FORM 10-Q

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON D.C. 20429

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended: March 31, 2022

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from __________ to __________

FDIC Certificate Number 57053

SIGNATURE BANK

(Exact name of Company as specified in its charter)

NEW YORK	**13-4149421**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
565 FIFTH AVENUE, NEW YORK, NEW YORK	**10017**
(Address of principal executive offices)	(Zip Code)

(646) 822-1500

(Company's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	SBNY	NASDAQ Global Select Market
Depositary Shares, each representing a 1/40th interest in a share of 5.000% Noncumulative Perpetual Series A Preferred Stock, par value $0.01 per share	SBNYP	NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS OF COMMON STOCK	NUMBER OF SHARES OUTSTANDING – May 9, 2022
$.01 Par Value per share	**62,928,036**

SIGNATURE BANK

Form 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

SIGNATURE BANK

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(dollars in thousands, except shares and per share amounts)	**March 31, 2022 (unaudited)**	**December 31, 2021**
ASSETS		
Cash and due from banks	$ 26,220,547	29,547,574
Short-term investments	103,740	73,097
Total cash and cash equivalents	26,324,287	29,620,671
Securities available-for-sale (amortized cost $20,781,803 at March 31, 2022 and $17,398,906 at December 31, 2021); (zero allowance for credit losses at March 31, 2022 and December 31, 2021)	19,693,035	17,152,863
Securities held-to-maturity (fair value $6,227,551 at March 31, 2022 and $4,944,777 at December 31, 2021); (allowance for credit losses $46 at March 31, 2022 and $56 at December 31, 2021)	6,550,691	4,998,281
Federal Home Loan Bank stock	158,916	166,697
Loans held for sale	703,008	386,765
Loans and leases	66,403,705	64,862,798
Allowance for credit losses for loans and leases	(461,275)	(474,389)
Loans and leases, net	65,942,430	64,388,409
Premises and equipment, net	98,937	92,232
Operating lease right-of-use assets	232,195	225,988
Accrued interest and dividends receivable	337,611	306,827
Other assets	1,806,192	1,106,694
Total assets	$ 121,847,302	118,445,427
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Non-interest-bearing	$ 46,723,546	44,363,215
Interest-bearing	62,431,559	61,769,579
Total deposits	109,155,105	106,132,794
Federal funds purchased and securities sold under agreements to repurchase	150,000	150,000
Federal Home Loan Bank borrowings	2,449,517	2,639,245
Subordinated debt	570,575	570,228
Operating lease liabilities	260,818	254,660
Accrued expenses and other liabilities	1,088,126	857,882
Total liabilities	113,674,141	110,604,809
Shareholders' equity		
Preferred stock, par value $.01 per share; 61,000,000 shares authorized; 730,000 shares issued and outstanding at March 31, 2022 and December 31, 2021	7	7
Common stock, par value $.01 per share; 125,000,000 shares authorized; 63,200,942 shares issued and 63,065,118 outstanding at March 31, 2022; 60,729,674 shares issued and 60,631,944 outstanding at December 31, 2021	629	606
Additional paid-in capital	4,509,080	3,763,810
Retained earnings	4,592,691	4,298,527
Accumulated other comprehensive loss	(929,246)	(222,332)
Total shareholders' equity	8,173,161	7,840,618
Total liabilities and shareholders' equity	$ 121,847,302	118,445,427

See accompanying notes to Consolidated Financial Statements.

SIGNATURE BANK
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(dollars in thousands, except per share amounts)		*Three months ended March 31,* 2022	2021
INTEREST INCOME			
Loans and leases	$	531,994	428,981
Loans held for sale		1,434	580
Securities available-for-sale		74,245	41,875
Securities held-to-maturity		18,815	12,962
Other investments		15,677	7,144
Total interest income		642,165	491,542
INTEREST EXPENSE			
Deposits		46,040	57,504
Federal funds purchased and securities sold under agreements to repurchase		589	602
Federal Home Loan Bank borrowings		15,818	17,128
Subordinated debt		6,159	9,801
Total interest expense		68,606	85,035
Net interest income before provision for credit losses		573,559	406,507
Provision for credit losses		2,695	30,872
Net interest income after provision for credit losses		570,864	375,635
NON-INTEREST INCOME			
Fees and service charges		22,690	16,930
Commissions		4,241	4,003
Net losses on sales of securities		(816)	—
Net gains on sale of loans		3,842	7,061
Other income		4,447	4,707
Total non-interest income		34,404	32,701
NON-INTEREST EXPENSE			
Salaries and benefits		127,021	106,051
Occupancy and equipment		12,030	11,773
Information technology		14,556	11,481
FDIC assessment fees		8,088	5,725
Professional fees		9,438	5,142
Other general and administrative		22,247	26,219
Total non-interest expense		193,380	166,391
Income before income taxes		411,888	241,945
Income tax expense		73,354	51,412
Net income	$	338,534	190,533
Preferred stock dividends		9,125	10,512
Net income available to common shareholders	$	329,409	180,021
PER COMMON SHARE DATA			
Earnings per common share - basic	$	5.34	3.27
Earnings per common share - diluted	$	5.30	3.24
Dividends per common share	$	0.56	0.56

See accompanying notes to Consolidated Financial Statements.

SIGNATURE BANK
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)

(in thousands)		*Three months ended March 31,* 2022	2021
Net income	$	338,534	190,533
Other comprehensive income (loss), net of tax:			
Net unrealized losses on securities		(843,541)	(97,038)
Tax effect		238,244	28,430
Net of tax		(605,297)	(68,608)
Reclassification adjustment for net losses on sales of securities included in net income		816	—
Tax effect		(233)	—
Net of tax		583	—
Amortization of net unrealized losses on securities transferred to held-to-maturity		165	271
Tax effect		(47)	(79)
Net of tax		118	192
Net unrealized gains (losses) on cash flow hedges		(141,563)	7,471
Reclassification adjustment for net (gains) losses included in net income		(847)	9,566
Tax effect		40,092	(5,028)
Net of tax		(102,318)	12,009
Total other comprehensive loss, net of tax		(706,914)	(56,407)
Comprehensive income (loss), net of tax	$	(368,380)	134,126

See accompanying notes to Consolidated Financial Statements.

SIGNATURE BANK
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

	Three months ended March 31, 2022					
(in thousands)	**Common stock**	**Preferred Stock**	**Additional paid-in capital**	**Retained earnings**	**Accumulated other comprehensive loss**	**Total shareholders' equity**
Balance at December 31, 2021	$ 606	7	3,763,810	4,298,527	(222,332)	7,840,618
Common stock issued	21	—	731,683	—	—	731,704
Restricted stock activity, net	2	—	13,587	—	—	13,589
Net Income	—	—	—	338,534	—	338,534
Other comprehensive loss, net of tax	—	—	—	—	(706,914)	(706,914)
Dividends paid on preferred stock ($12.50 per share)	—	—	—	(9,125)	—	(9,125)
Dividends paid on common stock ($0.56 per share)	—	—	—	(35,245)	—	(35,245)
Balance at March 31, 2022	$ 629	7	4,509,080	4,592,691	(929,246)	8,173,161

	Three months ended March 31, 2021						
(in thousands)	**Common stock**	**Preferred Stock**	**Additional paid-in capital**	**Retained earnings**	**Treasury stock**	**Accumulated other comprehensive loss**	**Total shareholders' equity**
Balance at December 31, 2020	$ 555	7	2,583,514	3,548,260	(232,531)	(72,896)	5,826,909
Common stock issued	21	—	475,245	—	232,531	—	707,797
Restricted stock activity, net	2	—	14,167	—	—	—	14,169
Net Income	—	—	—	190,533	—	—	190,533
Other comprehensive loss, net of tax	—	—	—	—	—	(56,407)	(56,407)
Dividends paid on preferred stock (see Note 9)	—	—	—	(10,512)	—	—	(10,512)
Dividends paid on common stock ($0.56 per share)	—	—	—	(30,086)	—	—	(30,086)
Balance at March 31, 2021	$ 578	7	3,072,926	3,698,195	—	(129,303)	6,642,403

See accompanying notes to Consolidated Financial Statements.

SIGNATURE BANK
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands)		Three months ended March 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$	338,534	190,533
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		5,640	4,909
Provision for credit losses		2,695	30,872
Net amortization/accretion of premium/discount		93,906	60,996
Stock-based compensation expense		13,589	14,169
Net gains on sales of securities and loans		(3,026)	(7,061)
Gain on trading activities		—	(475)
Deferred income tax expense		56,201	14,335
Purchases of loans held for sale		(720,253)	(378,297)
Proceeds from sales and principal repayments of loans held for sale		426,228	609,459
Purchases of securities held for trading		(31,265)	(62,369)
Proceeds from sales of securities held for trading		34,936	44,246
Net increase in accrued interest and dividends receivable		(30,784)	(20,581)
Net (increase) decrease in other assets (1)		(589,650)	66,058
Net increase in accrued expenses and other liabilities (2)		236,402	132,138
Net cash (used in) provided by operating activities		(166,847)	698,932
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of securities available-for-sale ("AFS")		(4,201,043)	(2,798,949)
Proceeds from sales of securities AFS		9,761	—
Maturities, redemptions, calls and principal repayments on securities AFS		731,845	860,098
Purchases of securities held-to-maturity ("HTM")		(1,724,477)	(646,818)
Maturities, redemptions, calls and principal repayments on securities HTM		166,051	228,418
Purchases of Federal Home Loan Bank stock		(739)	(840)
Proceeds from redemptions of Federal Home Loan Bank stock		8,520	3,375
Net increase in loans and leases		(1,586,274)	(2,151,756)
Net purchases of premises and equipment		(12,731)	(5,360)
Net cash used in investing activities		(6,609,087)	(4,511,832)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in non-interest-bearing deposits		2,360,331	3,774,368
Net increase in interest-bearing deposits		661,980	6,884,888
Proceeds from the issuance of Federal Home Loan Bank borrowings		1,750,000	850,000
Repayment of Federal Home Loan Bank borrowings		(1,939,728)	(925,000)
Cash dividends paid on preferred stock		(9,125)	(10,512)
Cash dividends paid on common stock		(35,245)	(30,086)
Payments of employee taxes withheld from stock-based compensation		(40,368)	(38,577)
Issuance of common stock		731,704	707,797
Net cash provided by financing activities		3,479,549	11,212,878
Net (decrease) increase in cash and cash equivalents		(3,296,384)	7,399,978
Cash and cash equivalents at beginning of period		29,620,671	12,348,331
Cash and cash equivalents at end of period	$	26,324,287	19,748,309
Supplemental disclosures of cash flow information:			
Interest paid during the period	$	64,596	79,243
Income taxes paid during the period, net	$	30,446	38,764
Non-cash investing activities:			
Excess servicing strips from the securitization of SBA loans	$	10,899	6,763

(1) Includes $7.3 million and $7.0 million of amortization of operating lease right-of-use assets for the three months ended March 31, 2022 and 2021, respectively.

(2) Includes $7.4 million and $6.2 million of accretion of operating lease liabilities for the three months ended March 31, 2022 and 2021, respectively.

See accompanying notes to Consolidated Financial Statements.

In this quarterly report filed on Form 10-Q, except where the context otherwise requires, the “Bank,” the “Company,” “Signature,” “we,” “us,” and “our” refer to Signature Bank and its subsidiaries, including Signature Financial, LLC (“Signature Financial”), Signature Securities Group Corporation (“Signature Securities”) and Signature Public Funding Corporation (“Signature Public Funding”).

1. Basis of Presentation and Consolidation

The accompanying unaudited Consolidated Financial Statements of the Bank have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and practices within the banking industry. These financial statements have been prepared to reflect all adjustments necessary to present fairly the financial condition and results of operations as of the dates and for the periods shown. All significant intercompany accounts and transactions have been eliminated in consolidation.

The results of operations and other data presented for the quarter ended March 31, 2022 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2022. The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The most significant estimate is the adequacy of the allowance for credit losses for loans and leases (“ACLLL” or the “allowance”).

You should read these unaudited Consolidated Financial Statements and notes thereto and the related management’s discussion and analysis together with the financial information in our 2021 Annual Report on Form 10-K, previously filed with the Federal Deposit Insurance Corporation (“FDIC”).

2. Earnings Per Common Share

Basic earnings per common share (“EPS”) is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Unvested stock awards with non-forfeitable rights to dividends, whether paid or unpaid, are considered participating securities and are included in the calculation of EPS using the two class method whereby net income is allocated between common stock and participating securities. Diluted earnings per common share is computed by dividing income allocated to common stockholders for basic EPS, adjusted for earnings reallocated from participating securities, by the weighted average number of common shares outstanding for the period adjusted for the dilutive effect of unvested stock awards using the treasury stock method.

The following table shows the computation of basic and diluted earnings per common and common equivalent share for the periods indicated:

	Three months ended March 31,	
(in thousands, except per share amounts)	**2022**	**2021**
Net income	$ 338,534	190,533
Preferred stock dividends	9,125	10,512
Net income available to common shareholders	$ 329,409	180,021
Less: Dividends paid on and earnings allocated to participating securities	257	334
Earnings applicable to common stock	$ 329,152	179,687
Common and common equivalent shares:		
Weighted average common shares outstanding	61,670	54,998
Weighted average common equivalent shares	455	533
Weighted average common and common equivalent shares	62,125	55,531
Basic earnings per common share	$ 5.34	3.27
Diluted earnings per common share	$ 5.30	3.24

For the three months ended March 31, 2022 and 2021, we did not have any options or warrants outstanding. Therefore, neither of these types of share-based payment awards were included in the computation of diluted earnings per share for the respective period.

Restricted stock units whose issuance is contingent upon the satisfaction of certain performance and market conditions ("PSUs"), are included in the computation of diluted EPS if all necessary conditions have been satisfied by the end of the reporting period. Otherwise, the number of contingently issuable shares included in diluted EPS is the number of shares, if any, that would be issuable based on current period earnings and period-end market price, and if the result would be dilutive. These contingently issuable shares are included in the computation of diluted EPS as of the beginning of the period or as of the date of the contingent stock agreement, if later. For the three months ended March 31, 2022 and 2021, average dilutive potential common shares associated with these contingently issuable PSUs were 138,714 and 109,310, respectively.

3. Fair Value Measurements

The Bank uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Fair value measurements are recorded on a recurring basis for certain assets and liabilities when fair value is the measure for accounting purposes, such as investment securities classified as available-for-sale and derivatives. Certain other assets and liabilities are measured at fair value on a non-recurring basis and are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment.

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. The three levels are defined as follows:

- Level 1 – Valuations are based on quoted prices in active markets for identical assets or liabilities. Accordingly, valuation of these assets and liabilities does not entail a significant degree of judgment. Examples include most U.S. Treasury securities and exchange-traded equity securities.

- Level 2 – Valuations are based on either quoted prices in markets that are not considered to be active or significant inputs to the methodology that are observable, either directly or indirectly. Examples include U.S. Government Agency securities, municipal bonds, corporate bonds, certain residential and commercial mortgage-backed securities, deposits, and most structured notes.

- Level 3 – Valuations are based on inputs to the methodology that are unobservable and significant to the fair value measurement. These inputs reflect management's own judgments about the assumptions that market participants would use in pricing the assets and liabilities. Examples include certain commercial loans, certain residential and commercial mortgage-backed securities, private equity investments, and complex over-the-counter derivatives.

Valuation Methodology

The Bank has an established and documented process for determining fair values. The Bank uses quoted market prices, when available, to determine fair value and classifies such items as Level 1. In many cases, the Bank utilizes valuation techniques, such as matrix pricing, to determine fair value, in which case the items are classified as Level 2. Fair value estimates may also be based upon internally-developed valuation techniques that use current market-based inputs such as discount rates, credit spreads, default and delinquency rates, and prepayment speeds. Items valued using internal valuation techniques are classified according to the lowest level input that is significant to the valuation, and are typically classified as Level 3.

We utilize independent third-party pricing sources to value most of our investment securities. In order to ensure the 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 or other market data to assist in determining the most appropriate valuation. In addition, the third-party pricing sources have an established challenge process in place for all security valuations, which facilitates identification and resolution of potentially erroneous prices. We believe that the prices received from our pricing sources are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy.

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 an 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. Small Business Administration ("SBA") interest-only strip securities, pooled trust preferred securities, and certain private collateralized mortgage obligations ("CMOs") are all included in the Level 3 fair value hierarchy.

Markets for SBA interest-only strip securities are relatively inactive, with limited observable secondary market transactions. Our SBA interest-only strip securities are classified as other debt securities available-for-sale ("AFS") and reported at fair value, with changes in fair value recognized in accumulated other comprehensive loss. The securities are valued using Level 3 inputs and had fair values of $240.5 million at March 31, 2022 and $232.7 million at December 31, 2021. Since the cash flows of the SBA interest-only strip securities are guaranteed by the U.S. Government, there is limited credit risk involved. Therefore, the primary assumption built into the pricing model to generate the projected cash flows used to compute the fair values of the SBA interest-only strip securities is the discount yield. The Bank determined the inputs to the discounted cash flow model based on historical performance and information provided by brokers.

Fair value measurements of equity warrant assets of private portfolio companies are priced based on a Black-Scholes option pricing model to estimate the asset value by using stated strike prices, option expiration dates, risk-free interest rates and option volatility assumptions. Option volatility assumptions used in the Black-Scholes model are based on public market indices whose members operate in similar industries as companies in our private company portfolio. These equity warrants assets are included in the Level 3 fair value hierarchy.

Financial Instruments Measured at Fair Value on a Recurring Basis

The following tables present the assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2022 and December 31, 2021, classified according to the three-level valuation hierarchy:

(in thousands)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value
March 31, 2022				
ASSETS				
Securities available-for-sale:				
U.S. Treasury securities	$ 160,360	—	—	160,360
Residential mortgage-backed securities:				
U.S. Government Agency	—	75,137	—	75,137
Government-sponsored enterprises	—	6,472,871	—	6,472,871
Collateralized mortgage obligations:				
U.S. Government Agency	—	1,151,579	—	1,151,579
Government-sponsored enterprises	—	7,983,089	—	7,983,089
Private	—	1,067,438	3,753	1,071,191
Securities of U.S. states and political subdivisions:				
Municipal bonds	—	260,413	—	260,413
Other debt securities:				
Commercial mortgage-backed securities	—	109,104	—	109,104
Single issuer trust preferred & corporate debt securities	—	1,449,915	—	1,449,915
Pooled trust preferred securities	—	—	14,826	14,826
Other	—	684,866	259,684	944,550
Total securities available-for-sale	160,360	19,254,412	278,263	19,693,035
Equity securities	—	21,804	—	21,804
Derivatives (1)	—	11,446	1,806	13,252
Total assets	$ 160,360	19,287,662	280,069	19,728,091
LIABILITIES				
Derivatives (1)	$ —	87,871	119	87,990
Total liabilities	$ —	87,871	119	87,990

(1) Level three derivative assets are associated with equity warrants obtained in connection with negotiating credit facilities and certain other services to acquire stock in primarily private, venture-backed companies in the technology and life science/healthcare industries. Level three derivative liabilities are associated with risk participation agreements.

(in thousands)		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value
December 31, 2021					
ASSETS					
Securities available-for sale:					
U.S. Treasury securities	$	9,983	—	—	9,983
Residential mortgage-backed securities:					
U.S. Government agency		—	83,189	—	83,189
Government-sponsored enterprises		—	5,318,389	—	5,318,389
Collateralized mortgage obligations:					
U.S. Government agency		—	1,057,750	—	1,057,750
Government-sponsored enterprises		—	6,815,083	—	6,815,083
Private		—	1,167,131	3,958	1,171,089
Securities of U.S. states and political subdivisions:					
Municipal bonds		—	250,372	—	250,372
Other debt securities:					
Commercial mortgage-backed securities		—	118,662	—	118,662
Single issuer trust preferred & corporate debt securities		—	1,328,981	—	1,328,981
Pooled trust preferred securities		—	—	21,143	21,143
Other		—	726,126	252,096	978,222
Total securities available-for-sale		9,983	16,865,683	277,197	17,152,863
Equity securities		—	22,861	—	22,861
Derivatives (1)		—	16,958	2,059	19,017
Total assets	$	9,983	16,905,502	279,256	17,194,741
LIABILITIES					
Derivatives (1)	$	—	48,657	215	48,872
Total liabilities	$	—	48,657	215	48,872

(1) Level three derivative assets are associated with equity warrants obtained in connection with negotiating credit facilities and certain other services to acquire stock in primarily private, venture-backed companies in the technology and life science/healthcare industries. Level three derivative liabilities are associated with risk participation agreements.

Changes in Level 3 Fair Value Measurements

We recognize transfers between levels of the valuation hierarchy at the end of reporting periods. There were no transfers of assets between Level 1 and Level 2 during the first quarters of 2022 and 2021. Additionally, the following table presents information for AFS securities and derivatives measured at fair value on a recurring basis and classified by the Bank within Level 3 of the valuation hierarchy for the periods indicated:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
(in thousands)		**AFS Securities**	**Derivative Assets (1)**	**Derivative Liabilities (2)**
Quarter ended March 31, 2022				
Beginning balance - Level 3	$	277,197	2,059	(215)
Issuance of equity warrant assets		—	91	—
Formation of SBA interest-only strip securities		10,899	—	—
Transfers into Level 3		—	—	—
Transfers out of Level 3		—	—	—
Total gains or (losses) (realized/unrealized):				
Included in earnings				
Non-interest (expense)/income		—	(344)	96
Interest income		(11,731)	—	—
Included in other comprehensive income		1,898	—	—
Ending balance - Level 3	$	278,263	1,806	(119)
Quarter ended March 31, 2021				
Beginning balance - Level 3	$	238,680	1,425	(481)
Issuance of equity warrant assets		—	160	—
Formation of SBA interest-only strip securities		6,764	—	—
Purchase of AFS securities		19,500	—	—
Transfers into Level 3		—	—	—
Transfers out of Level 3		—	—	—
Total gains or (losses) (realized/unrealized):				
Included in earnings				
Non-interest income		—	208	275
Interest income		(10,086)	—	—
Included in other comprehensive income		4,869	—	—
Ending balance - Level 3	$	259,727	1,793	(206)

(1) Derivative assets are associated with equity warrants obtained in connection with negotiating credit facilities to acquire stock in primarily private, venture-backed companies in the technology and life science/healthcare industries.

(2) Derivative liabilities are associated with risk participation agreements.

Assets Measured at Fair Value on a Non-recurring Basis

Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an on-going basis but are subject to fair value adjustments only in certain circumstances, such as when there is impairment or when an adjustment is required to reduce the carrying value to the lower of cost or fair value. These assets may include collateral-dependent loans, loans held-for-sale, repossessed assets, and certain long-lived assets.

The following table presents the assets that were measured at fair value on a non-recurring basis as of March 31, 2022 and December 31, 2021, classified according to the three-level valuation hierarchy:

(in thousands)		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value
March 31, 2022					
Collateral-dependent loans:					
Commercial property	$	—	—	49,132	49,132
Multi-family residential property		—	—	7,722	7,722
1-4 family residential property		—	—	2,149	2,149
Home equity lines of credit		—	—	2,504	2,504
Commercial and industrial (1)		—	—	22,008	22,008
Total assets	$	—	—	83,515	83,515
December 31, 2021					
Collateral-dependent loans:					
Commercial property	$	—	—	125,861	125,861
Multi-family residential property		—	—	30,046	30,046
1-4 family residential property		—	—	2,678	2,678
Home equity lines of credit		—	—	1,441	1,441
Commercial and industrial (1)		—	—	25,346	25,346
Other repossessed assets		—	—	3,242	3,242
Total assets	$	—	—	188,614	188,614

(1) Includes $15.5 million and $16.6 million of specialty finance loans as of March 31, 2022 and December 31, 2021, respectively.

Collateral-dependent loans are reported at the fair value of the underlying collateral, less selling costs, as applicable. Fair value estimates for collateral-dependent loans are determined based on individual appraisals that may be discounted by management for unobservable factors resulting from its knowledge of the property, or internal valuations performed leveraging net operating income information specific to the property and market capitalization rates.

Fair value adjustments for collateral-dependent impaired loans are recorded through direct loan charge-offs and/or through a specific allocation of the ACLLL. During the quarters ended March 31, 2022 and March 31, 2021, we recorded fair value adjustments ((gain)/loss) on collateral-dependent loans totaling $4.7 million and $5.6 million, respectively. For both quarters the adjustments are principally related to increases in reserves and/or charge-offs related to three commercial property nonaccrual loans.

Repossessed assets are comprised of any property (“other real estate” or “ORE”) or other asset acquired through loan restructurings, foreclosure proceedings, or acceptance of a deed-in-lieu of foreclosure. Repossessed assets are carried at the lower of cost or fair value, less estimated selling costs. Fair value is determined through current appraisals or, for taxi medallions, recent observable market transfer prices. Fair value adjustments are reported through a valuation allowance against the asset. During the quarters ended March 31, 2022 and 2021, we recorded positive fair value adjustments of $88,000, and negative fair value adjustments of $3.1 million, respectively, on repossessed assets. See the Asset Quality section within Management’s Discussion and Analysis for additional information regarding repossessed assets in aggregate, including repossession activity.

Other Fair Value Disclosures

The preparation of financial statements in accordance with U.S. GAAP requires disclosure of the fair value of financial assets and liabilities, including those items that are not measured and reported at fair value on a recurring or non-recurring basis. The methodologies for estimating the fair value of financial assets and liabilities that are measured at fair value on a recurring or non-recurring basis are discussed above. The methodologies for estimating the fair value of other items, which are carried on the Consolidated Statements of Financial Condition at cost or amortized cost, are discussed below.

Fair value estimates for our financial instruments are made at a specific point in time, based on relevant market information and information about the financial instrument. Fair value estimates are not necessarily representative of our total enterprise value.

The carrying amounts for cash and cash equivalents are reasonable estimates of fair value.

Federal Home Loan Bank stock, which is required as part of membership, has no trading market and is redeemable at par. Accordingly, its fair value is presented at the redemption (par) value.

Our loans held for sale consist of the government-guaranteed portion of SBA loans. The fair value of our loans held for sale approximates cost, as these loans have adjustable rates and are backed by the full faith and credit of the U.S. Government.

The estimated fair value of our loans and leases, net, is based on the discounted value of contractual cash flows using interest rates that approximate those offered for loans with similar maturities and collateral requirements to borrowers of comparable credit worthiness. Other factors, such as credit risk and liquidity risk are incorporated in the fair value measurement.

Deposits are mostly non-interest-bearing or NOW and money market deposits that bear floating interest rates that are re-priced based on market considerations and the Bank’s strategy. Therefore, the carrying value approximates fair value. The carrying and fair values do not include the intangible fair value of core deposit relationships, which comprise a significant portion of our deposit base. Management believes that the Bank’s core deposit relationships represent a relatively stable, low-cost source of funding that has a substantial intangible value separate from the deposit balances. Time deposits, 92.5% of which mature within one year, had a carrying value and estimated fair value both at $1.23 billion at March 31, 2022. The estimated fair value is based on the discounted value of contractual cash flows using interest rates that approximated those offered for time deposits with similar maturities and terms.

The estimated fair value of our borrowings is based on the discounted value of contractual cash flows using interest rates that approximate those offered for borrowings with similar maturities and collateral requirements. The estimated fair value of our subordinated debt is based on a quoted market price.

The following table summarizes the carrying amounts and estimated fair values of our financial assets and liabilities:

(in thousands)	Carrying Amount	*Estimated Fair Value Measurements* Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2022					
FINANCIAL ASSETS					
Cash and cash equivalents	$ 26,324,287	26,324,287	26,324,287	—	—
Securities available-for-sale (1)	19,693,035	19,693,035	160,360	19,254,412	278,263
Securities held-to-maturity (2)	6,550,691	6,227,551	—	6,227,551	—
Federal Home Loan Bank stock (3)	158,916	158,916	—	158,916	—
Loans held for sale	703,008	703,008	—	703,008	—
Loans and leases, net (4)	65,942,430	65,188,113	—	—	65,188,113
Equity securities (5)	21,804	21,804	—	21,804	—
Derivatives (6)	13,252	13,252	—	11,446	1,806
Total financial assets	$ 119,407,423	118,329,966	26,484,647	26,377,137	65,468,182
FINANCIAL LIABILITIES					
Deposits (7)	$ 109,155,105	109,145,971	—	109,145,971	—
Federal Home Loan Bank borrowings	2,449,517	2,442,934	—	2,442,934	—
Broker repurchase agreements	150,000	150,377	—	150,377	—
Subordinated debt	570,575	575,286	—	575,286	—
Derivatives (8)	87,990	87,990	—	87,871	119
Total financial liabilities	$ 112,413,187	112,402,558	—	112,402,439	119
December 31, 2021					
FINANCIAL ASSETS					
Cash and cash equivalents	$ 29,620,671	29,620,671	29,620,671	—	—
Securities available-for-sale (1)	17,152,863	17,152,863	9,983	16,865,683	277,197
Securities held-to-maturity (2)	4,998,281	4,944,777	—	4,944,777	—
Federal Home Loan Bank stock (3)	166,697	166,697	—	166,697	—
Loans held for sale	386,765	386,765	—	386,765	—
Loans and leases, net (4)	64,388,409	64,448,949	—	—	64,448,949
Equity securities (5)	22,861	22,861	—	22,861	—
Derivatives (6)	19,017	19,017	—	16,958	2,059
Total financial assets	$ 116,755,564	116,762,600	29,630,654	22,403,741	64,728,205
FINANCIAL LIABILITIES					
Deposits (7)	$ 106,132,794	106,132,108	—	106,132,108	—
Federal Home Loan Bank borrowings	2,639,245	2,680,360	—	2,680,360	—
Broker repurchase agreements	150,000	152,327	—	152,327	—
Subordinated debt	570,228	608,500	—	608,500	—
Derivatives (8)	48,872	48,872	—	48,657	215
Total financial liabilities	$ 109,541,139	109,622,167	—	109,621,952	215

(1) Fair value amount includes zero ACL related to AFS securities both as of March 31, 2022 and December 31, 2021, which is included in Securities available-for-sale in the Consolidated Statements of Financial Condition.

(2) Amortized cost amount includes ACL related to HTM securities of $46,000 and $56,000 as of March 31, 2022 and December 31, 2021, respectively, which is included in Securities held-to-maturity in the Consolidated Statements of Financial Condition.

(3) FHLB stock has no trading market and is redeemable at par. As such, fair value is presented at the redemption (par) value.

(4) The estimated fair value measurements for loans and leases include adjustments related to market interest rates, and other factors such as credit risk and liquidity risk.

(5) Equity securities primarily represent Community Reinvestment Act (“CRA”) qualifying closed-end bond fund investments which are included in Other assets on the Consolidated Statements of Financial Condition.

(6) Level three derivative assets are associated with equity warrants obtained in connection with negotiating credit facilities and certain other services to acquire stock in primarily private, venture-backed companies in the technology and life science/healthcare industries.

(7) The carrying and fair values of deposits do not include the intangible fair value of core deposit relationships.

(8) Level three derivative liabilities are Risk Participation Agreements.

4. Securities

We generally invest in U.S. Government agency obligations, securities guaranteed by U.S. Government-sponsored enterprises, and other investment grade securities. The fair value of these investments fluctuates based on several factors, including general interest rate changes. For collateralized mortgage obligations and certain other debt securities, fair value fluctuates based on credit quality, changes in credit spreads, and the degree of market liquidity, among other factors.

The following table summarizes the components of our securities portfolios as of the dates indicated:

	At March 31, 2022				*At December 31, 2021*			
(in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
AVAILABLE-FOR-SALE								
U.S. Treasury securities	$ 160,421	—	(61)	160,360	9,998	—	(15)	9,983
Residential mortgage-backed securities:								
U.S. Government Agency	77,756	632	(3,251)	75,137	82,877	1,436	(1,124)	83,189
Government-sponsored enterprises	6,838,297	1,557	(366,983)	6,472,871	5,365,674	10,088	(57,373)	5,318,389
Collateralized mortgage obligations:								
U.S. Government Agency	1,192,857	182	(41,460)	1,151,579	1,072,210	1,052	(15,512)	1,057,750
Government-sponsored enterprises	8,515,321	485	(532,717)	7,983,089	6,975,502	9,272	(169,691)	6,815,083
Private	1,138,924	407	(68,140)	1,071,191	1,188,166	1,034	(18,111)	1,171,089
Securities of U.S. states and political subdivisions:								
Municipal bonds	276,344	15	(15,946)	260,413	247,968	2,976	(572)	250,372
Other debt securities:								
Commercial mortgage-backed securities	115,010	19	(5,925)	109,104	120,280	226	(1,844)	118,662
Single issuer trust preferred & corporate debt securities	1,502,225	4,027	(56,337)	1,449,915	1,326,216	16,103	(13,338)	1,328,981
Pooled trust preferred securities	15,363	589	(1,126)	14,826	20,915	1,456	(1,228)	21,143
Other (1)	949,285	2,751	(7,486)	944,550	989,100	3,704	(14,582)	978,222
Total available-for-sale (2)	$20,781,803	10,664	(1,099,432)	19,693,035	17,398,906	47,347	(293,390)	17,152,863
HELD-TO-MATURITY								
FHLB, FNMA and FHLMC Debentures	$ 2,532,855	9.00	(115,561)	2,417,303	1,988,244	10	(20,815)	1,967,439
Residential mortgage-backed securities:								
U.S. Government Agency	18,415	9	(505)	17,919	15,589	253	(56)	15,786
Government-sponsored enterprises	1,287,840	323	(74,802)	1,213,361	1,056,525	2,611	(13,105)	1,046,031
Collateralized mortgage obligations:								
U.S. Government Agency	170,651	24	(12,824)	157,851	173,669	451	(4,330)	169,790
Government-sponsored enterprises	2,475,508	555	(121,316)	2,354,747	1,697,859	10,131	(34,193)	1,673,797
Private	871	48	—	919	932	57	—	989
Other debt securities:								
Single issuer trust preferred & corporate debt securities	64,597	2,587	(1,733)	65,451	65,519	5,834	(408)	70,945
Total held-to-maturity (3)	$ 6,550,737	3,555	(326,741)	6,227,551	4,998,337	19,347	(72,907)	4,944,777

(1) Amount includes SBA interest-only strip securities of $240.5 million and $232.7 million and SBA pools of $618.0 million and $653.2 million related to AFS securities as of March 31, 2022 and December 31, 2021, respectively, resulting from the Company's securitization of the U.S. Government guaranteed portion of Small Business Administration ('SBA") loans. The guaranteed portion of SBA loans is backed by the full faith and credit of the US government. Therefore, no credit risk is deemed to be associated with this portfolio.

(2) Fair value amount excludes ACL to AFS securities. As of March 31, 2022 and December 31, 2021, zero ACL related to AFS securities is included in Securities available-for-sale in the Consolidated Statements of Financial Condition.

(3) Excludes ACL related to HTM securities of $46,000 as of March 31, 2022 and $56,000 as of December 31, 2021, which is included in Securities held-to-maturity in the Consolidated Statements of Financial Condition.

The credit loss standard prescribes a separate impairment model for debt securities classified as AFS (carried at fair value) compared to HTM securities (carried at amortized cost). As HTM securities are carried at amortized cost, they are subject to the current expected lifetime credit loss (“CECL”) model.

Available-for-Sale Securities

The following tables present information regarding AFS securities, categorized by type of security and length of time that individual securities have been in a continuous unrealized loss position at the dates indicated below:

	Less than 12 months		*12 months or longer*		*Total*	
(in thousands)	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
March 31, 2022						
U.S. Treasury securities	$ 9,938	(61)	—	—	9,938	(61)
Residential mortgage-backed securities:						
U.S. Government Agency	15,339	(402)	42,184	(2,849)	57,523	(3,251)
Government-sponsored enterprises	5,456,106	(291,410)	788,364	(75,573)	6,244,470	(366,983)
Collateralized mortgage obligations:						
U.S. Government Agency	773,871	(28,240)	287,174	(13,220)	1,061,045	(41,460)
Government-sponsored enterprises	5,680,826	(334,269)	1,882,444	(198,448)	7,563,270	(532,717)
Private	854,160	(51,736)	193,452	(16,404)	1,047,612	(68,140)
Securities of U.S. states and political subdivisions:						
Municipal bonds	234,231	(14,727)	15,134	(1,219)	249,365	(15,946)
Other debt securities:						
Commercial mortgage-backed securities	93,342	(5,806)	9,237	(119)	102,579	(5,925)
Single issuer trust preferred & corporate debt securities	802,865	(34,078)	252,862	(22,259)	1,055,727	(56,337)
Pooled trust preferred securities	3,150	(285)	7,875	(841)	11,025	(1,126)
Other	61,559	(1,847)	245,777	(5,639)	307,336	(7,486)
Total AFS securities	$13,985,387	(762,861)	3,724,503	(336,571)	17,709,890	(1,099,432)

	Less than 12 months		*12 months or longer*		*Total*	
(in thousands)	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
December 31, 2021						
Available-for-Sale Securities						
U.S. Treasury securities	$ 9,983	(15)	—	—	9,983	(15)
Residential mortgage-backed securities:						
U.S. Government Agency	18,907	(186)	35,922	(938)	54,829	(1,124)
Government-sponsored enterprises	3,862,438	(38,522)	380,204	(18,851)	4,242,642	(57,373)
Collateralized mortgage obligations:						
U.S. Government Agency	760,014	(9,605)	122,882	(5,907)	882,896	(15,512)
Government-sponsored enterprises	4,006,960	(76,295)	1,413,377	(93,396)	5,420,337	(169,691)
Private	931,471	(13,644)	119,462	(4,467)	1,050,933	(18,111)
Securities of U.S. states and political subdivisions:						
Municipal bonds	65,916	(557)	697	(15)	66,613	(572)
Other debt securities:						
Commercial mortgage-backed securities	92,170	(1,750)	9,550	(94)	101,720	(1,844)
Single issuer trust preferred & corporate debt securities	549,694	(9,004)	108,765	(4,334)	658,459	(13,338)
Pooled trust preferred securities	—	—	8,706	(1,228)	8,706	(1,228)
Other	50,602	(486)	239,400	(14,096)	290,002	(14,582)
Total AFS securities	$10,348,155	(150,064)	2,438,965	(143,326)	12,787,120	(293,390)

For AFS securities, the credit loss standard requires us to determine whether a decline in fair value below amortized cost is due to credit-related or noncredit-related factors, such as interest rate risk, prepayment risk or liquidity risk. Credit attributable losses are recognized as an allowance in the Consolidated Statements of Financial Condition with a corresponding adjustment to current earnings; while the non-credit related component is recognized in Other comprehensive income (loss) ("OCI") net of applicable taxes. The total amount of impairment loss is limited to the difference between the security's amortized cost and fair value, i.e., the "fair value floor." Both the allowance and the adjustment to net income can be reversed if conditions change subsequently.

The total amount of AFS securities was $19.69 billion as of March 31, 2022, among which, $15.84 billion, or 80.4% were either U.S. Treasury or residential mortgage-backed securities (“RMBS”) or collateralized mortgage obligations (“CMO”) issued by either a U.S. Government agency or government sponsored entity (“GSE”). Historical events have shown the ability of the U.S. Government, as well as the GSEs, to honor their contractual obligations through financial crises. As a result, a zero reserve was applied since we do not believe the decline in fair value for these securities would be attributable to credit related factors. Therefore, changes in fair value for these securities for the period ended March 31, 2022 were recognized in OCI, net of taxes. We continue to evaluate this assumption on a quarterly basis when considering the potential for credit risk throughout the entire AFS portfolio.

The remaining $3.85 billion of AFS securities includes primarily private CMO, trust preferred and corporate debt securities which are subject to credit risks. In evaluating whether a reserve for potential credit losses is required for these securities, we follow a three step impairment analysis.

The first step is to determine whether the security’s fair value is less than its carrying amount. If it is, the second step is to determine whether we intend to sell the security or if it is more likely than not (“MLTN”) we will be required to sell the security before it recovers its value. If either is true, the unrealized loss will be charged through earnings. Any existing allowance for credit losses is considered and written off first and the amortized cost basis is written down to the security’s fair value with any incremental impairment reported in earnings.

If there is no intent to sell the security and it is MLTN that we will not be required to sell the security, the final step is to evaluate whether the unrealized loss is attributable to credit related factors. For private CMO and CMBS debt securities, this evaluation is performed at an individual security level to assess collectability considering the Voluntary Prepayment Rate, Constant Default Rate (“CDR”), and Severity (“SEV”). For Single Issuer Trust Preferred and Corporate Debt Securities, key financial information is reviewed for each borrower to consider their adequacy of capital, liquidity, and credit quality measurements as well as the industry dynamic. If it is determined that a portion of the unrealized loss is attributable to credit risk, that portion will be charged through earnings, with the establishment of an allowance for credit losses or a reserve change recorded through earnings to adjust the prior period allowance for credit loss estimate to the current period estimate.

The impairment analysis performed following the aforementioned three steps did not identify any credit risk driven unrealized losses as of March 31, 2022. As of March 31, 2022 and December 31, 2021, there was no AFS security with an associated allowance for credit losses.

Held-to-Maturity Securities

Under the credit loss standard, all HTM securities are presumed to be exposed to credit losses immediately upon origination/acquisition and in the subsequent periods through their expected life. At the date of acquisition, the HTM security is reviewed to determine whether it has experienced a more-than-insignificant deterioration in credit quality since its original issuance date. If yes, the security will be accounted as a purchase credit deteriorated asset (“PCD”) with a balance sheet gross-up in both investments and allowance for credit losses on the date of purchase. No HTM securities were identified as a PCD as of March 31, 2022.

We held $6.55 billion of HTM securities as of March 31, 2022, among which, $6.49 billion, or 99.0% were issued by the U.S. Government or guaranteed by a GSE. Given the explicit and implicit U.S. Government backing, a zero credit loss assumption is applied to all U.S. government and agency HTM securities. For the remaining $65.5 million non-agency HTM securities that have a risk of loss, a lifetime loss method is used to estimate the allowance for credit losses (“ACL”) based on the respective credit rating of each security at the reporting date. This approach includes applying a lifetime default rate (PD) to the carrying amount of the related security based on its respective risk rating and assuming 100% Loss Given Default (“LGD”). Specifically, the default rate used for calculating the estimated credit losses for non-agency HTM securities was an annual corporate default rate study by credit rating.

The following table represents the amortized cost and associated risk rating of non-agency HTM securities as of March 31, 2022 by year of origination:

(in thousands)		**2015 and Prior**
A or Above	$	25,623
BBB		7,480
Below BBB		3,494
Total (1)	$	36,597

(1) No HTM debt securities with credit risk exposure existing at March 31, 2022 had an issuance date after December 31, 2015.

An ACL is recorded to reflect the expected lifetime credit loss on these non-agency HTM securities. Subsequent favorable or adverse changes in expected cash flows are assessed at each reporting period to adjust the allowance for credit losses. If the change in expected cash flows has reduced the allowance to a level below zero, the accretable yield is adjusted on a prospective basis.

Nonaccrual & Charge-off

A debt security, either AFS or HTM, is designated as nonaccrual if the payment of interest is past due and unpaid for 30 days or more. Once a security is placed on nonaccrual, accrued interest receivable is reversed and further interest income recognition is ceased. The security will not be restored to accrual status until the security has been current on interest payments for a sustained period, i.e., a consecutive period of six months or two quarters; and the Bank expects repayment of the remaining contractual principal and interest. However, if the security continues to be in deferral status, or the Bank does not expect to collect the remaining interest payments and the contractual principal, charge-off is to be assessed. Upon charge-off, the allowance is written off and the loss represents a permanent write-down of the cost basis of the security.

As of March 31, 2022, no AFS and HTM securities were on nonaccrual status and there was no charge-offs or recoveries related to AFS and HTM securities. As of December 31, 2021, one AFS security totaling $700,000 was on nonaccrual status and there were no charge-offs or recoveries related to AFS and HTM securities.

The table below presents the rollforward of the allowance for credit losses on AFS securities and HTM securities for the dates indicated below:

(in thousands)		**AFS**	**HTM**
Three months ended March 31, 2022			
Balance at December 31, 2021	$	—	56
Provision for (release of) credit losses		—	(10)
Charge-offs		—	—
Recoveries		—	—
Ending Balance at March 31, 2022	$	—	46
Three months ended March 31, 2021			
Balance at December 31, 2020	$	4	51
Provision for (release of) credit losses		(4)	—
Charge-offs		—	—
Recoveries		—	—
Ending Balance at March 31, 2021	$	—	51

Gross realized gains on sales of AFS securities during the quarters ended March 31, 2022 and 2021 were $313,000 and zero, respectively. Gross realized losses on sales of AFS securities during the quarters ended March 31, 2022 and 2021 were $1.1 million and zero, respectively.

The contractual maturities of investments in AFS and HTM debt securities are summarized in the following table. Expected maturities will differ from contractual maturities since borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

		March 31, 2022	
(in thousands)		**Amortized Cost**	**Fair Value**
AVAILABLE-FOR-SALE			
Due in one year or less	$	118,358	118,844
Due after one year through five years		913,967	893,188
Due after five years through ten years		1,546,145	1,492,415
Due after ten years		18,203,333	17,188,588
Total available-for-sale debt securities	$	20,781,803	19,693,035
HELD-TO-MATURITY (1)			
Due in one year or less	$	7,480	7,587
Due after one year through five years		2,017,517	1,939,933
Due after five years through ten years		849,998	797,205
Due after ten years		3,675,742	3,482,826
Total held-to-maturity debt securities	$	6,550,737	6,227,551

(1) Amortized cost amount excludes ACL related to HTM securities of $46,000 as of March 31, 2022.

We use securities as collateral for debtor-in-possession deposit accounts in excess of FDIC insurance limits, clients' treasury tax and loan deposits, public deposits, securities sold under agreements to repurchase and borrowings from the Federal Home Loan Bank of New York. As of March 31, 2022 and December 31, 2021, the Bank did not have any securities pledged with the FHLB. However, the carrying value of securities held by the FHLB as custodian totaled $139.7 million and $156.2 million, respectively. These securities were not pledged and can be used to pledge towards future borrowings, as necessary.

5. Loans and Leases, Net

The following table summarizes our loan portfolio as of the dates indicated:

(in thousands)		**March 31, 2022**	**December 31, 2021**
Mortgage loans:			
Multi-family residential property	$	16,413,717	16,113,590
Commercial property		10,640,196	10,682,276
Acquisition, development and construction loans		1,474,880	1,514,011
1-4 family residential property		479,103	450,782
Home equity lines of credit		66,575	69,156
Total mortgage loans		29,074,471	28,829,815
Commercial & Industrial loans:			
Fund banking		27,612,004	26,300,495
Specialty finance		5,385,261	5,276,337
Other commercial and industrial		3,922,419	3,689,486
PPP loans		473,135	835,743
Consumer		6,505	7,509
Total other loans		37,399,324	36,109,570
Net deferred fees and costs and other unearned income		(70,090)	(76,587)
ACLLL		(461,275)	(474,389)
Net loans	$	65,942,430	64,388,409

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 ("credit-rated commercial loans"). 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, including the ability of the collateral to generate sources of repayment, and (v) history of the borrower's payment performance. These specific risk factors are then utilized as inputs in our credit models to determine the associated allowance for credit loss. Non-rated loans generally include commercial loans with outstanding principal balances below $100,000, overdrafts, residential mortgages, and consumer loans.

The following table summarizes our CRE loan portfolio by risk rating and year of origination as of March 31, 2022:

(in thousands)	2022	2021	2020	2019	2018 & Prior	Revolving Loans	Revolving Loans Converted to Term	Total
March 31, 2022								
Commercial loans secured by real estate:								
Multi-family residential property								
Pass (Rating 1-6)	$1,083,773	4,534,609	3,998,796	1,303,616	4,070,793	53,023	—	15,044,610
Special Mention (Rating 7)	—	197,961	597,251	27,011	200,098	—	—	1,022,321
Substandard (Rating 8)	31,500	226,295	59,825	1,876	27,290	—	—	346,786
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total multi-family residential property	$ 1,115,273	4,958,865	4,655,872	1,332,503	4,298,181	53,023	—	16,413,717
Commercial property								
Pass (Rating 1-6)	$ 753,834	2,526,113	1,888,003	878,553	3,067,942	10,069	—	9,124,514
Special Mention (Rating 7)	34,605	203,299	159,446	81,637	113,858	—	—	592,845
Substandard (Rating 8)	10,195	502,407	294,824	48,000	67,411	—	—	922,837
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total commercial property	$ 798,634	3,231,819	2,342,273	1,008,190	3,249,211	10,069	—	10,640,196
1-4 family residential property								
Pass (Rating 1-6)	$ 25,297	67,137	61,443	49,594	190,870	5,002	—	399,343
Special Mention (Rating 7)	—	7,818	15,667	—	3,507	—	—	26,992
Substandard (Rating 8)	—	—	—	—	—	—	—	—
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total 1-4 family residential property	$ 25,297	74,955	77,110	49,594	194,377	5,002	—	426,335
Acquisition, development and construction								
Pass (Rating 1-6)	$ 170,157	679,538	266,106	97,730	29,859	131,867	—	1,375,257
Special Mention (Rating 7)	2,000	34,115	32,550	—	2,015	—	—	70,680
Substandard (Rating 8)	—	19,618	4,119	—	5,206	—	—	28,943
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total acquisition, development and construction	$ 172,157	733,271	302,775	97,730	37,080	131,867	—	1,474,880
Total commercial loans secured by real estate	$2,111,361	8,998,910	7,378,030	2,488,017	7,778,849	199,961	—	28,955,128
Commercial loans secured by real estate:								
Current period gross charge-offs (1)	$ —	—	(20,127)	—	—	—	—	(20,127)
Current period recoveries (1)	—	—	—	—	—	—	—	—
Current period net charge-offs (1)	$ —	—	(20,127)	—	—	—	—	(20,127)

(1) Excludes amounts related to loans that had a zero outstanding balance as of March 31, 2022.

The following table summarizes our C&I loan portfolio by risk rating and year of origination as of March 31, 2022:

(in thousands)	2022	2021	2020	2019	2018 & Prior	Revolving Loans	Revolving Loans Converted to Term	Total
March 31, 2022								
Commercial and industrial loans:								
Specialty finance								
Pass (Rating 1-6)	$ 535,213	1,811,447	1,225,926	825,606	817,566	—	—	5,215,758
Special Mention (Rating 7)	—	1,065	9,549	11,599	15,445	—	—	37,658
Substandard (Rating 8)	—	3,758	17,893	58,906	51,288	—	—	131,845
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total specialty finance	$ 535,213	1,816,270	1,253,368	896,111	884,299	—	—	5,385,261
Fund banking								
Pass (Rating 1-6)	$ 23,698	—	—	—	—	27,588,306	—	27,612,004
Special Mention (Rating 7)	—	—	—	—	—	—	—	—
Substandard (Rating 8)	—	—	—	—	—	—	—	—
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total fund banking	$ 23,698	—	—	—	—	27,588,306	—	27,612,004
Other commercial and industrial								
Pass (Rating 1-6)	$ 152,767	644,488	319,623	166,418	666,882	1,829,290	4,075	3,783,543
Special Mention (Rating 7)	—	1,607	14,173	6,000	15,499	6,620	—	43,899
Substandard (Rating 8)	—	1,406	12,222	7,657	19,839	12,694	—	53,818
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Non-rated	37,509	734	1,336	250	267	1,063	—	41,159
Total other commercial and industrial	$ 190,276	648,235	347,354	180,325	702,487	1,849,667	4,075	3,922,419
Paycheck Protection Program (1)								
Pass (Rating 1)	$ —	359,848	113,287	—	—	—	—	473,135
Special Mention (Rating 7)	—	—	—	—	—	—	—	—
Substandard (Rating 8)	—	—	—	—	—	—	—	—
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total Paycheck Protection Program	$ —	359,848	113,287	—	—	—	—	473,135
Total commercial and industrial loans	$ 749,187	2,824,353	1,714,009	1,076,436	1,586,786	29,437,973	4,075	37,392,819
Commercial and industrial loans:								
Current period gross charge-offs (2)	$ —	—	—	—	—	—	—	—
Current period recoveries (2)	—	—	—	—	—	—	—	—
Current period net charge-offs (2)	$ —	—	—	—	—	—	—	—

(1) All PPP loans are rated 1 and there is no allowance associated with them as a result of the associated U.S. Government guarantee.

(2) Excludes amounts related to loans or leases that had a zero outstanding balance as of March 31, 2022.

The following table summarizes our CRE loan portfolio by risk rating and year of origination as of December 31, 2021:

(in thousands)	2021	2020	2019	2018	2017 & Prior	Revolving Loans	Revolving Loans Converted to Term	Total
December 31, 2021								
Commercial loans secured by real estate:								
Multi-family residential property								
Pass (Rating 1-6)	$4,340,321	4,027,501	1,435,758	1,545,913	2,828,768	55,581	—	14,233,842
Special Mention (Rating 7)	417,157	697,718	27,121	96,960	183,840	—	—	1,422,796
Substandard (Rating 8)	226,327	127,963	57,002	—	45,660	—	—	456,952
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total multi-family residential property	$4,983,805	4,853,182	1,519,881	1,642,873	3,058,268	55,581	—	16,113,590
Commercial property								
Pass (Rating 1-6)	$2,507,729	1,942,716	918,711	1,123,202	2,445,067	9,573	—	8,946,998
Special Mention (Rating 7)	313,317	293,925	85,020	24,485	88,268	—	—	805,015
Substandard (Rating 8)	486,710	304,932	56,361	39,038	43,222	—	—	930,263
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total commercial property	$3,307,756	2,541,573	1,060,092	1,186,725	2,576,557	9,573	—	10,682,276
1-4 family residential property								
Pass (Rating 1-6)	$ 61,096	69,565	41,907	44,550	146,739	8,799	—	372,656
Special Mention (Rating 7)	10,236	8,102	—	—	3,507	—	—	21,845
Substandard (Rating 8)	—	—	—	—	—	—	—	—
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total 1-4 family residential property	$ 71,332	77,667	41,907	44,550	150,246	8,799	—	394,501
Acquisition, development and construction								
Pass (Rating 1-6)	$ 733,880	326,202	109,202	29,081	64,825	140,978	—	1,404,168
Special Mention (Rating 7)	54,711	25,526	—	—	2,064	—	—	82,301
Substandard (Rating 8)	19,207	4,119	—	—	4,216	—	—	27,542
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total acquisition, development and construction	$ 807,798	355,847	109,202	29,081	71,105	140,978	—	1,514,011
Total commercial loans secured by real estate	$9,170,691	7,828,269	2,731,082	2,903,229	5,856,176	214,931	—	28,704,378
Commercial loans secured by real estate:								
Current period gross charge-offs (1)	$ —	(24,430)	—	—	—	—	—	(24,430)
Current period recoveries (1)	—	—	—	—	—	—	—	—
Current period net charge-offs (1)	$ —	(24,430)	—	—	—	—	—	(24,430)

(1) Excludes amounts related to loans that had a zero outstanding balance as of December 31, 2021.

The following table summarizes our C&I loan portfolio by risk rating and year of origination as of December 31, 2021:

(in thousands)	2021	2020	2019	2018	2017 & Prior	Revolving Loans	Revolving Loans Converted to Term	Total
December 31, 2021								
Commercial and industrial loans:								
Specialty finance								
Pass (Rating 1-6)	$1,939,413	1,313,636	931,541	454,434	467,102	—	—	5,106,126
Special Mention (Rating 7)	329	5,142	6,988	6,175	5,021	—	—	23,655
Substandard (Rating 8)	5,604	23,444	52,228	25,159	40,121	—	—	146,556
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total specialty finance	$1,945,346	1,342,222	990,757	485,768	512,244	—	—	5,276,337
Fund banking								
Pass (Rating 1-6)	$ 109,158	—	—	—	—	26,191,337	—	26,300,495
Special Mention (Rating 7)	—	—	—	—	—	—	—	—
Substandard (Rating 8)	—	—	—	—	—	—	—	—
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total fund banking	$ 109,158	—	—	—	—	26,191,337	—	26,300,495
Other commercial and industrial:								
Pass (Rating 1-6)	$ 724,559	371,170	184,072	262,911	474,296	1,499,062	3,873	3,519,943
Special Mention (Rating 7)	18,558	10,623	6,000	5,684	15,558	5,495	—	61,918
Substandard (Rating 8)	1,518	12,239	8,002	64	17,723	26,470	—	66,016
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Non-rated	38,255	1,472	336	221	125	1,200	—	41,609
Total other commercial and industrial	$ 782,890	395,504	198,410	268,880	507,702	1,532,227	3,873	3,689,486
Paycheck Protection Program (1)								
Pass (Rating 1)	$ 587,166	248,577	—	—	—	—	—	835,743
Special Mention (Rating 7)	—	—	—	—	—	—	—	—
Substandard (Rating 8)	—	—	—	—	—	—	—	—
Doubtful (Rating 9)	—	—	—	—	—	—	—	—
Total Paycheck Protection Program	$ 587,166	248,577	—	—	—	—	—	835,743
Total commercial and industrial loans	$3,424,560	1,986,303	1,189,167	754,648	1,019,946	27,723,564	3,873	36,102,061
Commercial and industrial loans:								
Current period gross charge-offs (2)	$ (300)	(14)	(1,198)	(240)	—	—	—	(1,752)
Current period recoveries (2)	—	—	—	—	—	—	—	—
Current period net charge-offs (2)	$ (300)	(14)	(1,198)	(240)	—	—	—	(1,752)

(1) All PPP loans are rated 1 and there is no allowance associated with them as a result of the associated U.S. Government guarantee.

(2) Excludes amounts related to loans or leases that had a zero outstanding balance as of December 31, 2021.

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 the delinquency and accrual status of our loan portfolio, excluding loans held for sale, as of the dates indicated:

(in thousands)	Past Due 30-89 Days (1)	Past Due 90+ Days (1)	Total Past Due (1)	Current	Total Loans	Loans Past Due 90+ Days & Accruing	Non-accruing Loans
March 31, 2022							
Commercial loans							
Loans secured by real estate:							
Multi-family residential property	$ 43,232	105	43,337	16,370,380	16,413,717	105	9,464
Commercial property	21,666	15,272	36,939	10,603,257	10,640,196	—	147,052
1-4 family residential property	5,046	—	5,046	421,289	426,335	—	—
Acquisition, development and construction loans	—	2,300	2,300	1,472,580	1,474,880	2,300	—
Commercial and industrial loans:							
Specialty finance	6,450	2,886	9,336	5,375,925	5,385,261	326	9,297
Fund banking	945	—	945	27,611,059	27,612,004	—	—
Commercial and industrial	23,441	5,073	28,514	4,367,040	4,395,554	40	5,684
Consumer loans							
Residential mortgages	204	2,430	2,634	50,134	52,768	183	2,686
Home equity lines of credit	—	3,578	3,578	62,997	66,575	—	3,578
Consumer loans	1,209	—	1,209	5,296	6,505	—	—
Total	$ 102,193	31,644	133,838	66,339,957	66,473,795	2,954	177,761
December 31, 2021							
Commercial loans							
Loans secured by real estate:							
Multi-family residential property	$ 8,865	30,151	39,016	16,074,574	16,113,590	105	30,046
Commercial property	26,217	15,272	41,489	10,640,787	10,682,276	—	160,017
1-4 family residential property	—	—	—	394,501	394,501	—	—
Acquisition, development and construction loans	20,280	2,300	22,580	1,491,431	1,514,011	2,300	—
Commercial and industrial loans:							
Specialty finance	5,730	3,836	9,566	5,266,771	5,276,337	—	14,721
Fund banking	30,386	—	30,386	26,270,109	26,300,495	—	—
Commercial and industrial	8,264	5,490	13,754	4,511,475	4,525,229	673	6,590
Consumer loans							
Residential mortgages	1,565	66	1,631	54,650	56,281	—	3,347
Home equity lines of credit	—	—	—	69,156	69,156	—	3,574
Consumer loans	841	—	841	6,668	7,509	—	—
Total	$ 102,148	57,115	159,263	64,780,122	64,939,385	3,078	218,295

(1) Includes nonaccrual loans.

Nonaccrual loans at March 31, 2022 and December 31, 2021 totaled $177.8 million and $218.3 million, respectively. The decrease in nonaccrual loans was primarily attributable to the sale of three multi-family loans totaling $30.0 million, and the charge-off of two commercial property loans totaling $20.1 million. The decrease was also attributable to certain commercial property and Specialty Finance loans returning to accrual status totaling $15.8 million and $4.9 million, respectively. The decrease in nonaccrual loans was partially offset by the addition of three commercial property loans totaling $24.0 million and two multi-family loans totaling $9.5 million.

There were no commitments at March 31, 2022 and December 31, 2021 to lend additional funds on nonaccrual loans. For further discussion, see Allowance for Credit Losses footnote to our Consolidated Financial Statements.

As of March 31, 2022 and December 31, 2021, loans past due 90 days or more and accruing primarily included two acquisition, development and construction loans totaling $2.3 million that were well secured and in process of collection.

As of March 31, 2022 and December 31, 2021, the Bank held residential consumer mortgage loans in the process of foreclosure of $4.8 million and $4.5 million, respectively. The COVID-19 foreclosure suspension was lifted on January 15, 2022 and we resumed our outstanding foreclosure processes during the first quarter of 2022. The Bank did not hold any foreclosed residential real estate at March 31, 2022 or December 31, 2021.

Other repossessed assets that principally consist of taxi medallions totaled $4.7 million and $5.7 million as of March 31, 2022 and December 31, 2021, respectively.

As of March 31, 2022 and December 31, 2021, the Bank had pledged $7.45 billion and $8.13 billion, respectively, of commercial real estate loans through a blanket assignment to secure borrowings from the Federal Home Loan Bank ("FHLB") to meet collateral requirements of $4.22 billion and $3.92 billion, respectively, on FHLB borrowings.

Commercial loans (including commercial and industrial loans and loans to commercial borrowers that are secured by real estate) constitute a substantial portion of our loan portfolio. Substantially all of the real estate collateral for the loans in our portfolio 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, such as implications from the COVID-19 pandemic, may result in an increase in nonpayment of loans, a decrease in collateral value, and an increase in our ACLLL.

6. Allowance for Credit Losses

The table below presents a breakdown of our ACL by financial instrument type as of the dates indicated:

(in thousands)		March 31, 2022	December 31, 2021
ACL related to loans and leases	$	461,275	474,389
ACL related to unfunded commitments		6,725	8,014
ACL related to accrued interest receivable (2)		593	2,558
ACL related to HTM debt securities (1)		46	56
Total ACL	$	468,639	485,017

(1) Amount represents ACL related to investment securities. See Securities footnote for further discussion.

(2) Included in Accrued interest and dividends receivable in the consolidated statements of financial condition. See below for further discussion.

The table below presents a summary by loan portfolio segment of our ACL for loans and leases (ACLLL), loan loss experience, and provision for credit losses for loans and leases for the periods indicated:

	Credit-rated loans			Non-rated loans			
(in thousands)	Commercial Real Estate	1-4 Family Residential Property	Commercial & Industrial	Commercial	Residential Mortgages	Consumer	Total
Quarter ended March 31, 2022							
Beginning balance - ACLLL	$ 369,763	6,300	90,002	3,932	3,595	797	474,389
Provision (Release)	(2,518)	329	6,880	(120)	255	(155)	4,671
Charge-offs	(20,127)	—	(517)	(28)	(640)	(7)	(21,319)
Recoveries	2,611	—	718	92	80	33	3,534
Ending balance - ACLLL	$ 349,729	6,629	97,083	3,876	3,290	668	461,275
Quarter ended March 31, 2021							
Beginning balance - ACLLL	$ 407,956	13,137	77,186	4,785	4,557	678	508,299
Provision (Release)	36,857	(3,450)	(1,042)	(875)	(102)	(63)	31,325
Charge-offs	(10,091)	—	(8,441)	(145)	(1)	(20)	(18,698)
Recoveries	—	—	760	56	3	16	835
Ending balance - ACLLL	$ 434,722	9,687	68,463	3,821	4,457	611	521,761

For the three months ended March 31, 2022, the ACLLL decreased $28.2 million or 91.3%, which was predominantly attributable to the continued recovery in the NYC multi-family sector during the quarter, as well as the improved macroeconomic conditions compared with the same period last year. Further, we continued to experience more stable or improving debt service coverage ratios within the commercial real estate portfolio during the quarter as compared to the same period last year.

Our current forecast as of the three months ended March 31, 2022 exhibits stabilized levels of unemployment through 2022 at approximately 3.5%, with a largely consistent Gross Domestic Product (“GDP”) growth forecast compared to the fourth quarter of 2021, with the exception of slower growth in 1Q 2022 due to Omicron impact. GDP growth is currently forecasted to be in the 3% to 5% range for 2022, followed by stable GDP growth levels at approximately 3% through 2023. The forecast also incorporates several anticipated interest rate hikes by the Federal Reserve during the remainder of 2022, and assumes the Russia and Ukraine conflict does not have significant impact on the U.S. economy. The multi-family price index forecast includes the expectation for continued recovery and positive performance in 2022 and 2023. Whereas, the commercial property price index forecast, while marginally improved during the quarter, indicates the impact from the pandemic is expected to continue through the remainder of 2022 and 2023 before recovery begins. Any changes in the forecast for the multifamily and commercial property price index, interest rates, unemployment, GDP, the Russian and Ukraine conflict or any changes in our borrowers’ debt service coverage ratios, could have a significant impact on our provision levels in the future.

The following table presents our ACLLL and outstanding balances by loan portfolio segment:

	Credit-rated loans			Non-rated loans			
(in thousands)	Commercial Real Estate	1-4 Family Residential Property	Commercial & Industrial	Commercial	Residential Mortgages (1)	Consumer	Total
As of March 31, 2022							
ACLLL:							
Individually evaluated for impairment (2)	$ 38,923	—	11,731	—	1,610	—	52,264
Collectively evaluated for impairment	310,806	6,629	85,352	3,876	1,680	668	409,011
Recorded investment in loans:							
Individually evaluated for impairment (2)	457,745	—	48,779	—	6,264	—	512,788
Collectively evaluated for impairment	28,071,048	426,335	37,302,881	41,159	113,079	6,505	65,961,007
As of December 31, 2021							
ACLLL:							
Individually evaluated for impairment (2)	$ 55,703	—	11,763	5	1,741	—	69,212
Collectively evaluated for impairment	314,060	6,300	78,239	3,927	1,854	797	405,177
Recorded investment in loans:							
Individually evaluated for impairment (2)	480,372	—	54,410	27	6,921	—	541,730
Collectively evaluated for impairment	27,829,504	394,501	36,006,043	41,581	118,517	7,509	64,397,655

(1) Includes home equity lines of credit.

(2) Includes reasonably expected TDRs, if any.

A loan is individually evaluated for impairment if it does not share similar risk characteristics with other loans that also have an asset specific risk exposure. This includes modified or reasonably expected to be modified in a TDR, collateral-dependent loans, as well as, risk-rated loans that have been placed on nonaccrual status. In determining whether a loan is individually assessed for impairment, we review the payment performance and we consider a loan to be impaired once it is placed on nonaccrual status. A loan may also be individually evaluated for impairment if it is past due and is not well-secured and in the process of collection. In years subsequent to the TDR designation, we do not consider the restructured loan for individual assessment if it was restructured at a market rate and continues to perform in accordance with the modified terms for a sustained period. Other TDRs, however, are reported as such for as long as the loan remains outstanding.

To encourage institutions to work with impacted borrowers during the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and banking regulatory agencies provided relief from TDR accounting in 2020 and 2021. COVID-19 related modifications that were current as of December 31, 2019 were exempt from TDR classification under US GAAP. Additionally, banking regulatory agencies issued interagency guidance that COVID-19 related short-term modifications (i.e., six months or less) granted to clients that were current as of the loan modification program implementation date were not TDRs. The CARES Act guidance applied to modifications made between March 1, 2020, and the earlier of January 1, 2022 or 60 days after the end of the COVID-19 national emergency, as stipulated by the Consolidated Appropriations Act, 2021 signed on December 31, 2020. On February 18, 2022, the President extended the COVID-19 national emergency beyond March 1, 2022. For past due status, the CARES Act also provided for lenders to continue to report loans in the same delinquency bucket they were in at the time of modification. The Bank applied this guidance related to modifications from March 2020 through December 31, 2021.

From early 2020 through December 31, 2021, we received payment relief requests and provided certain borrowers with full payment deferral, whereas others who were initially provided a three to six month deferral either returned to pay in full, or exited the full payment deferral period and entered into a modified interest-only payment structure.

As of March 31, 2022, total non-payment deferrals declined to $4.4 million, or less than one basis point of total loans, compared with non-payment deferrals of $8.3 million, or 0.01% of total loans, at December 31, 2021. Additionally, as of March 31, 2022, $942.8 million, or 1.42% of total loans, is comprised of modified principal and interest payments, predominantly interest-only structures. This compares to the modified principal and interest payments of $1.88 billion, or 2.9% of total loans at December 31, 2021. For the quarter ended March 31, 2022, no modifications were accounted in accordance with the CARES Act as it expired on January 1, 2022.

Generally, we elect not to measure an ACL on accrued interest receivable ("AIR") because we write-off (or reverse) the uncollectible accrued interest receivable balance in a timely manner when the related loan is placed on nonaccrual status. However, due to the uncertainty of the ongoing impact of the pandemic, we reserved $593,000 primarily on outstanding COVID-19 deferred AIR of $15.9 million as of March 31, 2022 and $2.6 million on outstanding COVID-19 deferred AIR of $77.1 million as of December 31, 2021.

The following table summarizes the recorded investment, unpaid principal balance, and related allowance for our nonaccrual loans as of the dates indicated:

	Three months ended March 31, 2022				*Three months ended March 31, 2021*			
(in thousands)	**Unpaid Principal Balance**	**Recorded Investment**	**Related Allowance**	**Average Carrying Value**	**Unpaid Principal Balance**	**Recorded Investment**	**Related Allowance**	**Average Carrying Value**
With no related allowance recorded:								
Commercial loans secured by real estate:								
Commercial property	$ 97,731	71,322	—	71,756	35,185	33,669	—	16,835
Multi-family residential property	—	—	—	—	—	—	—	2,073
Commercial and industrial loans	19,305	4,979	—	6,170	7,587	7,587	—	8,378
Residential mortgages	—	—	—	—	1,396	1,396	—	1,396
With an allowance recorded:								
Commercial loans secured by real estate:								
Commercial property	131,758	75,730	26,598	81,778	68,515	68,513	15,532	73,934
Multi-family residential property	9,464	9,464	1,742	9,464	1,843	1,843	341	921
Acquisition, development and construction loans	—	—	—	—	—	—	—	214
Commercial and industrial loans	11,456	10,002	2,000	11,976	16,847	15,847	7,423	18,329
Residential mortgages	2,744	2,686	537	3,017	1,467	1,467	733	1,472
Home equity lines of credit	3,584	3,578	1,073	3,576	3,391	3,391	1,017	3,389
Total:								
Commercial loans secured by real estate	238,953	156,516	28,340	162,998	105,543	104,025	15,873	93,977
Commercial and industrial loans	30,761	14,981	2,000	18,146	24,434	23,434	7,423	26,707
Residential mortgages	2,744	2,686	537	3,017	2,863	2,863	733	2,868
Home equity lines of credit	3,584	3,578	1,073	3,576	3,391	3,391	1,017	3,389
Total nonaccrual loans (1)	$ 276,042	177,761	31,950	187,737	136,231	133,713	25,046	126,941

(1) There were no nonaccrual loans accounted for on cash basis for the quarters ended March 31, 2022 and 2021. Therefore, no interest income was recognized on these loans during the respective periods.

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. In response to the COVID-19 pandemic, the CARES Act and banking regulatory agencies provided relief from TDR accounting during 2020 and 2021 for modifications and borrowers that met certain conditions. We applied this guidance from March 1, 2020 to December 31, 2021. On February 18, 2022, the President extended the COVID-19 national emergency beyond March 1, 2022. However, with the expiration of the CARES Act guidance on January 1, 2022, the Bank discontinued the application of the aforementioned TDR exemption to loans modified during the first quarter of 2022.

During the first quarter of 2022, no loans were classified as TDRs. The following table presents loans that were classified as TDRs, excluding reasonably expected TDRs, during the three months ended 2021. The pre-modification balances represent the recorded investment immediately prior to modification, and the post-modification balances represent the recorded investment as of the date indicated:

	Three months ended March 31, 2021		
(dollars in thousands)	**Number of Loans**	**Pre- Modification Balance**	**Post- Modification Balance**
Commercial loans secured by real estate:			
Commercial property	5	$ 28,280	28,280
Multi-family residential property	—	—	—
Commercial and industrial loans	5	5,666	5,639
Total	10	$ 33,946	33,919

During the first quarter of 2022, no loans were classified as TDRs. The following table summarizes how the TDRs loans recorded during the three months ended March 31, 2021 were modified:

(in thousands)	**Term Extension**	**Term Extension with Other Concession (1)**	**Deferred Principal Amortization**	**Deferred Principal Amortization with Other Concession (1)**	**Total**
March 31, 2021 (2)					
Commercial loans secured by real estate:					
Commercial property	$ —	—	28,280	—	28,280
Multi-family residential property	—	—	—	—	—
Commercial and industrial loans	—	—	5,331	308	5,639
Total	$ —	—	33,611	308	33,919

(1) Other concessions may include a reduction of the loan's interest rate, principal forgiveness and/or a term extension.

(2) Excludes reasonably expected TDRs.

As of March 31, 2022 and December 31, 2021, our ACLLL for TDRs (including reasonably expected TDRs) totaled $45.3 million and $65.9 million, respectively. There was one commercial and industrial loan totaling $363,000 that was modified as a TDR within the previous 12 months that subsequently defaulted on payments for the period ended March 31, 2022. There were two commercial and industrial loans totaling $849,000 that were modified as a TDR within the previous 12 months that subsequently defaulted on payments as of December 31, 2021.

As of March 31, 2022, we have provided certain borrowers with principal and interest, or interest-only, payment deferrals due to the impact of COVID-19. In accordance with the guidance from the CARES Act and interagency guidance issued by banking regulatory agencies, loans modified between March 1, 2020 and December 31, 2021 and meeting the applicable criteria have not been classified as TDRs. On February 18, 2022, the President extended the COVID-19 national emergency beyond March 1, 2022. However, with the expiration of the CARES Act guidance applicable to modifications on January 1, 2022, the Bank discontinued the application of the aforementioned TDR exemption to loans modified during the first quarter of 2022. For past due status, the CARES Act also provided for lenders to continue to report loans in the same delinquency status they were in at the time of modification. This guidance was applied to our 2020 and 2021 disclosures. Due to the expiration of the CARES Act, we reported loans based on their actual delinquency status as of March 31, 2022 regardless of its delinquency status at the time of modification.

7. Deposits

The types of deposits are summarized as follows as of the dates indicated:

(in thousands)	March 31, 2022	December 31, 2021
Non-interest-bearing demand	$ 46,701,493	44,065,003
NOW and interest-bearing demand	18,551,835	17,147,840
Money market	40,938,250	42,142,651
Time deposits	1,324,363	1,532,321
Brokered deposits (1)	1,639,164	1,244,979
Total deposits	$ 109,155,105	106,132,794

(1) Includes non-interest bearing deposits of $22.1 million and $298.2 million as of March 31, 2022 and December 31, 2021, respectively.

8. Repurchase Agreements

As of March 31, 2022 and December 31, 2021, we had repurchase agreements with brokers accounted for as secured borrowings totaling $150.0 million, among which $100.0 million was expected to mature in August 2025 and the remaining $50.0 million was expected to mature in August 2026, respectively.

Collateral for these types of transactions typically consists of government agency and government-sponsored enterprise securities. Securities collateralizing these agreements are classified as Securities available-for-sale or Securities held-to-maturity in the Consolidated Statements of Financial Condition. The amount of excess collateral required is governed by each individual contract. The primary risk associated with these repurchase agreements is the requirement to pledge a balance of market value based collateral in excess of the borrowed amount. The excess collateral pledged represents an unsecured exposure to the lending counterparty. As the market value of the collateral changes, additional collateral may need to be pledged. In accordance with our policies, eligible counterparties are defined and monitored to minimize exposure. As of March 31, 2022, all repurchase agreements were collateralized with government-sponsored enterprise securities.

9. Preferred Stock

On December 17, 2020, the Bank issued 5.00% Noncumulative Perpetual Series A Preferred Stock. Net proceeds, after underwriting discounts and expenses, were approximately $708.0 million. The public offering consisted of 29,200,000 depositary shares, each representing a 1/40th interest in a share of the Series A Preferred Stock, at a public offering price of $25.00 per depositary share. The Series A Preferred Stock is redeemable at the option of the Bank, subject to all applicable regulatory approvals, on or after December 30, 2025. At March 31, 2022, the Bank was authorized to issue 61,000,000 shares of preferred stock, par value $0.01 per share, of which, 730,000 shares were issued and outstanding. Each share of preferred stock has a liquidation preference of $1,000.

Dividends on shares of the Series A Preferred Stock are non-mandatory and noncumulative. Dividend payment dates are the 30th day of March, June, September and December of each year, commencing on March 30, 2021. During the quarter ended March 31, 2022, the Bank paid a quarterly cash dividend of $9.1 million, or $12.50 per share to preferred shareholders. During the first quarter of 2021, we paid our first cash dividend of $10.5 million or $14.40 per share to preferred shareholders, including the dividend period from the issuance date through the first quarter of 2021. The Bank also declared a cash dividend of $12.50 per share payable on or after June 30, 2022 to preferred shareholders of record at the close of business on June 17, 2022.

10. Equity Incentive Plan

We have an equity incentive plan designed to assist us in attracting, retaining and motivating officers, employees, directors and/or consultants and to provide us and our subsidiaries and affiliates with incentives directly related to increases in our shareholder value. Activity related to the equity incentive plan for the quarter ended March 31, 2022 is summarized as follows:

	Three months ended March 31, 2022
Shares available for future awards at beginning of period (1)	1,901,948
Restricted stock	
Granted	(236,545)
Forfeited	1,101
Shares sold to cover minimum tax withholding upon vesting	132,808
Shares available for future awards at end of period	1,799,312

(1) Includes the additional 1,225,000 shares approved by the Bank's shareholders at the 2021 Annual Shareholders' Meeting.

Restricted Stock

The following table summarizes information regarding outstanding grants of restricted stock for the quarter ended March 31, 2022:

	Three months ended March 31, 2022	
	Shares	**Weighted Average Grant Price**
Outstanding at beginning of period	726,752	$ 141.44
Granted	236,545	320.17
Vested	(337,457)	129.87
Forfeited	(1,101)	168.54
Outstanding at end of period	624,739	$ 214.58

As of March 31, 2022, our total unrecognized compensation cost related to unvested restricted shares was $126.5 million, which is expected to be recognized over a weighted-average period of 2.0 years. During the quarter ended March 31, 2022, we recognized compensation expense of $13.6 million for restricted shares. The total fair value of restricted shares that vested during the quarter ended March 31, 2022 was $108.4 million.

11. Accumulated Other Comprehensive Loss

The following table presents information regarding items reclassified out of Accumulated Other Comprehensive Loss ("AOCL") during the quarters ended March 31, 2022 and 2021:

(in thousands) **Details About AOCL**		*Three months ended March 31, 2022* **Amount Reclassified Out of AOCL**	*Three months ended March 31, 2021* **Amount Reclassified Out of AOCL**	**Affected Line Item in the Consolidated Statement of Income**
Net unrealized losses on AFS securities	$	(816)	—	Net losses on sales of securities
		233	—	Income tax benefit
	$	(583)	—	
Net unrealized gains (losses) on derivatives (cash flow hedges)				
Reclassifications, before tax	$	(9,317)	(9,566)	Interest expense - FHLB borrowings
Reclassifications, before tax		10,164	—	Interest income - loans and leases
		(238)	2,839	Income tax (expense)/benefit
Total reclassifications, net of tax	$	609	(6,727)	

The following table presents changes in AOCL, net of tax, for the quarters ended March 31, 2022 and 2021:

(in thousands)		**AFS Securities**	**HTM Securities Transferred from AFS**	**Cash Flow Hedges**	**Total**
Three months ended March 31, 2022					
Balance at December 31, 2021	$	(170,552)	(4,146)	(47,634)	(222,332)
Net change in unrealized gain (loss)		(605,297)	—	(101,709)	(707,006)
Amortization of net unrealized loss on securities transferred to HTM		—	118	—	118
Amounts reclassified out of AOCL		583	—	(609)	(26)
Net current period other comprehensive income (loss)		(604,714)	118	(102,318)	(706,914)
Balance at March 31, 2022	$	(775,266)	(4,028)	(149,952)	(929,246)
Three months ended March 31, 2021					
Balance at December 31, 2020	$	3,481	(4,660)	(71,717)	(72,896)
Net change in unrealized gain (loss)		(68,608)	—	5,282	(63,326)
Net unrealized loss on securities transferred from AFS to HTM		—	192	—	192
Amounts reclassified out of AOCL		—	—	6,727	6,727
Net current period other comprehensive income (loss)		(68,608)	192	12,009	(56,407)
Balance at March 31, 2021	$	(65,127)	(4,468)	(59,708)	(129,303)

The related tax effects allocated to debt securities and cash flow hedges in AOCL for the quarters ended March 31, 2022 and 2021 are as follows:

(in thousands)		**Gross Amount**	**Tax Component**	**Net of Tax**
March 31, 2022				
Unrealized loss on AFS and HTM securities (1)	$	(1,105,877)	326,583	(779,294)
Unrealized loss on cash flow hedges		(209,808)	59,856	(149,952)
Balance at March 31, 2022	$	(1,315,685)	386,439	(929,246)
March 31, 2021				
Unrealized loss on AFS and HTM securities (1)	$	(116,762)	47,167	(69,595)
Unrealized loss on cash flow hedges		(84,743)	25,035	(59,708)
Balance at March 31, 2021	$	(201,505)	72,202	(129,303)

(1) Includes amortization of net unrealized loss securities transferred to HTM.

12. Derivative Instruments and Hedging Activities

The Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's floating rate borrowings and fixed/floating rate loan portfolio.

Cash Flow Hedges of Interest Rate Risk

The Company's objective in using interest rate derivatives is to add stability to interest income/expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt/payment of variable amounts from a counterparty in exchange for the Company making/receiving fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in Accumulated other comprehensive income (loss) and subsequently reclassified into earnings in the same period during which the hedged transaction affects earnings and is presented in the same Consolidated Statements of Income line item as the earnings effect of the hedged item.

In 2018 and 2019, the Company entered into interest rate swaps to hedge the interest rate risk in the cash flows on the hedged forecasted issuance of fixed-rate borrowings. The total notional amount associated with these cash flow hedges was $1.75 billion as of March 31, 2022. In addition, during 2021 and 2022, the Company entered into receive-fixed interest rate swaps to hedge against the risk of variability in the cash flows on its certain variable-rate loans. The total notional amount associated with these cash flow hedges was $6.25 billion as of March 31, 2022. Based on the Company's current plans and intentions, it is probable that the hedged forecasted transactions will occur.

The following table presents the effect of cash flow hedge accounting on Accumulated other comprehensive income (loss) during the quarters ended March 31, 2022 and 2021:

	Three months ended March 31,	
(in thousands)	**2022**	**2021**
Amount of loss reclassified from accumulated other comprehensive loss to interest expense	$ 9,317	9,566
Amount of (gain) reclassified from accumulated other comprehensive loss to interest income	(10,164)	—
Amount of gain (loss) recognized in other comprehensive (loss) income	(141,563)	7,471

Total gains (losses) included in the Consolidated Statements of Income related to interest rate derivatives designated as cash flow hedges during the quarter ended March 31, 2022 and 2021 were $847,000 and $(9.6) million, respectively. Amounts reported in Accumulated other comprehensive income (loss) related to derivatives will be reclassified to interest expense/income as interest payments are made/received on the Company's variable-rate liabilities/assets. Based upon current market conditions, the Company estimates an additional $9.0 million and $55.9 million will be reclassified as an increase to interest expense and a decrease to interest income, respectively, over the next twelve months.

Fair Value Hedges of Interest Rate Risk

The Company is exposed to changes in the fair value of certain prepayable fixed-rate assets due to changes in benchmark interest rates. The Company uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in the designated benchmark interest rate. Interest rate swaps designated as fair value hedges involve the payment of fixed-rate amounts to a counterparty in exchange for the Company receiving variable-rate payments over the life of the agreements without the exchange of the underlying notional amount. Gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in Interest income for Loans and leases.

In 2018, the Company entered into interest rate swaps with a total notional of $650.0 million to hedge certain fixed-rate commercial real estate loans. During 2020 and 2021, $200.0 million and $250.0 million of these interest rate swaps matured, respectively. During 2022, the remaining notional amount of $200.0 million matured. For the current quarter, the fixed-rate payment related to the net settlement of these interest rate swaps was in excess of the floating rate received. As such, Interest income from Loans and leases was reduced by $1.1 million, for the quarter ended March 31, 2022.

As of March 31, 2022, no outstanding fair value hedge transactions remain. As of December 31, 2021, the following amounts were recorded on the balance sheet related to cumulative basis adjustments for fair value hedges.

(in thousands)	December 31, 2021		
Line Item in the Consolidated Statements of Financial Condition in Which the Hedge Item is Included	**Carrying Amount of the Hedged Assets**		**Cumulative Amount of Fair Value Hedging Adjustments included in the Carrying Amounts of the Hedged Assets**
Loans and leases (1)	$	198,906	1,094

(1) These amounts include the amortized cost basis of closed portfolios used in designated hedging relationships in which the hedged item is the last layer expected to be remaining at the end of the hedging relationship. At December 31, 2021, the amortized cost basis of the closed portfolios used in these hedging relationships was $309.7 million; the cumulative basis adjustments associated with these hedging relationships was $1.1 million; and the amount of the designated hedged items was $198.9 million.

As of March 31, 2022, the remaining fair value hedge transaction had fully matured. The effect of gain or (loss) from derivatives designated as fair value hedges on the Consolidated Statements of Income for the quarter ended March 31, 2021 was as follows:

(in thousands)	*Three months ended March 31, 2021*	
Derivative - interest rate swaps:		
Interest income	$	(7,098)
Hedged item - loans:		
Interest income		7,080
Net effect on Interest Income	$	(18)

Non-designated Hedges

From time to time, the Bank has entered into risk participation agreements with external lenders where they are sharing their risk of default on the interest rate swaps on participated loans. We either pay or receive a fee depending on the participation type. Risk participation agreements are credit derivatives not designated as hedges. Credit derivatives are not speculative and are not used to manage interest rate risk in assets or liabilities. Changes in the fair value in credit derivatives are recognized directly in earnings.

The Bank also executes interest rate swaps with customers to facilitate their respective risk management strategies. These swaps with customers are simultaneously offset by swaps that the Bank executes with a third party, such that the Bank minimizes its net risk exposure resulting from such transactions. As the swaps associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings.

The Bank also enters into foreign currency swaps and forwards to economically hedge our foreign currency loans. Additionally, in connection with negotiating credit facilities, we may obtain equity warrant assets giving us the right to acquire stock in private, venture-backed companies in the technology and life science/healthcare industries.

The following table presents the fair value of the Company’s derivative financial instruments, as well as their classification on the Consolidated Statement of Financial Condition at March 31, 2022 and December 31, 2021, respectively:

	Fair Values of Derivative Instruments				
	Asset Derivatives			Liability Derivatives	
(in thousands)	Balance Sheet Location		Fair Value	Balance Sheet Location	Fair Value
March 31, 2022					
Derivatives designated as hedging instruments					
Interest Rate Contracts	Other Assets	$	—	Other Liabilities	—
Total derivatives designated as hedging instruments		$	—		—
Derivatives not designated as hedging instruments					
Interest Rate Contracts	Other Assets	$	5,871	Other Liabilities	84,290
Other Contracts (1)	Other Assets		7,381	Other Liabilities	3,700
Total derivatives not designated as hedging instruments		$	13,252		87,990
December 31, 2021					
Derivatives designated as hedging instruments					
Interest Rate Contracts	Other Assets	$	—	Other Liabilities	19,870
Total derivatives designated as hedging instruments		$	—		19,870
Derivatives not designated as hedging instruments					
Interest Rate Contracts	Other Assets	$	14,639	Other Liabilities	22,330
Other Contracts (1)	Other Assets		4,378	Other Liabilities	6,672
Total derivatives not designated as hedging instruments		$	19,017		29,002

(1) Other contracts include risk participation agreements, foreign exchange contracts and venture capital related equity warrants.

We centrally clear our derivatives, except for certain interest rate contracts executed in over-the-counter ("OTC") markets, with our third party counterparties through the Chicago Mercantile Exchange (“CME”) by posting required initial and variation margins. CME legally characterizes variation margin payments for centrally cleared derivatives as settlements of the derivatives’ exposures rather than collateral. As a result, the variation margin payment and the related derivative instruments are considered a single unit of account for accounting and financial reporting purposes. The Bank’s clearing agent for interest rate and derivative contracts centrally cleared through the CME settles the variation margin daily with the CME; therefore, those interest rate derivative contracts the Bank clears though the CME are reported at a fair value of approximately zero at March 31, 2022. Derivative contracts executed in OTC markets represent contracts executed bilaterally with counterparties not settled through an organized exchange or directly cleared through a central clearing house. We manage the credit risk related to OTC derivatives by entering into transactions with creditworthy counterparties and by maintaining collateral arrangements.

The following table presents the effect of derivatives not designated as hedging instruments on the Consolidated Statements of Income for the quarters ended March 31, 2022 and 2021.

		Three months ended March 31,		
(in thousands)		**2022**		**2021**
Derivatives Not Designated as Hedging Instruments under Subtopic 815-20	**Location of Gain or (Loss) Recognized in income on Derivative**	Amount of Gain or (Loss) Recognized in Income on Derivatives		
Interest Rate Contracts	Other income / (expense)	$	2,519	3,420
Other Contracts (1)	Other income / (expense)		9,108	7,534
Total		$	11,627	10,954

(1) Other contracts include risk participation agreements, foreign exchange contracts and venture capital related equity warrants.

The gain of $9.1 million and $7.5 million related to other contracts for the quarter ended March 31, 2022 and 2021, respectively, principally relates to income recognized on foreign currency swaps and forwards used to economically hedge our foreign currency loans. When considering the related foreign currency loan revaluation, there was a net loss of $786,000 and $83,000 for the quarters ended March 31, 2022 and 2021, respectively.

13. Leases

As lessee, the Bank has operating leases primarily consisting of real estate related arrangements. As lessor, all of the Bank's leases are equipment leases financed by Signature Financial ("SF"), the Bank's specialty finance subsidiary.

Lessee Leasing Arrangements

We determine if an arrangement is a lease at inception. None of our identified leases meet the criteria of financing leases as of March 31, 2022, and therefore all are accounted for as operating leases. These leases are typically long term and contain renewal options at a rate comparable to the fair market rent upon renewal. Most of our leases do not have early termination options. However, those that do have an early termination option contain varying degrees of economic penalty should the termination option be exercised.

Real estate operating leases are included in Operating lease right-of-use assets ("ROU") and Operating lease liabilities in our Consolidated Statements of Financial Condition. The ROU assets represent our right to use the underlying asset for the lease term and the lease liabilities represent our obligation to make lease payments arising from the lease. The ROU assets and liabilities are recognized at lease commencement and are primarily based on the present value of lease payments over the lease term. The Bank uses our incremental borrowing rate ("IBR") at lease commencement as the discount rate for initial measurement of the lease liability. The IBR is the interest rate the Bank would have to pay to borrow on a collateralized basis over a similar term and for an amount equal to the lease payments in a similar economic environment.

Lease expense is recognized on a straight-line basis over the lease term including contracts with outstanding landlord provided lease incentives as of lease commencement date. For these leases, the monthly straight-line expense is reduced ratably by the amount of lease incentives over the term of the lease. As the Bank elected the practical expedient to not separate non-lease and associated lease components as lessee, to the extent that an operating lease has both lease and non-lease components, they are combined and all contract consideration is allocated to the single lease component.

The following table presents our lease cost and other information related to our operating leases for the periods presented:

		Three months ended March 31,	
(dollars in thousands)		**2022**	**2021**
Operating lease cost	$	9,199	9,071
Total lease cost	$	9,199	9,071
Other Information			
Cash paid for amount included in the measurement of operating lease liabilities	$	9,248	8,249
Right-of-use assets obtained in exchange of new operating lease liabilities	$	13,516	11,002

	March 31, 2022	**March 31, 2021**
Weighted average remaining lease-term - operating leases (in years)	10	10
Weighted-average discount rate - operating leases	2.98 %	3.08 %

The following table presents the remaining maturity of lease liabilities as of March 31, 2022, as well as the reconciliation of undiscounted lease payments to the discounted operating lease liabilities as recognized in the Consolidated Statements of Financial Condition:

(in thousands)		
Years Ending December 31,		
2022 (excluding the three months ended March 31, 2022) (1)	$	14,177
2023		38,547
2024		33,474
2025		31,186
2026		28,183
Thereafter		161,086
Total undiscounted operating lease payments		306,653
Less: present value adjustment		(45,835)
Operating lease liabilities	$	260,818

(1) Net of $14.1 million of landlord provided lease incentives that are expected to be received in 2022.

Lessor Leasing Arrangements

Signature Financial offers a variety of financing and leasing products, including equipment, transportation, commercial marine and national franchise leasing through direct and indirect funding by leveraging our capital markets and third party funding groups and partnering with banks who own leasing companies, independent finance companies, equipment vendors and investment institutions.

The standard leases are typically repayable on a level monthly basis with terms ranging from 24 to 120 months. At the end of the lease term, the lessee usually has the option to return the equipment, to renew the lease or purchase the equipment at the then fair market value ("FMV") price or at a bargain purchase price. For leases with a FMV renewal/purchase option, the relevant residual value assumptions are based on the estimated value of the leased asset at the end of lease term, including evaluation of key factors, such as, the estimated remaining useful life of the leased asset, its historical secondary market value including history of the lessee executing the FMV option, overall credit evaluation and return provisions.

Signature Financial's strategy is to acquire the leased asset at fair market value and provide funding to the respective lessee at acquisition cost, less any volume or trade discounts, as applicable. Therefore, there is generally no selling profit or loss to recognize or defer at inception of lease. The only element of profit is from financing charges. As of March 31, 2022, Signature Financial has no equipment leases classified as operating leases. Therefore, their leases are either accounted for as sales type or direct financing leases.

The following table presents the components of lease income for the quarters ended March 31, 2022 and 2021:

	Three months ended March 31,		
(in thousands)		**2022**	**2021**
Interest income on lease receivables	$	10,322	10,870
Interest income from accretion of unguaranteed residual assets		962	1,068
Total lease income (1)	$	11,284	11,938

(1) Included in Interest income - Loans and leases within the Consolidated Statements of Income.

The components of net investment in sales-type and direct financing leases, including the carrying amount of lease receivable, as well as the unguaranteed residual asset were as follows:

(in thousands)		**March 31, 2022**	**December 31 2021**
Net investments in the lease - lease payments receivable (1)	$	1,048,689	1,023,082
Net investment in the lease - unguaranteed residual assets		147,955	145,284
Total net investments in leases	$	1,196,644	1,168,366

(1) Includes the guaranteed residual assets value of $30.7 million and $31.5 million as of March 31, 2022 and December 31, 2021, respectively.

The following table presents the remaining maturity analysis of the undiscounted lease receivables as of March 31, 2022, as well as the reconciliation to the total amount of receivables recognized in the Consolidated Statements of Financial Condition:

(in thousands)		
Years Ending December 31,		
2022 (excluding the three months ended March 31, 2022)	$	261,541
2023		294,566
2024		220,733
2025		146,549
2026		84,764
Thereafter		57,737
Total undiscounted lease payments		1,065,890
Less: present value adjustment		47,935
Lease receivables recognized	$	1,017,955

14. Segment Reporting

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, we determined our operations are organized into two reportable segments representing our core businesses – Commercial Banking and Specialty Finance.

Commercial Banking consists principally of commercial real estate lending, commercial and industrial lending, fund banking, venture banking, and commercial deposit gathering activities.

Specialty Finance consists principally of financing and leasing products, including equipment, transportation, commercial marine, municipal and national franchise financing and/or leasing.

Segment information is reported using a “management approach” that is based on the way management organizes the segments for purposes of making operating decisions and assessing performance.

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 evaluating 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 financial data of our reportable segments (inter-segment assets have not been eliminated):

		Three months ended March 31,	
(in thousands)		**2022**	**2021**
Commercial Banking			
Interest income	$	604,208	456,351
Interest expense		68,606	85,035
Provision for (recovery of) credit losses		(3,718)	33,274
Non-interest income		32,956	30,373
Non-interest expense		182,923	153,987
Income before income taxes	$	389,353	214,428
Total assets	$	122,291,613	85,460,845
Specialty Finance			
Interest income	$	48,481	48,666
Interest expense		10,524	13,475
Provision for (recovery of) credit losses		6,413	(2,402)
Non-interest income		1,609	2,472
Non-interest expense		10,618	12,548
Income before income taxes	$	22,535	27,517
Total assets	$	6,192,423	5,414,310

The following table provides reconciliations of net interest income, provision for (recovery of) credit losses, non-interest income, non-interest expense, income before income taxes, and total assets for our reportable segments to the Consolidated Financial Statement totals:

	Three months ended March 31,	
(in thousands)	**2022**	**2021**
Net interest income:		
Commercial Banking	$ 535,602	371,316
Specialty Finance	37,957	35,191
Consolidated	$ 573,559	406,507
Provision for (recovery of) credit losses:		
Commercial Banking	$ (3,718)	33,274
Specialty Finance	6,413	(2,402)
Consolidated	$ 2,695	30,872
Non-interest income:		
Commercial Banking	$ 32,956	30,373
Specialty Finance	1,609	2,472
Eliminations (1)	(161)	(144)
Consolidated	$ 34,404	32,701
Non-interest expense:		
Commercial Banking	$ 182,923	153,987
Specialty Finance	10,618	12,548
Eliminations (1)	(161)	(144)
Consolidated	$ 193,380	166,391
Income before income taxes:		
Commercial Banking	$ 389,353	214,428
Specialty Finance	22,535	27,517
Consolidated	$ 411,888	241,945
Total assets:		
Commercial Banking	$ 122,291,613	85,460,845
Specialty Finance	6,192,423	5,414,310
Eliminations (1)	(6,636,734)	(5,492,961)
Consolidated	$ 121,847,302	85,382,194

(1) Eliminations related to intercompany funding.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PRIVATE SECURITIES LITIGATION REFORM ACT SAFE HARBOR STATEMENT

This Quarterly Report on Form 10-Q 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 such statements because they are subject to numerous risks and uncertainties relating to our operations and the business environment in which we operate, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy, expectations, beliefs, projections, anticipated events or trends, growth prospects, financial performance, and the impact of the COVID-19 pandemic and the conflict in Ukraine on each of the foregoing and on our business overall, as well as similar expressions concerning matters that are not historical facts. These statements often include words such as "may," "believe," "expect," "anticipate," "potential," "opportunity," "intend," "plan," "estimate," "could," "project," "seek," "target," "goal," "should," "will," or "would," or the negative of these words and phrases or similar words and phrases.

All forward-looking statements may be impacted by a number of risks and uncertainties. These statements are based on assumptions that we have made in light of our industry experience as well as our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances including, without limitation, those related to:

- earnings growth;
- revenue growth;
- net interest margin;
- deposit growth, including short-term escrow deposits, brokered deposits and off-balance sheet deposits;
- future acquisitions;
- performance, credit quality and liquidity of investments made by us, including our investments in certain mortgage-backed and similar securities;
- loan and lease origination volume;
- the interest rate environment;
- non-interest income levels, including fees from product sales;
- credit performance of loans made by us;
- monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve;
- our ability to maintain, generate and/or raise capital;
- changes in the regulatory environment and government intervention in the banking industry, including the impact of the Dodd-Frank Wall Street Reform, and the Economic Growth, Regulatory Relief and Consumer Protection Act;
- Federal Deposit Insurance Corporation ("FDIC") assessments;
- margins on sales or securitizations of loans;
- market share;
- expense levels;
- hiring of new private client banking teams;
- results from new business initiatives;
- future dividends and share repurchases;
- other business operations and strategies;
- changes in federal, state or local tax laws; and
- the impact of new accounting pronouncements.

As you read and consider the forward-looking statements, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions and can change as a result of many possible events or factors, not all of which are known to us or in our control. All of these factors are subject to additional uncertainty in the context of the COVID-19 pandemic and the conflict in Ukraine, which are having impacts on all aspects of our operations, the financial services industry and the economy as a whole. Additional risks are described in our quarterly and annual reports filed with the FDIC. Although we believe that these forward-looking statements are based on reasonable assumptions, beliefs and expectations, if a change occurs or our beliefs, assumptions, or expectations were incorrect, our business, financial condition, liquidity or results of operations may vary materially from those expressed in our forward-looking statements. You should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements including, without limitation, the following factors:

- disruption and volatility in global financial markets;
- changes in U.S. trade policies, including the imposition of tariffs;
- difficult market conditions adversely affecting our industry;
- fiscal challenges facing the U.S. government could negatively impact financial markets which in turn could have an adverse effect on our financial position or results of operations;
- our ability to maintain the continuity, integrity, security and safety of our operations;
- our inability to successfully implement our business strategy;
- our inability to successfully integrate new business lines into our existing operations;

- changes to existing statutes and regulations or the way in which they are interpreted and applied by courts or governmental agencies;
- our vulnerability to changes in interest rates;
- the replacement of LIBOR as a financial benchmark presents risks to the financial instruments originated or held by us;
- competition with many larger financial institutions which have substantially greater financial and other resources than we have, as well as financial technology companies and other non-bank entities that presently are not subject to extensive regulation and oversight;
- government intervention in the banking industry, new legislation and government regulation;
- illiquid market conditions and downgrades in credit ratings;
- adverse developments in the residential mortgage market;
- inability of U.S. agencies or U.S. government-sponsored enterprises to pay or to guarantee payments on their securities in which we invest;
- material risks involved in commercial lending;
- a downturn in the economy and the real estate market of the New York metropolitan area or on the West Coast;
- risks associated with our loan portfolio growth;
- our failure to effectively manage our credit risk;
- lack of seasoning of mortgage loans underlying our investment portfolio;
- our allowance for credit losses for loans and leases (“ACLLL”) may not be sufficient to absorb actual losses;
- our reliance on the Federal Home Loan Bank of New York for secondary and contingent liquidity sources;
- our dependence upon key personnel;
- our inability to acquire suitable private client banking teams or manage our growth;
- our charter documents and regulatory limitations may delay or prevent our acquisition by a third party;
- curtailment of government guaranteed loan programs could affect our SBA business;
- our use of brokered deposits and continuing to be “well-capitalized”;
- our extensive reliance on outsourcing to provide cost-effective operational support;
- system failures or breaches of our network security;
- data security breaches;
- decreases in trading volumes or prices;
- exposure to legal claims and litigation;
- our ability to pay cash dividends or engage in share repurchases is restricted;
- potential responsibility for environmental claims;
- climate change and related legislative and regulatory initiatives may result in operational changes and expenditures that could significantly impact our business;
- downgrades of our credit rating;
- our inability to raise additional funding needed for our operations;
- inflation or deflation;
- misconduct of employees or their failure to abide by regulatory requirements;
- fraudulent or negligent acts on the part of our clients or third parties;
- failure of our brokerage clients to meet their margin requirements;
- severe weather;
- acts of war or terrorism;
- technological changes;
- work stoppages, financial difficulties, fire, earthquakes, flooding or other natural disasters;
- changes in federal, state or local tax laws;
- changes in accounting standards, policies, and practices or interpretation of new or existing standards, policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, or the Securities and Exchange Commission (the “SEC”);
- changes in our reputation and negative public opinion;
- fluctuations in FDIC insurance premiums;
- regulatory net capital requirements that constrain our brokerage business;
- soundness of other financial institutions;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- changes in consumer spending, borrowing and savings habits;
- changes in our organization, compensation and benefit plans; and
- changes in the financial condition or future prospects of issuers of securities that we own.

These factors include the risks discussed under the section entitled “Item 1A. - Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021, as well as the same section later in this report.

You should keep in mind that any forward-looking statement made by us in this document or elsewhere speaks only as of the date on which we make it. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, and disclaim any obligation to, update or revise any industry information or forward-looking statements in this document after the date on which they are made, except as required under the U.S. federal securities laws. In light of these risks and uncertainties, you should keep in mind that any forward-looking statement made in this document or elsewhere might not reflect actual results.

Company Background

We are a New York-based full-service commercial bank with 38 private client offices located throughout the metropolitan New York area, as well as those in Connecticut, California and North Carolina. Through its single-point-of-contact approach, the Bank's growing network of private client banking teams serves the needs of privately owned businesses, their owners and senior managers.

Through our Signature Financial subsidiary, a specialty finance company based in Melville, Long Island, we offer a variety of financing and leasing products, including equipment, transportation, commercial marine, and national franchise financing and/or leasing. Signature Financial's clients are located throughout the United States.

We provide brokerage, asset management and insurance products and services through our Signature Securities subsidiary, a licensed broker-dealer and investment adviser.

Through our Signature Public Funding subsidiary based in Towson, Maryland, we provide a range of municipal finance and tax-exempt lending and leasing products to government entities throughout the country, including state and local governments, school districts, fire and police and other municipal entities. The subsidiary is overseen by the management team of Signature Financial who has extensive experience in municipal finance.

Additionally, through a representative office of the Bank in Houston, Texas, we purchase, securitize and sell the guaranteed portions of U.S. Small Business Administration ("SBA") loans.

Recent Developments

Team Expansion

Since the end of the 2022 first quarter, the Bank on-boarded six private client banking teams, including one team in New York. On the West Coast, we further expanded our footprint to include three teams in Sacramento and the Central California region, including representation from all of our national businesses. Additionally, two teams were added in Reno, Nevada, which marks our entry into the business-friendly state. After considering these recent additions, our overall West Coast presence now consists of 32 private banking teams, and we expect to continue to see further opportunity to add teams on both coasts.

Common Stock Issuance

On January 20, 2022, the Bank completed a public offering of 2,100,000 shares of our common stock and the net proceeds from this offering were approximately $731.7 million. The net proceeds from this offering were used for general corporate purposes and to facilitate our continued growth.

Common Stock Dividend

The Bank declared a cash dividend of $0.56 per share, or a total of $35.3 million payable on or after May 13, 2022 to common stockholders of record at the close of business on April 29, 2022. During the quarter, the Bank also declared and paid a cash dividend of $0.56 per share, or a total of $35.2 million, for the fourth quarter of 2021.

Any future determination to pay dividends 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, commercial real estate concentration, contractual restrictions, business prospects and other factors that the Board of Directors considers relevant.

Preferred Stock Dividend

On March 31, 2022, the Bank paid a cash dividend of $12.50 per share to preferred shareholders of record at the close of business on March 18, 2022. The Bank also declared a cash dividend of $12.50 per share payable on June 30, 2022 to preferred shareholders of record at the close of business on June 17, 2022. See the Preferred Stock footnote to our Consolidated Financial Statements for additional information.

Digital Asset Activities

The Bank began its digital asset banking initiative with the onboarding of a private client group in the first quarter of 2018. The team has relationships with many institutional participants that make up the digital asset ecosystem, including exchanges, custodians, digital miners, institutional traders, and more. Since 2018, the team has seen significant growth in digital asset related deposits due to the increasing adoption of and investments in cryptocurrencies and stablecoins. In 2019, the Bank launched its proprietary block-chain based payment solution, Signet, to allow for real-time payments and help to connect participants in the ecosystem by offering real-time execution, 24/7/365. During the 2022 first quarter, the Bank added 160 new digital asset clients, an increase of 15% in the related client base.

The Bank offers a loan product collateralized by certain cryptocurrencies which currently include Bitcoin. In addition to being collateralized by cryptocurrency, these loans are full recourse and underwritten to the client's financial statements. The product is only offered to select institutional clients within the digital asset ecosystem and we continue to be diligent and prudent in the rollout of this new product. As of March 31, 2022, one loan exposure collateralized by digital assets was outstanding totaling $100.0 million.

Corporate Mortgage Finance business

In 2021, the Bank added the Corporate Mortgage Finance business which primarily provides mortgage warehouse lines of credit to licensed mortgage lenders. These are short-term lines of credit secured by mortgage loans originated or purchased by the mortgage lender with the intent to sell or securitize within the secondary market to institutional investors. The warehouse line funding and advance repayment cycle typically occurs within an 18 to 30 day period dependent on the timing of the mortgage loan closing by our client, and their subsequent sale of the loan to the institutional investor. The individual mortgage loans are typically eligible for sale to U.S. Government agencies and government-sponsored enterprises. As of March 31, 2022, mortgage warehouse line of credit related outstandings totaled $302.4 million.

COVID-19 Pandemic

In March 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020 the United States declared a national emergency with respect to COVID-19. Throughout the pandemic, we successfully implemented our contingency plans, which included remote working arrangements, modified hours in our private client offices, and phased return to work schedules. By 2021, the spread of COVID-19 had, in many geographies through the United States, decreased substantially due to the availability and incidence of successful vaccine and the widespread adoption of public health measures designed to prevent the spread of infection. However, rates of infection have recently increased throughout the country due to the presence of several virus variants, which has raised new concerns about the potential for the continuation of the pandemic. The uncertain future development of this crisis could materially and adversely affect our business, operations, operating results, financial condition, liquidity or capital levels. We continue to closely monitor the developments and uncertainties related to the pandemic.

Social Impact

Signature Bank's theme of 'Looking Forward. Giving Back.' is part of our permanent purpose and ongoing mission. With our increased focus on social impact, including practices relating to human capital, diversity, equity and inclusion, along with strategies to support and cultivate community engagement and our approach to sustainability efforts as individuals and as an institution, the Bank continues to expand its governance in these areas and incorporates related considerations in the priorities of our Board of Directors, as well as executive and senior management. Namely, the Bank:

- Hired our Chief Social Impact Officer;
- Founded our Social Impact Board Committee comprised of our three founders and three of our independent directors to provide oversight and guidance with respect to social impact;
- Created a Social Impact purpose statement to clearly communicate our mission to colleagues, clients, communities and shareholders to ensure commitment is incorporated throughout our organization and all we do.
- Formed our Social Impact Management Committee to drive the development, implementation, effectiveness and communication of our social impact initiatives, programs, policies and strategies;
- Appointed our Talent Diversity Program Manager to drive talent acquisition diversity initiatives;
- Conducts diversity awareness events for employees related to Black History Month, Asian Pacific American Heritage Month, Pride Month, Hispanic Heritage Month, and National Women's History Month;
- Continues to provide charitable grants to education, health, community services, the arts, social and other related initiatives; and
- Offers products focused on climate change and sustainability, including our:
    - Green lending product, which assists our clients in reducing their negative impact on the environment through the financing of energy-efficient equipment and other sustainable solutions;
    - Impact Certificate of Deposit where clients can deposit funds with the goal to deploy in sustainable initiatives such as clean energy, organic food, and non-profit institutions; and
    - Sustainability related equipment financing for commercial enterprises and municipal entities with initiatives related to solar energy and/or other energy saving projects, as well as financing recycling, water treatment and environmental remediation equipment.

The above includes certain highlights from our social impact initiatives. For more information on the Bank's social impact initiatives and goals, see our Social Impact Report as well as our Proxy Statement for the Annual Shareholders' Meeting at investor.signatureny.com.

Critical Accounting Policies

We follow financial accounting and reporting policies that are in accordance with U.S. generally accepted accounting principles (“GAAP”). On an ongoing basis, we evaluate our significant accounting policies and associated estimates applied in our consolidated financial statements. Some of these accounting policies require management to make difficult, subjective or complex judgments. The policies noted below, however, are deemed to be our “critical accounting policies” under the definition given to this term by the SEC - those policies that are most important to the presentation of a company’s financial condition and results of operations, and require management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

The judgments used by management in applying the critical accounting policies may be affected by deterioration in the economic environment, which may result in changes to future financial results. Specifically, subsequent evaluations of the loan portfolio, in light of the factors then prevailing, may result in significant changes to the allowance for credit losses for loans and leases ("ACLLL") in future periods, and the inability to collect on outstanding loans could result in increased loan losses.

The allowance for credit losses ("ACL") includes the allowance for credit losses associated with funded commercial and consumer loans and leases, as well as the reserve for unfunded lending commitments. The allowance for funded loans is established through a provision for credit losses charged to current earnings and an adjustment to the ACLLL. The allowance for the unfunded portion is based on utilization assumptions and is established through a provision charged to Non-interest expense and is recorded in Accrued expenses and other liabilities. The ACL reserve, including the ACLLL for the funded portion and the reserve for the unfunded portion, represents management’s estimate of current expected credit losses (“CECL”) in the Company’s loan and lease portfolio over its expected life, which is the contractual term adjusted for expected prepayments and options to extend the contractual term that are not unconditionally cancellable by us. The ACLLL is initially recognized upon origination or purchase of the loans and leases, and subsequently remeasured on a recurring basis.

The expected life is comprised of two stages with stage one being the reasonable and supportable ("RNS”) period that we can reasonably and supportably forecast future economic conditions to estimate expected credit losses; and stage two being the period subsequent to the RNS period, or the reversion period, for which the estimate of credit losses reverts to a long-term historical loss rate. During the RNS period, historical loss experience is to be adjusted for asset-specific risk characteristics, i.e., underwriting standards, portfolio mix or asset term; and for economic conditions, including both current conditions and reasonable and supportable forecasts of future conditions. During the reversion period, no adjustments are made to historical loss rate other than applicable asset specific risk characteristics.

Loans and leases that share similar credit risk characteristics, such as product type, collateral type, risk rating, vintage, asset size, etc., are grouped into respective pools for “collective assessment.” A loan or a lease that does not have similar risk characteristics with other loans/leases is subject to “individual assessment.” As of March 31, 2022, all loans are pooled for collective assessment, except for nonaccrual loans and troubled debt restructurings, which are individually assessed for ACLLL given the unique status of each individual loan.

Collectively Assessed Allowance

Our segmentation for collectively assessed loans and leases is comprised of two major categories, commercial loans and other, with “other” including consumer and residential loans. Commercial loans are grouped into two sub-segments: credit-rated and non-credit rated. Credit-rated commercial loans are further segregated into commercial real estate (“CRE”) and commercial and industrial (“C&I”) portfolios. The largest segment of our loan portfolio is comprised of credit-rated commercial loans, representing 99.8% of our total loan portfolio, excluding loans held for sale, as of March 31, 2022.

Credit-rated CRE loans are comprised of three sub-categories of loans: commercial property, multi-family and acquisition, development and construction (‘ADC”), while the rated C&I loans consist of nine sub-categories including fund banking, specialty finance, venture capital, owner-occupied, traditional C&I, commercial loans secured by 1-4 family real estate, asset based lending, other C&I, as well as personal loans for commercial use. In addition, we created a component within each portfolio segment for the respective unfunded lending commitments to reflect our off balance sheet credit exposures.

Quantitative models with varying degrees of complexity are utilized for ACL estimation. The selection of models is based on the composition of the related portfolio segment, materiality of the portfolio, the availability of loan level versus pool level data, the chosen statistical modeling methodology, and how we manage the associated credit risks.

We estimate the ACLLL for our credit-rated CRE loans utilizing a loan-level probability of default (“PD”) and loss given default (“LGD”) model. PD represents the likelihood of default over the loan’s expected life. The attribute most significant to calculating the PD is the net operating income (NOI) from the underlying collateral, which in turn, determines the debt service coverage ratio (“DSCR”). The loss given default is an estimate of the severity of loss should a default occur, which is estimated using an updated Loan to Value (“LTV”) ratio as of each reporting date. The related ACLLL model multiplies each loan's derived macroeconomic adjusted PD, LGD and the amortized cost to estimate the associated reserve at a loan level.

Our C&I loans are modeled using vendor-based loss rate models. The allowance for our specialty finance, traditional C&I and owner-occupied real estate loans is calculated using a vendor-based loss rate model which projects reserves based primarily on the North American Industry Classification System (NAICS) code, the assigned risk rating and the associated term of the loan. When assigning a credit rating to a loan, we use an internal nine-level rating system in which a rating of one carries the lowest level of credit risk and is used for borrowers exhibiting the strongest financial condition. Loans rated one through six are deemed to be of acceptable quality and are considered “Pass.” Loans that are deemed to be of questionable quality are rated seven (special mention). Loans with adverse classifications (substandard or doubtful) are rated eight or nine, respectively. The credit ratings are periodically reviewed to reflect changes in asset specific risk factors. The related ACLLL model multiplies each loan's derived macroeconomic adjusted loss rates and the amortized cost of each loan to estimate the associated reserve.

For our remaining C&I portfolio segments including fund banking, venture capital, non-rated commercial loans, as well as consumer loans, a lifetime loss rate methodology utilizing a single loss rate based on historical net charge-offs is applied for the reserve estimation due to their unique borrowing terms, lack of loss history or limited loss experience, as well as borrower and event specific factors that impact credit risk. The expected lifetime credit losses for these C&I portfolios are estimated at a loan level by multiplying the derived historical loss rates and amortized cost of each loan. For all remaining smaller portfolio segments such as residential loans, a more simplified loss rate methodology which uses lifetime PD and LGD is applied for reserve estimation and considers loan level cash flows over the remaining contractual life. This related ACLLL model multiplies the estimated PD, LGD and amortized cost to calculate the associated reserve for each loan.

The following key factors and assumptions are incorporated in the above-mentioned models utilized for the ACLLL reserve under CECL:

- a historical loss period, which represents a full economic credit cycle utilizing internal loss experience, as well as industry and peer historical loss data;
- a single economic forecast scenario;
- an initial RNS period of two years and a reversion period using a straight-line approach that extends through the shorter of one year or the end of the remaining contractual term, for all portfolios, except for certain C&I portfolios; these C&I portfolios incorporate a reasonable and supportable forecast of various macroeconomic variables such that each macroeconomic variable for the remaining contractual term will revert to a long-term expectation starting in years two to three, and will largely be completed within the first five years of the forecast, and
- expected prepayment rates based on our historical experience.

Forward-looking economic information primarily includes gross domestic product (“GDP”), unemployment rates, central-bank interest rates, and property price indices, which are used as inputs to the respective models of expected credit losses and the related ACL reserve. The Bank primarily uses external sources of information for economic forecasting. Our Economic Forecast Committee reviews, modifies as necessary, and approves macroeconomic forecast scenarios and variables to formulate management’s view of the most probable future direction of economic developments to be used in the ACLLL estimation process. At each reporting date, the allowance is determined using the latest available single forward-looking economic scenario, e.g., Moody's Baseline forecast. If the designated single forecast is not deemed to be incorporating certain idiosyncratic event(s) and the impact of such event(s), a qualitative adjustment may be recorded, to include an alternative upside or downside scenario and capture any uncertainty related to such event(s). Other qualitative adjustments or model overlays may also be recorded based on expert credit judgment in circumstances where, in the Bank’s view, the existing regulatory guidance, inputs, assumptions, and/or modelling techniques do not capture all relevant risk factors. The use of qualitative reserves may require significant judgment that may impact the amount of allowance recognized. Recurring qualitative adjustments are made to capture certain model limitations, such as the model’s lack of consideration for the liquidation of collateral for our specialty finance portfolio.

In addition, non-recurring qualitative loss factors that are not already incorporated in the modeling are also considered on a quarterly basis to determine applicability, and assess whether there are any risks not currently being captured in our respective quantitative models. The following lists non-recurring qualitative factors considered on a quarterly basis:

- The nature and volume of the entity’s financial asset(s) for certain applicable portfolio segment(s);
- The entity’s lending policies and procedures, including changes in lending strategies, underwriting standards, collection, write-off, and recovery practices, as well as knowledge of the borrower’s operations or the borrower’s standing in the community;
- The quality of the entity’s credit review system;
- The experience, ability, and depth of the entity’s management, lending staff, and other relevant staff; and
- The environmental factors of a borrower and the areas in which the entity’s credit is concentrated, such as:
    1. Regulatory, legal, or technological environment to which the entity has exposure;

2. Changes and expected changes in the general market condition of either the geographical area or the industry to which the entity has exposure; and
3. Changes and expected changes in international, national, regional, and local economic and business conditions and developments in which the entity operates, including the condition and expected condition of various market segments.

For C&I and specialty finance loans, significant risk rating changes are evaluated to determine the impact of loan review results on the respective model reserve calculation through a quantitatively supported qualitative adjustment. For all CRE loans, NOI and DSC information is analyzed at an industry level to determine whether there are any trends or risk factors not already addressed in our input information or by the model assumptions, including our macroeconomic forecast.

On a quarterly basis, or more frequently as deemed necessary, key factors and assumptions are reviewed and refreshed to ensure applicability, while the overall ACLLL methodology is reviewed at least annually.

Individually Assessed Allowance

When an individual loan no longer demonstrates similar credit characteristics as other loans within its current segment, and does not share similar credit characteristics of any other segment(s), it is to be individually assessed for credit losses. This generally happens when a loan is placed on non-accrual, a troubled debt restructuring ("TDR"), or we are reasonably expecting to modify a loan as a TDR. A TDR is reasonably expected when the Bank has knowledge that the borrower is experiencing financial difficulties and has concluded that modification is the best course of action, which is generally evidenced by the approval of a credit offering memo ("COM') for an identified problem loan.

For both a TDR and a reasonably expected TDR, we record a provision for credit losses, if any, based on the present value of expected future cash flows including the value of concessions made by the Bank, discounted at the original loan's effective interest rate over the extended term based on the modification if it involves a term extension. If the loan is collateral dependent, for which repayment is expected to be derived substantially through the operation or sale of the collateral and where the borrower is experiencing financial difficulties, the ACLLL is based on the fair value of the collateral less estimated costs to sell, if applicable, regardless if the repayment is expected substantially through the sale of the collateral or from the operation of collateral. At the time of restructuring, we determine whether a TDR loan should accrue interest based on the accrual status of the loan immediately prior to modification. Additionally, an accruing loan that is modified as a TDR may remain in accrual status if, based on a credit analysis, collection of principal and interest in accordance with the modified terms is reasonably assured, and the borrower demonstrated sustained historical repayment performance for a reasonable period prior to modification. A nonaccrual TDR loan will be returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Additionally, there should be a sustained period of repayment performance (generally a period of six months) by the borrower in accordance with the modified contractual terms. In years after the year of restructuring, the loan is not reported as a TDR loan if it was restructured at a market interest rate and it is performing in accordance with its modified terms. Other TDRs, however, are reported as such for as long as the loan remains outstanding.

In 2020 and 2021, the CARES Act and banking regulatory agencies provided relief related to TDR accounting as a result of the COVID-19 pandemic. Loans modified as a result of COVID-19 that were current as of December 31, 2019 were exempt from TDR classification under US GAAP. Additionally, banking regulatory agencies issued interagency guidance that COVID-19 related short-term modifications (i.e., six months or less) granted to borrowers that were current as of the loan modification program implementation date were not TDRs. The CARES Act guidance applied to modifications made between March 1, 2020 and the earlier of January 1, 2022 or 60 days after the end of the COVID-19 national emergency, as stipulated by the Consolidated Appropriations Act, 2021 signed on December 31, 2020. With the expiration of the CARES Act guidance applicable to modifications on January 1, 2022, the Bank discontinued the application of the aforementioned TDR exemption to loans modified during the first quarter of 2022. For past due status, the CARES Act also provided for lenders to continue to report loans in the same delinquency status they were in at the time of modification. We applied this guidance in 2020 and 2021. Due to the expiration of the CARES Act guidance as of January 1, 2022, we reported loans based on their actual delinquency status as of March 31, 2022 regardless of its delinquency status at the time of modification.

Management is primarily responsible for assessing the overall adequacy of the allowance on a quarterly basis. In addition, reserve adequacy was assessed by an internal Loan Quality Review Committee, which includes members of senior management, accounting, credit and risk management, and is presented to our Board of Directors for their review and consideration on a quarterly basis. Reserve adequacy was also assessed by our independent risk management function, which performs independent credit reviews and validations of the allowance models employed.

In addition, bank regulators, as an integral part of their supervisory functions, periodically review our loan portfolio and related ACLLL. These regulatory agencies may disagree with our methodology, which could result in changes to our current ACL estimates or processes and result in an increase to our provision for loan and lease losses or the recognition of further loan charge-offs based upon their judgments, which may be different from ours. An increase in the ACLLL as a result of these judgments could materially adversely affect our financial condition and results of operations.

New Accounting Standards

(i) Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The ASU provides entities with optional guidance to ease the potential burden associated with transitioning from reference rates that are expected to be discontinued, such as LIBOR. Specifically, the ASU provides guidance related to contract modifications, hedge accounting, and held-to-maturity (HTM) debt securities. The guidance also allows for a one-time election to sell and/or transfer debt securities classified as HTM to be made at any time after March 12, 2020 but no later than December 31, 2022. The ASU allows entities to apply the standard as of the beginning of the interim period between March 12, 2020 and December 31, 2022. The expedients and exceptions provided by this ASU for contract modifications are permitted to be adopted any time through December 31, 2022 and do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for certain optional expedients elected for certain hedging relationships existing as of December 31, 2022. The impact of this ASU to the Company's Consolidated Financial Statements is not expected to be material.

In March 2022, the FASB issued ASU 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method*. This ASU expands entities' ability to hedge the benchmark interest rate risk of portfolios of financial assets (or beneficial interests) in a fair value hedge. The ASU also expands the use of the portfolio layer method, previously referred to as the last-of-layer method, to allow multiple hedges of a single closed portfolio of assets using spot starting, forward starting, and amortizing-notional swaps. The guidance also permits both prepayable and non prepayable financial assets to be included in the closed portfolio of assets hedged in a portfolio layer hedge. The ASU further requires that basis adjustments not be allocated to individual assets for active portfolio layer method hedges, but rather be maintained on the closed portfolio of assets as a whole. For public entities, the guidance is effective for fiscal years beginning after December 15, 2022 and early adoption is permitted. The impact of this ASU to the Company's Consolidated Financial Statements is not expected to be material.

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures.* This ASU addresses areas identified by the FASB as part of its post-implementation review of the credit losses standard in ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("CECL")*. ASU 2022-02 eliminates the accounting guidance for troubled debt restructurings ("TDRs") by creditors that have adopted the current CECL credit losses standard. Specifically, rather than applying the recognition and measurement guidance for TDRs, this ASU requires entities to evaluate receivable modifications, consistent with the accounting for other loan modifications, to determine whether a modification made to a borrower results in a new loan or a continuation of the existing loan. In addition, under the new ASU, entities are no longer required to use a discounted cash flow ("DCF") method to measure the allowance for credit losses ("ACL") as a result of a modification or restructuring with a borrower experiencing financial difficulty. If a DCF method is used, post modification-derived effective interest rate is to be used, instead of the original interest rate as stipulated under the current GAAP. This ASU also enhances the disclosure requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. This ASU amends the guidance on “vintage disclosures” to require disclosure of current-period gross write-offs by year of origination. We have adopted ASU 2016-13 on January 1, 2020 and therefore ASU 2022-02 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently assessing the impact of this ASU to its Consolidated Financial Statements.

(ii) Recently Adopted

On January 7, 2021, the FASB issued ASU 2021-01, an update to ASU 2020-04, which clarified the scope of the optional relief for reference rate reform provided by ASC Topic 848. The ASU permitted entities to apply certain of the optional practical expedients and exceptions in ASC 848 to the accounting for derivative contracts and hedging activities that may be affected by changes in interest rates used for discounting cash flows, computing variation margin settlements and calculating price alignment interest (the “discounting transition”). These optional practical expedients and exceptions could be applied to derivative instruments impacted by the discounting transition even if such instruments did not reference a rate that was expected to be discontinued. The ASU was effective immediately and an entity may elect to apply the amendments as of any date from the beginning of an interim period that included or was subsequent to March 12, 2020 or on a prospective basis to new modifications from any date within an interim period that included or was subsequent to January 7, 2021, up to the date that financial statements were available to be issued. We adopted this ASU on January 7, 2021 and its impact to the Company's Consolidated Financial Statements was not material.

In August 2020, the FASB issued ASU 2020-08, *Codification Improvements to Subtopic 310-20, Receivables - Nonrefundable Fees and Other Costs.* The ASU provided clarification to the existing guidance regarding when an entity should evaluate the referenced guidance related to callable debt securities carried at a premium. This ASU impacted the amortization period for nonrefundable fees and other costs if the callable debt security has its amortized cost exceeding the amount repayable by the issuer at the next call date at the respective reporting date. The guidance was effective for fiscal years beginning after December 15, 2020 and early adoption was not permitted. We adopted this ASU on January 1, 2021 and its impact to the Company's Consolidated Financial Statements was not material.

In January 2020, the FASB issued ASU 2020-01, *Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815*. The new guidance amended the accounting for the measurement of certain options and forward contracts used to acquire equity securities. In addition, it required a remeasurement of the equity investment immediately before or after its transition into and out of equity method accounting if the measurement alternative is applied prior to the transfer. The guidance was effective for fiscal years beginning after December 15, 2020. We adopted this ASU on January 1, 2021 and its impact to the Company's Consolidated Financial Statements was not material.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 470), Simplifying the Accounting for Income Taxes*. The ASU eliminated certain exceptions related to the rate approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarified and simplified other aspects of the accounting for income taxes. The guidance was effective for fiscal years beginning after December 15, 2020. We adopted this ASU on January 1, 2021 and its impact to the Company's Consolidated Financial Statements was not material.

RESULTS OF OPERATIONS

FINANCIAL SUMMARY

(in thousands, except ratios and per share amounts)	Three months ended March 31, 2022	December 31, 2021	March 31, 2021
PER COMMON SHARE			
Earnings per common share - basic	$ 5.34	$ 4.38	$ 3.27
Earnings per common share - diluted	$ 5.30	$ 4.34	$ 3.24
Weighted average common shares outstanding - basic	61,670	60,003	54,998
Weighted average common shares outstanding - diluted	62,125	60,563	55,531
Book value per common share	$ 118.37	$ 117.63	$ 102.69
SELECTED FINANCIAL DATA			
Return on average total assets	1.16 %	0.96 %	0.97 %
Return on average common shareholders' equity	17.44 %	14.76 %	13.02 %
Efficiency ratio (1)	31.81 %	32.31 %	37.88 %
Yield on interest-earning assets	2.21 %	2.15 %	2.53 %
Yield on interest-earning assets, tax-equivalent basis (2)	2.22 %	2.16 %	2.54 %
Cost of deposits and borrowings	0.25 %	0.27 %	0.47 %
Net interest margin	1.98 %	1.90 %	2.09 %
Net interest margin, tax-equivalent basis (2)(3)	1.99 %	1.91 %	2.10 %

(1) The efficiency ratio is considered a non-GAAP financial measure and is calculated by dividing non-interest expense by the sum of net interest income before provision for loan and lease losses and non-interest income. This ratio is a metric used by management to evaluate the performance of the Bank's business activities. A decrease in our efficiency ratio represents improvement.

(2) Based on the 21 percent U.S. federal statutory tax rate for the 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 Income" for related calculation.

CAPITAL RATIOS

	March 31, 2022	December 31, 2021	March 31, 2021
Tangible common equity (4)	6.12 %	6.02 %	6.92 %
Tier 1 leverage	7.74 %	7.27 %	8.82 %
Common equity Tier 1 risk-based	10.49 %	9.60 %	10.92 %
Tier 1 risk-based	11.37 %	10.51 %	12.18 %
Total risk-based	12.58 %	11.76 %	14.41 %

(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.

Net Income

Net income for the first quarter of 2022 was $338.5 million, or $5.30 diluted earnings per share, compared to $190.5 million, or $3.24 diluted earnings per share, for the first quarter of 2021. The increase in net income in the first quarter of 2022, versus the comparable quarter last year, was primarily due to of an increase of $167.1 million in net interest income, fueled by strong growth in average interest-earning assets, as well as a decrease of $28.2 million in the provision for credit losses predominantly attributable to improved macroeconomic conditions compared with the same period last year. Non-interest income increased by $1.7 million from the comparable quarter last year, primarily driven by a $5.8 million increase in fees and service charges, partially offset by a $4.0 million decrease in net gains on sales of securities and loans. These increases were partially offset by a $27.0 million increase in non-interest expense primarily due to a rise of $21.0 million in salaries and benefits expense from the significant hiring related to our national business initiatives, coupled with the addition of private client banking teams as well as the Corporate Mortgage Finance and the SBA origination teams during 2021, and continued hiring of operational support to meet the Bank's growing needs. The returns on average common shareholders' equity and average total assets for the first quarter of 2022 were 17.44% and 1.16%, respectively, compared to 13.02% and 0.97% for the first quarter last year.

Net Interest Income

Net interest income is the difference between interest earned on assets and interest incurred on liabilities. The following table presents an analysis of net interest income by each major category of interest-earning assets and interest-bearing liabilities for the quarters ended March 31, 2022 and 2021:

	Three months ended March 31, 2022			*Three months ended March 31, 2021*		
(dollars in thousands)	**Average Balance**	**Interest Income/ Expense**	**Average Yield/ Rate**	**Average Balance**	**Interest Income/ Expense**	**Average Yield/ Rate**
INTEREST-EARNING ASSETS						
Short-term investments	$ 28,450,419	13,621	0.19 %	17,108,914	5,016	0.12 %
Investment securities	23,600,581	95,116	1.61 %	12,147,383	56,965	1.88 %
Commercial loans, mortgages and leases	64,968,784	532,663	3.33 %	49,202,964	429,337	3.54 %
Residential mortgages and consumer loans	132,437	1,056	3.23 %	157,302	1,334	3.44 %
Loans held for sale	301,710	1,434	1.93 %	132,092	580	1.78 %
Total interest-earning assets (1)	117,453,931	643,890	2.22 %	78,748,655	493,232	2.54 %
Non-interest-earning assets	1,129,922			971,604		
Total assets	$118,583,853			79,720,259		
INTEREST-BEARING LIABILITIES						
Interest-bearing deposits						
NOW and interest-bearing demand	$ 17,418,073	15,737	0.37 %	16,071,916	19,947	0.50 %
Money market	42,136,274	28,180	0.27 %	30,295,092	32,687	0.44 %
Time deposits	1,413,408	2,123	0.61 %	1,788,516	4,870	1.10 %
Non-interest-bearing demand deposits	44,898,892	—	— %	20,653,116	—	— %
Total deposits	105,866,647	46,040	0.18 %	68,808,640	57,504	0.34 %
Subordinated debt	570,347	6,159	4.32 %	828,775	9,801	4.73 %
Other borrowings	2,716,186	16,407	2.45 %	2,982,579	17,730	2.41 %
Total deposits and borrowings	109,153,180	68,606	0.25 %	72,619,994	85,035	0.47 %
Other non-interest-bearing liabilities	1,061,504			784,921		
Preferred equity	708,173			708,019		
Common equity	7,660,996			5,607,325		
Total liabilities and shareholders' equity	$118,583,853			79,720,259		
OTHER DATA						
Net interest income / interest rate spread (1)		$ 575,284	1.97 %		408,197	2.07 %
Tax equivalent adjustment		(1,725)			(1,690)	
Net interest income, as reported		$ 573,559			406,507	
Net interest margin			1.98 %			2.09 %
Tax-equivalent effect			0.01 %			0.01 %
Net interest margin on a tax-equivalent basis (1)			1.99 %			2.10 %
Ratio of average interest-earnings assets to average interest-bearing liabilities			107.60 %			108.44 %

(1) Presented on a tax-equivalent, non-GAAP, basis for municipal leasing and financing transactions recorded in *Commercial loans, mortgages and leases* using the U.S. federal statutory tax rate of 21 percent for the periods presented.

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, 2022 vs. 2021		
(in thousands)	**Change Due to Rate**	**Change Due to Volume**	**Total Change**
INTEREST INCOME			
Short-term investments	$ 5,280	3,325	8,605
Investment securities	(15,559)	53,710	38,151
Commercial loans, mortgages, and leases (1)	(34,244)	137,570	103,326
Residential mortgages and consumer loans	(67)	(211)	(278)
Loans held for sale	109	745	854
Total interest income	(44,481)	195,139	150,658
INTEREST EXPENSE			
Interest-bearing deposits			
NOW and interest-bearing demand	(5,881)	1,671	(4,210)
Money market	(17,283)	12,776	(4,507)
Time deposits	(1,726)	(1,021)	(2,747)
Total interest-bearing deposits	(24,890)	13,426	(11,464)
Subordinated debt	(586)	(3,056)	(3,642)
Other borrowings	261	(1,584)	(1,323)
Total interest expense	(25,215)	8,786	(16,429)
Net interest income	$ (19,266)	186,353	167,087

(1) Presented on a tax-equivalent, non-GAAP, basis for municipal leasing and financing transactions recorded in *Commercial loans, mortgages and leases* using the U.S. federal statutory tax rate of 21 percent for the periods presented.

Net interest income for the first quarter of 2022 was $573.6 million, an increase of $167.1 million, or 41.1%, compared to $406.5 million for the first quarter last year. The increase in net interest income for the first quarter of 2022 was largely driven by a $38.71 billion increase in average interest-earning assets, partially offset by an 32 basis point decrease in yield on interest-earning assets to 2.22%, when compared to first quarter last year. Further contributing to this increase was a 22 basis point decrease in average cost of funds to 0.25%, as well as a $524.8 million decrease in average total borrowings compared to the first quarter of 2021. The 11 basis point decrease in net interest margin on a tax-equivalent basis to 1.99% for the first quarter of 2022 compared to 2.10% for the same period last year, is primarily due to significant excess cash balances from continued strong deposit growth which negatively impacted our net interest margin by 36 basis points, as well as the aforementioned yield and cost of fund drivers. During the first quarter of 2022, as interest rates rose, we had more opportunities to deploy our cash balances into securities and loans, both of which increased by $4.1 billion and $1.5 billion, respectively. As rates continue to rise or remain consistent with current levels, we expect continued cash deployment in higher interest-earning assets, as well as the expected repricing of our floating rate loans as the Federal Reserve increases interest rates, to drive net interest income growth.

Total investment securities averaged $23.60 billion for the quarter ended March 31, 2022, compared to $12.15 billion for the first quarter of 2021. The overall yield on the securities portfolio in the current quarter was 1.61%, a decrease of 27 basis points when compared to 1.88% for the first quarter last year, due to lower reinvestment yields and higher premium amortization as a result of the Federal Reserve's rate cuts in response to the COVID-19 pandemic. 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, 2022, the baseline average duration of our investment securities portfolio increased to approximately 4.14 years, compared to 3.25 years at March 31, 2021 due to a higher interest rate environment in the first quarter of 2022.

Total commercial loans, mortgages and leases averaged $65.10 billion in the first quarter of 2022, an increase of $15.74 billion, or 31.9%, when compared to the first quarter of 2021. The average yield on this portfolio decreased 22 basis points to 3.32% from the first quarter last year, primarily driven by the substantial growth in lower yielding, very well-secured capital call lines. Prepayment penalty income was $4.9 million for the three months ended March 31, 2022, compared to $6.8 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 2022 were $44.90 billion, an increase of $24.25 billion, or 117.4%, when compared to the first quarter of 2021. Non-interest-bearing demand deposits continue to comprise a significant component of our deposit mix, 42.8% of all deposits at March 31, 2022. Additionally, average NOW and interest-bearing demand and money market accounts totaled $59.55 billion for the first quarter of 2022, an increase of $13.19 billion, or 28.4%, when compared to the first quarter of 2021. 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 decrease in the federal funds rate in 2021, our funding cost for money market accounts decreased to 0.27% for the quarter ended March 31, 2022 compared to 0.44% for the first quarter of 2021. Our funding cost for NOW and interest-bearing demand accounts was 0.37% for the first quarter of 2022 compared to 0.50% for the first quarter of 2021.

For the first quarter of 2022, average total borrowings decreased $524.8 million, or 13.8% to $3.29 billion compared to $3.81 billion for the first quarter of 2021. The decrease in average total borrowings, when compared to the first quarter of 2021, was primarily attributable to our continued ability to fund our loan and security growth with deposits. The average cost of total borrowings was 2.77% and 2.91% for the first quarters of 2022 and 2021, respectively. The decrease is primarily due to the redemption of Variable Rate Subordinated Notes of $260.0 million on April 19, 2021, as these notes accrued interest at a fixed rate of 5.30% until April 2021.

Provision for Credit Losses

Our provision for credit losses was $2.7 million for the quarter ended March 31, 2022, compared to $30.9 million for the first quarter last year, a decrease of $28.2 million. The decrease in the Bank's provision for credit losses for the 2022 first quarter was predominantly attributable to improved macroeconomic conditions compared with the same period last year, principally as it relates to the continued recovery in the NYC multi-family sector, as well as more favorable trends in forecasted metrics such as unemployment rate and GDP growth.

For additional information about the provision for credit losses and the ACLLL, see the discussion of asset quality and the ACLLL later in this report, as well as in Allowance for Credit Losses footnote to our Consolidated Financial Statements.

Non-Interest Income

		Three Months Ended March 31,	
(in thousands)		**2022**	**2021**
Fees and service charges:			
Lending	$	12,852	9,568
Deposit / Treasury management		4,615	2,782
Trade finance		2,293	2,237
Other fees		2,930	2,343
Total fees and service charges		22,690	16,930
Commissions		4,241	4,003
Net losses on sales of securities		(816)	—
Net gains on sale of loans		3,842	7,061
Other income:			
Foreign currency exchange		5,037	2,044
Non-hedging derivatives		1,766	3,108
Low income housing tax credit investment amortization (1)		(1,237)	(1,308)
Equity investments		(1,590)	297
Other income		471	566
Total non-interest income	$	34,404	32,701

(1) Relates to low income housing tax credit (LIHTC) investments not accounted under the proportional amortization method. The amortization expense for our LIHTC investments accounted under the proportional amortization method are recorded as an income tax expense.

For the quarter ended March 31, 2022, non-interest income was $34.4 million an increase of $1.7 million, or 5.2%, when compared to the first quarter of last year. The increase was primarily attributable to a $5.8 million increase in fees and service charges primarily related to fees associated with our Fund Banking loan portfolio and a $3.0 million increase in other income related to foreign currency spot activity. These increases were partially offset by a $4.0 million decrease in net gains on sale of securities and loans and a $3.2 million decrease in other income principally related to certain equity method investments and unrealized mark-to-market gains/losses related to our non-hedging derivatives, when compared to the same period last year.

Non-Interest Expense

For the quarter ended March 31, 2022, non-interest expense was $193.4 million, an increase of $27.0 million, or 16.2%, when compared to the same period last year. The increase was predominantly due to an increase of $21.0 million in salaries and benefits mostly attributable to the addition of private client banking teams, as well as the Corporate Mortgage Finance and the SBA origination teams during 2021, along with increased compensation costs associated with the hiring of operational support to meet the Bank's growing needs. Further contributing to the increase was an increase of $2.4 million in FDIC assessment fees due to deposit balance increases, and an increase of $4.3 million in professional fees and an increase of $3.1 million in information technology expenses due to the continued growth of our business and our ongoing West Coast expansion, including the aforementioned Commercial Mortgage Finance and SBA origination teams. These increases were partially offset by a decrease of $3.3 million in valuation reserve expense associated with the fair value adjustments on repossessed NYC taxi medallions, as a result of the sale of majority of our repossessed assets during later part of 2021.

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, 2022, our total unrecognized compensation cost related to unvested restricted shares was $126.5 million, which is expected to be recognized over a weighted-average period of 2.0 years. During the quarter ended March 31, 2022, we recognized compensation expense of $13.6 million for restricted shares. The total fair value of restricted shares that vested during the quarter ended March 31, 2022 was $108.4 million.

Income Taxes

Income tax expense for the quarter ended March 31, 2022 was $73.4 million reflecting an effective tax rate of 17.8%, compared to income tax expense of $51.4 million for the quarter ended March 31, 2021, reflecting an effective tax rate of 21.2%. The decrease in the effective tax rate is primarily due to one-time tax benefits totaling $41.6 million in the first quarter of 2022, mostly related to the vesting of employee stock based compensation awards at a price significantly higher than the fair market value at the time of grant.

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, commercial and industrial lending, fund banking, venture banking, and other commercial deposit gathering activities, while Specialty Finance principally consists of financing and leasing products, including equipment, transportation, 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 tables present the financial data for each reportable segment for the periods presented:

	Three months ended March 31, 2022				
(in thousands)		**Commercial Banking**	**Specialty Finance**	**Eliminations (1)**	**Consolidated**
Net interest income	$	535,602	37,957	—	573,559
Provision for (recovery of) credit losses		(3,718)	6,413	—	2,695
Total non-interest income		32,956	1,609	(161)	34,404
Total non-interest expense		182,923	10,618	(161)	193,380
Income before income taxes		389,353	22,535	—	411,888
Total assets	$	122,291,613	6,192,423	(6,636,734)	121,847,302

(1) Eliminations related to intercompany funding.

	Three months ended March 31, 2021				
(in thousands)		**Commercial Banking**	**Specialty Finance**	**Eliminations (1)**	**Consolidated**
Net interest income	$	371,316	35,191	—	406,507
Provision for (recovery of) credit losses		33,274	(2,402)	—	30,872
Total non-interest income		30,373	2,472	(144)	32,701
Total non-interest expense		153,987	12,548	(144)	166,391
Income before income taxes		214,428	27,517	—	241,945
Total assets	$	85,460,845	5,414,310	(5,492,961)	85,382,194

(1) Eliminations related to intercompany funding.

Commercial Banking

Commercial Banking consists principally of commercial real estate lending, commercial and industrial lending, fund banking, venture banking, and other commercial deposit gathering activities.

		Three Months Ended March 31,	
(in thousands)		**2022**	**2021**
Net interest income	$	535,602	371,316
Provision for (recovery of) credit losses		(3,718)	33,274
Total non-interest income		32,956	30,373
Total non-interest expense		182,923	153,987
Income before income taxes		389,353	214,428
Total assets	$	122,291,613	85,460,845

Commercial Banking net interest income was $535.6 million for the quarter ended March 31, 2022, an increase of $164.3 million, or 44.2%, when compared to $371.3 million for the same period a year ago. The increases in net interest income were largely driven by an increase in average interest-earning assets and a reduction in average cost of funds, partially offset by a decrease in yield on these assets compared to the first quarter last year.

The provision for credit losses decreased $37.0 million, or over 100% to a $3.7 million reserve release for the quarter ended March 31, 2022, compared to a $33.3 million reserve build in the prior year. The decrease in the Bank’s provision for credit losses was predominantly attributable to improved macroeconomic conditions compared with the same periods last year, primarily improvement in the multi-family price index forecast and more stable or improving debt service coverage ratios within the commercial real estate portfolio during the quarter, as well as improved metrics such as unemployment and GDP, compared with the same period last year. For additional information about the provision for credit losses, see the discussion of asset quality and the ACL later in this report, as well as in Allowance for Credit Losses footnote to our Consolidated Financial Statements.

Non-interest expense was $182.9 million for the quarter ended March 31, 2022, an increase of $28.9 million, or 18.8%, when compared to $154.0 million for the quarter ended March 31, 2021. The increases were primarily attributable to an increase in salaries and benefits from the significant hiring of private client banking teams and operational support to meet the Bank's growing needs. Further contributing is an increase in professional fees, FDIC assessment fees and information technology expenses, which were attributable to the continued growth of our business.

The increase of $36.83 billion in total assets, or 43.1%, from $85.46 billion as of March 31, 2021 to $122.29 billion as of March 31, 2022, was primarily attributable to growth in our commercial and industrial portfolios, primarily fund banking, as well as a significant increase in our investment portfolio and excess liquidity levels due to significant deposit growth compared to the same period last year.

Specialty Finance

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

		Three Months Ended March 31,	
(in thousands)		**2022**	**2021**
Net interest income	$	37,957	35,191
Provision for (recovery of) credit losses		6,413	(2,402)
Total non-interest income		1,609	2,472
Total non-interest expense		10,618	12,548
Income before income taxes		22,535	27,517
Total assets	$	6,192,423	5,414,310

Specialty Finance net interest income was $38.0 million for the quarter ended March 31, 2022, an increase of $2.8 million, or 7.9%, when compared to $35.2 million for the same period last year. The increase was primarily attributable to the continued loan growth in our equipment lending portfolios.

The provision for credit losses increased $8.8 million, or over 100.0%, from a reserve release of $2.4 million for the quarter ended March 31, 2021 to a reserve build of $6.4 million for the quarter ended March 31, 2022. The increase was primarily attributable to continued loan growth. For additional information about the provision for credit losses, see the discussion of asset quality and the ACL later in this report, as well as in Allowance for Credit Losses footnote to our Consolidated Financial Statements.

Non-interest expense was $10.6 million for the quarter ended March 31, 2022, a decrease of $1.9 million, or 15.4%, when compared to $12.5 million for the same period a year ago, primarily attributable to a decrease in taxi medallion repossessed asset valuation expense when compared to the same period last year.

The increase of $778.1 million in total assets, or 14.4%, from $5.41 billion as of March 31, 2021 to $6.19 billion as of March 31, 2022, was primarily attributable to the continued growth of our equipment lending portfolios.

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 and losses on AFS securities are recorded in accumulated other comprehensive loss, net of tax, in shareholders’ equity. A decline in fair value below amortized cost basis of an AFS security is assessed whether it is caused by credit-related or noncredit-related factors. Credit attributable losses are recognized as an allowance on the balance sheet with a corresponding adjustment to current earnings; while the non-credit related component is recognized in accumulated other comprehensive loss, net of tax. The total amount of impairment loss is limited to the difference between the security’s amortized cost and fair value, i.e., the “fair value floor.” Both the allowance and the adjustment to net income can be reversed if conditions change subsequently.

HTM securities are reviewed upon acquisition to determine whether it has experienced a more-than-insignificant deterioration in credit quality since its original issuance date, i.e., if they meet the definition of a purchased credit impaired asset (“PCDs”). No HTM securities were identified as PCDs as of March 31, 2022. As a result, our HTM securities are carried at cost and adjusted for amortization of premiums or accretion of discounts, which are periodically adjusted for estimated prepayments. Expected credit losses on HTM debt securities through the life of the financial instrument are estimated and recognized as an allowance on the balance sheet with a corresponding adjustment to current earnings. As of period end, substantially all of our HTM securities are guaranteed by the U.S. Government, issued by government sponsored entities ("GSEs") or U.S. Government agencies, and have a zero loss assumption, leaving only a few HTM securities where a reserve is applicable. Subsequent favorable or adverse changes in expected cash flow will first decrease or increase the allowance for credit losses. If the change in expected cash flows has reduced the allowance to a level below zero, the accretable yield is adjusted on a prospective basis.

At March 31, 2022, our total securities portfolio was $26.24 billion and primarily consisted of mortgage-backed securities (“MBSs”) and collateralized mortgage obligations (“CMOs”) issued by U.S. Government agencies ($1.58 billion), government-sponsored enterprises ($20.75 billion), and private issuers ($1.07 billion). As of March 31, 2022, 82.8% of our securities portfolio had a AAA credit rating, 96.5% had a credit rating of A or better, and 99.7% was rated investment grade or better. Overall, our securities portfolio had a weighted average duration of 4.14 years and a weighted average life of 5.80 years as of March 31, 2022. For further discussion of our investment securities and the related determination of fair value, see Fair Value Measurements and Securities footnotes 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, 2022, the net unrealized loss on securities, net of tax effect, was $779.3 million as reflected in accumulated other comprehensive loss, compared to a net unrealized loss of $174.7 million at December 31, 2021 due to the prevailing interest rate environment. 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.”

We continue to closely monitor the securities in our investment portfolio, and other than those securities for which we have recorded credit losses, 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, the security’s cost basis will be written down to its fair value through earnings. If there is an existing allowance for credit losses, the allowance will be written off against the security’s amortized cost basis first with the remaining difference between the fair value and amortized cost recognized as a loss in 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:

(dollars in thousands)	March 31, 2022 Amount	March 31, 2022 Percentage	December 31, 2021 Amount	December 31, 2021 Percentage
Mortgage loans:				
Multi-family residential property	$ 16,413,717	24.45 %	16,113,590	24.68 %
Commercial property	10,640,196	15.86 %	10,682,276	16.36 %
Acquisition, development and construction loans	1,474,880	2.20 %	1,514,011	2.32 %
1-4 family residential property	479,103	0.71 %	450,782	0.69 %
Home equity lines of credit	66,575	0.10 %	69,156	0.11 %
Other loans:				
Fund banking	27,612,004	41.15 %	26,300,495	40.29 %
Specialty finance	5,385,261	8.03 %	5,276,337	8.08 %
Other commercial and industrial	3,922,419	5.85 %	3,689,486	5.66 %
PPP loans	473,135	0.71 %	835,743	1.28 %
SBA guaranteed portion	624,537	0.93 %	341,604	0.52 %
Consumer	6,505	0.01 %	7,509	0.01 %
Sub-total / Total	$ 67,098,332	100.00 %	65,280,989	100.00 %
Premiums, deferred fees and costs	8,381		(31,426)	
Total	$ 67,106,713		65,249,563	

Total loans increased by $1.86 billion to $67.11 billion at March 31, 2022 from $65.25 billion at December 31, 2021, primarily as a result of fund banking growth, though Commercial Real Estate, Commercial Mortgage Finance, Specialty Finance, Venture Banking, Asset Based Lending, and our West Coast C&I teams all contributed to growth during the quarter, exhibiting our overall business diversification. Our total loan-to-deposit ratio, excluding loans held for sale, decreased to 60.8% as of March 31, 2022 when compared to 61.1% at December 31, 2021, primarily as a result of continued strong deposit growth during the quarter.

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, such as implications from the COVID-19 pandemic, may result in an increase in nonpayment of loans, a decrease in collateral value, and an increase in our ACL.

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. See Loans and Leases, Net footnote to our Consolidated Financial Statements for the summary of our portfolio of commercial loans by credit rating as of March 31, 2022 and December 31, 2021.

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, 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. 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, 2022	December 31, 2021	March 31, 2021
Nonaccrual assets:				
Loans	$	98,632	103,560	61,846
Troubled debt restructured loans		79,129	114,735	71,867
Investment securities, at fair value		—	700	200
Other repossessed assets		4,749	5,658	31,007
Total nonperforming assets	$	182,510	224,653	164,920
Accruing troubled debt restructured loans (1)	$	335,027	323,435	238,133
Accruing loans past due 90 days or more (2):				
Loans	$	2,954	3,078	991
Loans held for sale (3)	$	7,860	12,112	3,941
Asset Quality Ratios:				
Total nonaccrual loans to total loans		0.27 %	0.34 %	0.26 %
Total nonperforming assets to total assets		0.15 %	0.19 %	0.19 %
ACLLL to nonaccrual loans		259.49 %	217.32 %	390.21 %

(1) Includes reasonably expected TDRs.

(2) See Loans and Leases, Net footnote for full delinquency status of our loan portfolio.

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

Significant nonaccrual loans at March 31, 2022 primarily consisted of 15 commercial property loans totaling $147.1 million, five commercial and industrial relationships, comprised of 15 loans, totaling $11.4 million, as well as two multi-family loans totaling $9.5 million. Each nonaccrual loan is being actively managed by the Bank, and the ACL includes a specific allocation for each such loan, when appropriate.

Nonaccrual investment securities at March 31, 2022 and December 31, 2021 were zero and $700,000, respectively. At December 31, 2021, the nonaccrual investment security consisted of one bank-collateralized pooled trust preferred AFS security which was sold during the first quarter of 2022.

As of March 31, 2022, accruing loans past due 30 to 89 days were $100.6 million relatively stable compared to December 31, 2021. Subsequent to quarter end and before April 15, 2022, accruing loans past due 30 to 89 days reduced to $45.1 million.

As of March 31, 2022, loans past due 90 days or more and accruing primarily consisted of $7.9 million of government-guaranteed SBA loans and two acquisition, development and construction loans totaling $2.3 million that were well secured and are in process of collection. At December 31, 2021, loans past due 90 days or more and accruing primarily consisted of $12.1 million of government-guaranteed SBA loans and two acquisition, development and construction loans totaling $2.3 million that were 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 Credit Losses for Loans and Leases section of our

Critical Accounting Policies. Additionally, for a discussion of our TDRs and the related financial effects, see Allowance for Credit Losses footnote to our Consolidated Financial Statements.

Our repossessed assets as of March 31, 2022 and December 31, 2021 totaled $4.7 million and $5.7 million, respectively. The decrease is primarily driven by the sale of approximately $1.7 million of repossessed assets during the first quarter. This decrease was offset by the repossession of underlying collateral related to other commercial and industrial loans totaling $930,000.

COVID-19 Related Loan Modifications

As of March 31, 2022, total non-payment deferrals decreased to $4.4 million, or less than one basis point of the Bank's total loans. Additionally, $942.8 million, or 1.42% of total loans, is currently comprised of modified principal and interest payments, predominantly interest-only structures. This compares to the modified principal and interest payments of $1.88 billion, or 2.9% of total loans at December 31, 2021. The positive trend is the result of the continued economic recovery coming out of the lows of the COVID-19 pandemic.

Allowance for Credit Losses for Loans and Leases

Our ACLLL for funded loans and leases is established through a provision for credit losses for loans and leases charged to current earnings and an adjustment to the Allowance for credit losses for loans and leases. It represents management's estimate of CECL in the Company's loan and lease portfolio over its expected life. The ACLLL estimation is inherently subjective as it requires the use of a broad range of information including asset specific risk characteristics, information about past events and current conditions, as well as the macroeconomic forecast during the RNS period, all of which are susceptible to potential significant revision as more information becomes available.

At March 31, 2022 and December 31, 2021, our ACLLL totaled $461.3 million and $474.4 million, respectively, which represents 0.69% and 0.73% of total loans and leases (excluding loans held for sale), as of both period end dates, respectively. For a summary of our accounting methodologies relating to the ACL for loans and leases, see the Allowance for Credit Losses for Loans and Leases section of our Critical Accounting Policies.

The provision for credit losses for loans and leases is a charge to earnings to maintain the ACL for loan and leases at a level consistent with management's assessment of the loan portfolio in light of past events, current economic conditions and the macroeconomic forecast during the RNS period. For the quarters ended March 31, 2022 and 2021, we recorded a provision of $2.7 million and $30.9 million, respectively. The decrease in our provision for credit losses for the 2022 first quarter was predominantly attributable to improved overall macroeconomic conditions compared with the same period last year including improvements in NYC multi-family price index and stability in the NYC commercial property price indices as well as continued pandemic related recovery, primarily in the NYC multi-family sector. Notably, the improvement is seen in more stable or improving debt service coverage ratios within the CRE portfolio, compared with declines in the same period last year due to COVID-19. Macroeconomic metrics such as unemployment and GDP forecasts also improved year-over-year contributing to the decrease. In recent years, the portfolio mix of our loan growth has continued to shift from commercial real estate to fund banking. As fund banking loans generally possess stronger credit quality, as evident in the portfolio risk rating composition, a lower loss rate is ascribed, which also further contributed to this decrease. These provisions were made to reflect management's assessment of the current expected credit risk of losses relative to the growth of the portfolio. See Allowance for Credit Losses footnote for additional information regarding the period over period provision for credit losses fluctuations.

The following table allocates our ACLLL to the respective portfolio categories and includes the percentage of loans in each category to total loans as of the dates indicated:

	March 31, 2022			December 31, 2021		
(dollars in thousands)	**Loan Amount**	**Allowance Amount**	**Allowance as a % of Loan Amount**	**Loan Amount**	**Allowance Amount**	**Allowance as a % of Loan Amount**
Mortgage loans:						
Multi-family residential property	$ 16,413,717	69,269	0.42 %	16,113,590	80,633	0.50 %
Commercial property	10,640,196	193,754	1.82 %	10,682,276	221,631	2.07 %
Acquisition, development and construction loans	1,474,880	86,706	5.88 %	1,514,011	67,498	4.46 %
1-4 family residential property	479,103	7,724	1.61 %	450,782	7,350	1.63 %
Home equity lines of credit	66,575	2,195	3.30 %	69,156	2,545	3.68 %
Other commercial loans:						
Fund banking	27,612,004	4,253	0.02 %	26,300,495	4,334	0.02 %
Specialty finance	5,385,261	66,566	1.24 %	5,276,337	62,119	1.18 %
Commercial and industrial	3,922,419	30,140	0.77 %	3,689,486	27,482	0.74 %
PPP loans (1)	473,135	—	— %	835,743	—	— %
Other loans:						
Consumer	6,505	668	10.27 %	7,509	797	10.61 %
Total	$ 66,473,795	461,275	0.69 %	64,939,385	474,389	0.73 %

(1) Zero ACL for PPP Loans due to government guarantee associated with the program.

Summary of Loan Loss Experience

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

	Three months ended March 31,	
(dollars in thousands)	**2022**	**2021**
Beginning balance - ACLLL	$ 474,389	508,299
Charge-offs:		
Credit-rated commercial loans	(20,644)	(18,532)
Non-rated commercial loans	(28)	(145)
Residential mortgages	(640)	(1)
Consumer loans	(7)	(20)
Total charge-offs	(21,319)	(18,698)
Recoveries:		
Credit-rated commercial loans	3,329	760
Non-rated commercial loans	92	56
Residential mortgages	80	3
Consumer loans	33	16
Total recoveries	3,534	835
Net charge-offs	(17,785)	(17,863)
Provision	4,671	31,325
Ending balance - ACLLL	$ 461,275	521,761
Ratio:		
ACLLL to total loans	0.69 %	1.02 %

The following table presents the ratio of net charge-offs by loan portfolio categories to average loans outstanding for the periods indicated:

	Three months ended March 31,			
	2022		**2021**	
(dollars in thousands)	**Net Charge-offs (Recoveries)**	**Ratio (2)**	**Net Charge-offs (Recoveries)**	**Ratio (2)**
Mortgage loans:				
Multi-family residential property	$ (2,611)	(0.02)%	(3)	— %
Commercial property	20,127	0.13 %	6,665	0.06 %
Acquisition, development and construction loans	—	— %	3,428	0.03 %
1-4 family residential property	638	— %	(2)	— %
Home equity lines of credit	(77)	— %	—	— %
Commercial & Industrial loans (1):				
Fund banking	—	— %	1	— %
Specialty finance	(349)	— %	1,429	0.01 %
Other commercial and industrial	96	— %	3,710	0.03 %
Taxi medallions	(13)	— %	2,631	0.02 %
Consumer	(26)	— %	4	— %
Total net charge-offs	$ 17,785	0.11 %	17,863	0.15 %
Average loans outstanding	$ 65,101,221		49,360,266	

(1) Excludes PPP loans.

(2) Ratios are annualized.

For the quarter ended March 31, 2022, net charge-offs were $17.8 million, compared to net charge-offs of $17.9 million for the same period last year. Significant charge-offs during the quarter ended March 31, 2022 primarily consisted of $20.1 million related to two commercial real estate loans. Significant charge-offs during the quarter ended March 31, 2021 primarily consisted of five commercial real estate loans totaling $9.7 million, $3.8 million related to two commercial and industrial loans, and charge-offs for Chicago taxi medallions totaling $2.8 million.

Deposits

The market for deposits continues to be very competitive. We primarily focus our deposit gathering efforts in the greater New York, Los Angeles and San Francisco metropolitan area markets with money center banks, regional banks and community banks as our primary competitors. Beginning in 2019, we expanded our deposit gathering efforts to the West Coast with the opening of our first full-service private client banking office in San Francisco, and further, with the addition of the Specialized Mortgage Banking Solutions team. Since then, we on-boarded 30 private client banking teams in the Greater Los Angeles, San Francisco and Central California markets. In addition, since the end of the first quarter, we on-boarded two private client banking teams in Reno, Nevada. We distinguish ourselves from competitors by focusing on our target market: privately owned businesses, their owners and their senior managers, as well as private equity firms and their general partners. 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, through ATMs, and/or via our mobile banking app. Given our business model, our depositor base is more heavily weighted to larger uninsured deposits than many other banks. As of March 31, 2022, approximately 92.2% of our total deposits of $100.67 billion were not FDIC-insured.

Core deposits, which exclude time deposits and brokered deposits, increased $2.84 billion to $106.19 billion as of March 31, 2022 from $103.36 billion as of December 31, 2021. The increase is across the board with all of our businesses, including the addition of new private client banking teams on the east and west coast, further traction of recent deposit growth initiatives, such as the expansion of our digital asset banking deposit base, including growth on the Signet platform, as discussed in more detail in *Recent Developments*, 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, 2022		December 31, 2021	
(dollars in thousands)	**Amount**	**Percentage**	**Amount**	**Percentage**
Personal demand deposit accounts (1)	$ 1,897,531	1.74 %	1,996,840	1.88 %
Business demand deposit accounts (1)	44,803,962	41.04 %	42,068,163	39.64 %
Brokered demand deposit accounts (1)	22,052	0.02 %	298,212	0.28 %
Personal NOW	38,446	0.04 %	49,687	0.05 %
Business NOW	18,513,389	16.96 %	17,098,153	16.11 %
Brokered NOW	1,006,390	0.92 %	22,137	0.02 %
Rent security	349,708	0.32 %	333,914	0.31 %
Personal money market accounts	4,670,619	4.28 %	4,581,407	4.32 %
Business money market accounts	35,917,923	32.91 %	37,227,330	35.08 %
Brokered money market accounts	604,247	0.55 %	913,838	0.86 %
Personal time deposits	305,576	0.28 %	361,630	0.34 %
Business time deposits	1,018,787	0.93 %	1,170,691	1.10 %
Brokered time deposits	6,475	0.01 %	10,792	0.01 %
Total	$ 109,155,105	100.00 %	106,132,794	100.00 %
Demand deposit accounts (1)	$ 46,701,493	42.79 %	44,065,003	41.52 %
NOW	18,551,835	17.00 %	17,147,840	16.16 %
Money market accounts	40,938,250	37.50 %	42,142,651	39.71 %
Time deposits	1,324,363	1.21 %	1,532,321	1.44 %
Brokered deposits (2)	1,639,164	1.50 %	1,244,979	1.17 %
Total	$ 109,155,105	100.00 %	106,132,794	100.00 %
Personal	$ 6,912,172	6.33 %	6,989,564	6.59 %
Business	100,603,769	92.17 %	97,898,251	92.24 %
Brokered deposits (2)	1,639,164	1.50 %	1,244,979	1.17 %
Total	$ 109,155,105	100.00 %	106,132,794	100.00 %

(1) Non-interest bearing.

(2) Includes non-interest bearing deposits of $22.1 million and $298.2 million as of March 31, 2022 and December 31, 2021, respectively.

Borrowings

At March 31, 2022, our borrowings were $3.17 billion, or 2.8% of our funding liabilities, compared to $3.36 billion, or 3.1% of our funding liabilities, at December 31, 2021. The decrease in our borrowings, primarily reflects a $189.7 million decrease in the use of FHLB borrowings during the first quarter, primarily due to prepayment of borrowings as a result of the significant inflow of deposits reducing the need for external funding. 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 $158.9 million in Federal Home Loan Bank of New York ("FHLB") capital stock as required collateral for our outstanding borrowing position with the FHLB at March 31, 2022. 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 $4.99 billion at March 31, 2022.

On October 6, 2020, the Bank completed a public offering of $375.0 million aggregate principal amount of Fixed-to-Floating Rate Subordinated Notes due 2030. These notes accrue interest at a fixed rate of 4.00% per annum for the first five years until October 2025. After this date and for the remaining five years of these notes' term, interest will accrue at a floating rate of three-month American Interbank Offered Rate ("AMERIBOR") plus 389 basis points. Additionally, during the floating rate period and at the Bank's option, these notes can be prepaid by the Bank. Net proceeds from this offering were used for general corporate purposes, including to support our growth.

Additionally, on November 1, 2019, the Bank issued $200.0 million aggregate principal amount of Fixed-to-Floating Rate Subordinated Notes due November 1, 2029. These notes accrue interest at a fixed rate of 4.125% for the first five years until November 2024. After this date and for the remaining five years of the these notes' term, interest will accrue at a floating rate of LIBOR plus 255.9 basis points. Additionally, during the floating rate period and at the Bank's option, these notes can be prepaid by the Bank. Net proceeds from this offering were used for general corporate purposes and to repurchase our common stock.

In 2016, the Bank issued $260.0 million aggregate principal amount of Variable Rate Subordinated Notes due April 19, 2026 to institutional investors. These notes accrued 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 these notes' term, interest was scheduled to accrue at a floating rate of LIBOR plus 3.92%. On April 19, 2021, the Bank redeemed these notes at a price of 100% of the principal amount to be redeemed, or $260.0 million, plus accrued and unpaid interest of $6.9 million, totaling $266.9 million.

As of March 31, 2022, subordinated debt is reported in the Consolidated Statements of Financial Condition net of deferred issuance costs of $4.4 million related to the corresponding debt offerings.

The following table presents the maturity or re-pricing of our borrowings as of March 31, 2022:

(in thousands)

3 months or less	3 - 12 months	1 - 3 years	Over 3 years	Total (1)
$ 2,175,000	90,780	183,737	725,000	3,174,517

(1) Excludes $4.4 million of deferred issuance costs reported as a direct reduction to the subordinated debt carrying amount in the Consolidated Statements of Financial Condition.

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, 2021	December 31, 2020
Unused commitments to extend credit	$	23,720,314	22,717,603
Financial standby letters of credit		695,851	701,208
Commercial and similar letters of credit		17,894	19,376
Total	$	24,434,059	23,438,187

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. In addition, 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. At March 31, 2022 and December 31, 2021, our ACL on total unfunded commitments to extend credit totaled $6.7 million and $8.0 million, respectively.

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, 2022 and December 31, 2021, we had deferred revenue for commitment fees paid for the issuance of standby letters of credit in the amount of $2.1 million and $2.0 million, respectively. As of March 31, 2022 and December 31, 2021, we had commitments to sell loans totaling $13.1 million and $3.0 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 included new risk-based capital and leverage ratios, which were phased into effect over a multi-year period, and refine the definition of what constitutes "capital" for purposes of calculating those ratios. Full implementation of the capital rules for all institutions began on January 1, 2019. The 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. 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 was 1.875% for 2018 and is currently 2.500%. As the capital rules are now fully implemented, the following effective minimum capital ratios currently apply: (i) a common equity Tier 1 capital ratio (plus capital conservation buffer) of 7.0%, (ii) a Tier 1 capital ratio (plus capital conservation buffer) of 8.5%, and (iii) a total capital ratio (plus capital conservation buffer) 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 apply the countercyclical buffer only to “advanced approaches banks” (i.e., banking organizations with $250 billion or more in total assets or $100 billion or more in total consolidated assets and $75 billion or more in short-term wholesale funding, non-bank assets, off-balance sheet exposures, or cross-jurisdictional activities), 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 the requirement of Section 939A of the Dodd-Frank Act to remove any references to or requirements of reliance upon credit ratings; (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 approaches rules.” 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.

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 March 31, 2022, the Bank's capital ratios exceeded the minimum ratios established for a “well capitalized” institution.

Under the current 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, 2022:

	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)	$ 10,120,586	12.58%	6,437,578	8.00%	8,046,973	10.00%
Tier 1 capital (to risk-weighted assets)	9,151,092	11.37%	4,828,184	6.00%	6,437,578	8.00%
Common equity Tier 1 capital (to risk-weighted assets)	8,442,919	10.49%	3,621,138	4.50%	5,230,532	6.50%
Tier 1 leverage capital (to average assets)	9,151,092	7.74%	4,731,267	4.00%	5,914,084	5.00%

On March 27, 2020, the Federal Reserve, FDIC and OCC issued an interim final rule that delays the estimated impact on regulatory capital stemming from the implementation of CECL for a transition period of up to five years, and we elected to utilize this five-year transition period option.

During the quarter, the Bank continued to pay a quarterly common stock cash dividend of $0.56 per share, or a total of $35.2 million, for the fourth quarter of 2021. The Bank declared a cash dividend of $0.56 per share, or a total of $35.3 million payable on or after May 13, 2022 to common stockholders of record at the close of business on April 29, 2022. While our common stock repurchase program is active, the Bank has not repurchased common stock since March 2020 - see Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds* for more information.

Additionally, the Bank issued $375.0 million and $200.0 million of subordinated debt to institutional investors on October 6, 2020 and November 1, 2019, respectively. On April 19, 2021, the Bank redeemed its Variable Rate Subordinated Notes due April 19, 2026, at a price of 100% of the principal amount to be redeemed, or $260.0 million, plus accrued and unpaid interest of $6.9 million, totaling $266.9 million. Outstanding subordinated debt further strengthens our Tier 2 capital position.

In addition, in January 2022, July 2021 and February 2021, the Bank raised $731.7 million, $654.8 million and $707.8 million of common stock in a public offering, respectively. Also on December 17, 2020, the Bank issued 5.00% Noncumulative Perpetual Series A Preferred Stock for net proceeds, after underwriting discounts and expenses, were approximately $708.0 million.

We also declare and pay a quarterly cash dividend to preferred shareholders and preferred stock dividend payment dates will be the 30th day of March, June, September and December of each year, commencing on March 30, 2021. On March 30, 2022, the Bank paid a cash dividend of $12.50 per share to preferred shareholders of record at the close of business on March 18, 2022. The Bank also declared a cash dividend of $12.50 per share payable on June 30, 2022 to preferred shareholders of record at the close of business on June 17, 2022.

The capital amounts and ratios presented in the following table demonstrate that we were “well capitalized” as of December 31, 2021:

	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)	$ 9,088,403	11.76%	6,184,619	8.00%	7,730,774	10.00%
Tier 1 capital (to risk-weighted assets)	8,127,884	10.51%	4,638,465	6.00%	6,184,619	8.00%
Common equity Tier 1 capital (to risk-weighted assets)	7,419,711	9.60%	3,478,848	4.50%	5,025,003	6.50%
Tier 1 leverage capital (to average assets)	8,127,884	7.27%	4,472,491	4.00%	5,590,614	5.00%

We have paid cash dividends to eligible common stockholders on a quarterly basis beginning in the third quarter of 2018. We also initiated a stock repurchase program in 2018 until it was suspended during the first quarter of 2020. No common stock has been repurchased since March 2020 – see Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds* for more information.

Stress Testing

Prior to the second quarter of 2018, the Dodd-Frank Act required banks with total consolidated assets of more than $10 billion to conduct annual stress tests. However, the Economic Growth, Regulatory Relief, and Consumer Protection Act caused changes in the Dodd-Frank Wall Street Reform and Consumer Protection Act. Specifically, the Economic Growth Act raised the asset threshold for required Dodd-Frank Act Stress Tests ("DFAST") from $10 billion to $250 billion for insured depository institutions and bank holding companies and made the requirement “periodic” rather than “annual.” On October 15, 2019, the FDIC adopted a final rule implementing portions of the Economic Growth Act which, among other things, raised the minimum asset threshold for covered banks to conduct stress tests from $10 billion to $250 billion in total consolidated assets. As a result of this final rule, Signature Bank is no longer subject to the stress testing requirements established by the Dodd-Frank Act until it accumulates $250 billion in total consolidated assets. However, the Bank will continue to perform capital stress testing on a situational and idiosyncratic basis, such as during our annual capital planning and budgeting processes, as well as to assess the ongoing impact of the Bank's growth and other economic impacting events such as the COVID-19 pandemic.

Resolution Plan

On January 19, 2021, the FDIC issued a statement announcing the continuation of the requirement for insured depository institutions with $100 billion or more in total assets to submit resolution plans that will facilitate the FDIC’s resolution of the institution under the Federal Deposit Insurance Act in the event of the institution’s failure. On June 25, 2021, the FDIC issued a statement describing the modified approach that it plans to take in implementing certain aspects of its resolution plan rule with respect to insured depository institutions with $100 billion or more in total assets. The Bank surpassed the $100 billion total asset mark in the third quarter of 2021 and will be required to submit a resolution plan when it has $100 billion or more in total assets as determined based upon the average of its four most recent Federal Financial Institutions Examination Council Consolidated Reports of Condition and Income Form 031 ("Call Reports"). Submissions are on a three-year cycle, and we were notified by the FDIC in March 2022 that we are required to submit our initial resolution plan on or before June 30, 2023.

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, Chief Investment 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, preferred 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 and recent common stock offerings, recent preferred stock issuance in December 2020, as well as our subordinated debt issuances. In January 2022, July 2021 and February 2021, the Bank raised $731.7 million, $654.8 million and $707.8 million of common stock, respectively, in public offerings.

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, 2022, our FHLB borrowings totaled $2.45 billion with an average rate of 1.13% that mature by February 2025. We had no securities sold under repurchase agreements to the FHLB as of March 31, 2022. While not pledged, FHLB held $139.7 million of securities as custodian as of quarter end. These securities can be pledged towards future borrowings, as necessary.

We also have repurchase agreement lines with several leading financial institutions totaling $2.03 billion. At March 31, 2022, we had $150.0 million of securities sold under repurchase agreements to one of these institutions. These borrowings have an average rate of 1.92% and with $100.0 million maturing in August 2025 and the remaining $50.0 million maturing in August 2026.

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 $4.99 billion as of March 31, 2022.

The Bank declared and paid a quarterly common stock cash dividend of $0.56 per share, or a total of approximately $30.0 million to $35.3 million each quarter since the third quarter of 2018. The Bank declared a cash dividend of $0.56 per share, or a total of $35.3 million payable on or after May 13, 2022 to common stockholders of record at the close of business on April 29, 2022. During the quarter, the Bank also declared and paid a cash dividend of $0.56 per share, or a total of $35.2 million, for the fourth quarter of 2021.

On March 30, 2022, the Bank paid a cash dividend of $12.50 per share to preferred shareholders of record at the close of business on March 18, 2022. The Bank also declared a cash dividend of $12.50 per share payable on June 30, 2022 to preferred shareholders of record at the close of business on June 17, 2022. See Preferred Stock footnote to our Consolidated Financial Statements for additional information.

In addition, in October 2018, the Bank's stockholders approved the repurchase of common stock from the Bank's shareholders in open market transactions in the aggregate purchase amount of up to $500.0 million. The timing of the execution of this plan, as well as the amount repurchased, will be at the discretion of our Board of Directors and management, and will be dependent upon then-existing conditions, including our financial condition and results of operations, capital requirements, commercial real estate concentration, contractual restrictions, business prospects and other factors considered relevant. Share buybacks are also subject to regulatory approvals, which were received for the repurchase program of up to $500.0 million in November 2018. We received shareholder and regulatory approval to continue the program in 2019 and on an annual basis.

On February 19, 2020, the Board of Directors approved an amendment to the stock repurchase program that restored the Bank's share repurchase authorization to an aggregate purchase amount of up to $500.0 million from the $220.9 million that was remaining under the original authorization as of December 31, 2019. The amended stock repurchase program was approved by the shareholders in April 2020. The Bank has suspended any future repurchases of common stock given the COVID-19 circumstances since the end of the first quarter of 2020. As a result, no common stock was repurchased by the Bank during the remainder of 2020 and thus far in 2022. During the third quarter of 2021, we received regulatory approval to extend the repurchase of the $170.8 million remaining under the original authorization to September 30, 2022. We will seek separate regulatory approval for the additional $279.1 million approved under the amended authorization. To date the Bank has repurchased 2,689,544 shares of common stock for a total of $329.2 million, and the amount remaining under the amended authorization was $450.0 million at March 31, 2022. On April 27, 2022, the stockholders approved the continuation of our share repurchase plan in an aggregate amount up to $500.0 million.

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 portfolio 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 including derivative instruments such as interest rate swaps, 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, 2022, 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, 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 ("shock scenario").

The following table indicates the sensitivity of projected annualized net interest income to the interest rate movements described above at March 31, 2022:

(dollars in thousands)	Adjusted Net Interest Income	Change from Base
Ramp scenario:		
Base	$ 2,561,228	—
Up to 100 basis points	2,691,618	5.1 %
Up to 200 basis points	2,827,404	10.4 %
Up to 300 basis points	2,962,811	15.7 %
Up to 400 basis points	3,088,209	20.6 %
Shock scenario:		
Base	$ 2,561,228	—
Up to 100 basis points	2,802,861	9.4 %
Up to 200 basis points	3,078,662	20.2 %
Up to 300 basis points	3,333,289	30.1 %
Up to 400 basis points	3,574,032	39.5 %

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, 2022, 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.

The following table indicates the sensitivity of market value of equity at March 31, 2022 to the interest rate movements described above (base case market value of equity is $17.80 billion):

(dollars in thousands)		**Sensitivity**	**Change from Base**
Up to 100 basis points	$	3,216,013	18.1 %
Up to 200 basis points		4,803,314	27.0 %
Up to 300 basis points		5,967,308	33.5 %
Up to 400 basis points		6,959,633	39.1 %

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 rules and forms applicable to the Bank pursuant to the Exchange Act 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, 2021. 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, 2021, except for the following update:

Volatility in global financial markets might continue and the federal government may continue to take measures to intervene.

The federal government may, in response to economic downturns, take significant measures in the area of financial policy and banking regulation that may impact our business and the markets in which we compete. These have included such measures as the enactment of the Emergency Economic Stabilization Act of 2008 and the Dodd-Frank Act, taken in response to the financial crisis that began in late 2007, as well as the adoption of accommodative monetary policy. Federal financial regulators also may take a variety of regulatory and supervisory actions in respect of banks and other financial institutions in response to such events. Although the U.S. and global financial markets have been relatively stable in recent years, credit and capital markets have continued to experience periods of disruption and inconsistency following adverse changes in the global economy. We cannot predict the federal government’s responses to any further dislocation and instability in the global economy, and potential future government responses and changes in law or regulation may affect our business, results of operations and financial conditions.

Additionally, economic conditions throughout the world remain uncertain. On February 24, 2022, Russian forces launched a military invasion of Ukraine. In response, the United States, the European Union ("EU"), United Kingdom and other governments have imposed significant economic sanctions on Russia, and Russia has responded with counter-sanctions. The war in Ukraine has disrupted international commerce and the global economy. The uncertain future development of this conflict could materially and adversely affect commerce, financial markets, including interest rates and credit spreads and economic conditions generally, around the world and in geographic regions where we and our customers operate. Other concerns about the EU, including Britain’s departure from the EU (“Brexit”) and the stability of the EU’s sovereign debt, have caused uncertainty and disruption for financial markets globally. The ultimate effects of Brexit and the EU’s financial support program, as well as the impact of any anticipated and future changes in global fiscal and monetary policy, are difficult to predict and may further deteriorate economic conditions or increase volatility in financial markets. We hold corporate debt securities issued by U.S. financial institutions that have material exposure to foreign countries. As such, deterioration of the economic conditions or increase in volatility of financial markets outside of the United States could have an adverse effect on the issuers of corporate debt that we hold. If such an effect were to negatively impact the ability of such issuers to pay their debts, it could have an adverse effect on our results of operations and financial condition. Global volatility may also produce exchange rate fluctuations and currency devaluations that negatively affect our business. Furthermore, a slowdown or deterioration of economic conditions in other parts of the world may have an adverse effect on economic conditions in the United States, which could materially and adversely affect our financial condition and results of operations. We cannot predict the federal government’s response to any dislocation or instability in the United States, and potential future government responses and changes in law or regulation may affect our business, results of operations and financial condition.

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

During the first quarter of 2022, we issued an aggregate of 236,545 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.

Share Repurchase Program

On October 17, 2018, the Bank’s stockholders approved the repurchase of common stock from the Bank’s shareholders in open market transactions in the aggregate purchase amount of up to $500.0 million. The timing of the execution of this plan, as well as the amount repurchased, will be at the discretion of our Board of Directors and management, and will be dependent upon then-existing conditions, including our financial condition and results of operations, capital requirements, commercial real estate concentration, contractual restrictions, business prospects and other factors considered relevant. Share buybacks are also subject to regulatory approvals, which were received for the repurchase program of up to $500.0 million in November 2018. We received shareholder and regulatory approval to continue the program in 2019.

On February 19, 2020, the Board of Directors approved an amendment to the stock repurchase program that restored the Bank’s share repurchase authorization to an aggregate purchase amount of up to $500.0 million from the $220.9 million that was remaining under the original authorization as of December 31, 2019. The amended stock repurchase program was approved by the shareholders in April 2020. The Bank has suspended any future repurchases of common stock given the COVID-19 circumstances since the end of the first quarter of 2020. As a result, no common stock was repurchased by the Bank during the remainder of 2020, in 2021 and thus far in 2022. During the third quarter of 2021, we received regulatory approval to extend the repurchase of the $170.8 million remaining under the original authorization to September 30, 2022. We will seek separate regulatory approval for the additional $279.1 million approved under the amended authorization. To date the Bank has repurchased 2,689,544 shares of common stock for a total of $329.2 million, and the amount remaining under the amended authorization was $450.0 million at March 31, 2022. On April 27, 2022, the stockholders approved the continuation of our share repurchase plan in an aggregate amount up to $500.0 million.

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, 2022

Signature Bank

/s/ JOSEPH J. DEPAOLO

Joseph J. DePaolo
President and Chief Executive Officer

/s/ STEPHEN WYREMSKI

Stephen Wyremski
Senior 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, 2022

/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, Stephen Wyremski, 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, 2022

/s/ STEPHEN WYREMSKI
Stephen Wyremski
Senior 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, 2022, 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 Stephen Wyremski, 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, 2022

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

/s/ STEPHEN WYREMSKI
Stephen Wyremski
Senior Vice President and Chief Financial Officer