,202	5.66%	-	-	-
Other borrowings	2,781,305	36,422	1.31%	2,109,763	26,942	1.28%
Total deposits and borrowings	32,709,249	169,909	0.52%	27,403,328	129,847	0.47%
Other non-interest-bearing liabilities and shareholders' equity	3,706,473			2,925,484		
Total liabilities and shareholders' equity	\$ 36,415,722			30,328,812		
<b>OTHER DATA</b>						
Net interest income / interest rate spread (1)		1,148,589	3.14%		977,101	3.22%
Tax-equivalent adjustment		<u>(1,347)</u>			<u>-</u>	
Net interest income, as reported		<u>1,147,242</u>			<u>977,101</u>	
Net interest margin			3.19%			3.26%
Tax-equivalent effect			<u>-</u>			<u>-</u>
Net interest margin on a fully tax-equivalent basis (1)			3.19%			3.26%
Ratio of average interest-earning assets to average interest-bearing liabilities			110.08%			109.34%

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

**SIGNATURE BANK**  
**NON-GAAP FINANCIAL MEASURES**  
**(unaudited)**

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

The following table presents the tangible common equity ratio calculation:

<i>(dollars in thousands except, per ratio)</i>	December 31, 2016	September 30, 2016	December 31, 2015
Consolidated common shareholders' equity	\$ 3,612,264	3,561,597	2,891,834
Intangible assets	19,640	6,527	1,832
Consolidated tangible common shareholders' equity (TCE)	\$ 3,592,624	3,555,070	2,890,002
Consolidated total assets	\$ 39,047,611	37,792,320	33,450,545
Intangible assets	19,640	6,527	1,832
Consolidated tangible total assets (TTA)	\$ 39,027,971	37,785,793	33,448,713
Tangible common equity ratio (TCE/TTA)	9.21%	9.41%	8.64%

The following table presents the efficiency ratio calculation:

	Three months ended December 31,		Twelve months ended December 31,	
	2016	2015	2016	2015
Non-interest expense (NIE)	\$ 95,919	88,431	376,771	341,214
Net interest income before provision for loan and lease losses	296,816	268,339	1,147,242	977,101
Other non-interest income	10,076	9,345	42,750	37,104
Total income (TI)	\$ 306,892	277,684	1,189,992	1,014,205
Efficiency ratio (NIE/TI)	31.25%	31.85%	31.66%	33.64%

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,	
	2016	2015	2016	2015
Interest income (as reported)	\$ 342,290	302,398	1,317,151	1,106,948
Tax-equivalent adjustment	560	-	1,347	-
Interest income, tax-equivalent basis	\$ 342,850	302,398	1,318,498	1,106,948
Interest-earnings assets	\$ 37,734,216	32,306,176	36,004,958	29,962,220
Yield on interest-earning assets	3.61%	3.71%	3.66%	3.69%
Tax-equivalent effect	-	-	-	-
Yield on interest-earning assets, tax-equivalent basis	3.61%	3.71%	3.66%	3.69%

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,	
	2016	2015	2016	2015	2016	2015
Net interest margin (as reported)	3.13%	3.30%	3.13%	3.22%	3.19%	3.26%
Tax-equivalent adjustment	0.01%	-	0.01%	-	-	-
Margin contribution from loan prepayment penalty income	(0.08)%	(0.15)%	(0.07)%	(0.11)%	(0.09)%	(0.11)%
Core net interest margin, tax-equivalent basis excluding loan prepayment penalty income	3.06%	3.15%	3.07%	3.11%	3.10%	3.15%

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